

# STORE OPERATIONS BOARD MINUTES

January 28, 2008

Present: (Members and others)

Taylor Allbright  
Ron Coley  
Matt Dally  
Barbara Davis  
Victoria Harrison

Van Nguyen  
Christian Osmeña  
Nadesan Permaul  
Nish Rajan  
Dave Rhoads

Scott Silver  
Jordan Smith  
Tom Spivey  
Oliver Williamson  
Roxanne Winston

## **SUMMARY OF THE MEETING**

This meeting commenced the Spring Semester. It was called to order at 5:40 p.m.

### Discussion of Meeting Schedule

Tuesday at 5 o'clock was preferable to Monday at 5:30. The next meeting will be in two weeks.

### REPORT FROM THE DIRECTOR

#### ECPC Meeting

The Auxiliary, the ASUC, and the GA, will meet with the Executive Campus Planning Committee to make a presentation and confirmation of the commercial development plan for the ASUC. A short PowerPoint presentation will be given. If the ECPC confirms the development plan, the Board will regularly review the plans, with construction holding beginning the summer of 2008.

#### Meeting with Starbucks Representatives

Mr. Permaul met with the representative of Starbucks. Follett has said it will give the Convenience Store space without that impacting the current terms and conditions of the contract, a remarkable turn of events for the Auxiliary. Follett was very specific about the vendor it wanted in that space. It generates \$500,000 in commissionable revenue from the Convenience Store. Follett feels Starbucks would generate that kind of revenue. Starbucks was named by Fortune Magazine as the Number 7 Best Business in America to work for, out of the top 50 businesses, and practiced social responsibility. Starbucks would have a budget to support student activities and would match the campus' motif.

#### Status of Panda Express Technical Review

Capital Projects indicated it was possible to vent Panda Express from Naia's. So there was no technical reason the Auxiliary should not begin to work with Panda. There was no contract as yet. If this is confirmed with the ECPC, Mr. Permaul would like permission from the Board to start work on a contract.

Meeting Schedule for Spring Semester Presentations

Mr. Permaul would like to possibly have more than one meeting per month.

The Bear's Lair Pub to expand into a restaurant, on the western deck of the Student Union.

Status of The Scholar's Workstation/Third-party Vendor/Follett Computer Sales

Mr. Permaul and Mr. Coley worked on and presented to the Technical Work Group an assessment of doing computer sales on campus, to see which model would be best. That could be The Scholar's Workstation in ASUC space; TSW on Telegraph Ave.; a third-party vendor in the ASUC; or having Follett do the sales. Follett has made an extremely attractive proposal for the campus to consider. And if it got the contract, it would remodel the entire 1st floor. The Scholar's Workstation currently does \$7-8 million. And there would be additional foot traffic. There's no appreciable mark-up on the sale of computer hardware, so that would not be commissionable sales. Sales of computer supplies and peripherals could be.

CUBS Discussion Regarding the Commercial 1 Card

After its presentation to the Board, CUBS met with the Auxiliary about ways to rescue CUBS. It would be in a new form. The Technical Work Group will be asked to advance to the general 1 Card Task Force the idea that it was time for the campus to go to an RFQ for a 1 Card program. That would bring a full-service bank to the ASUC, and that bank would be able to help rescue CUBS. The Auxiliary would like to merge the current 2,000 students in CUBS, along with the services provided to student groups and the ASUC, and the CUBS Board, with whatever 1 Card proposal was adopted. New services would be provided to students. Having a 1 Card system would be very advantageous.

Starbucks was told that Panda talked about investing \$750,000 into its proposed facility. Starbucks thought it would generate \$1.5-2 million a year in sales. Rent from Starbucks would not be under the Follett contract and would be new revenue. Follett agreed to not change its terms even if Starbucks used the Convenience Store because Starbucks would drive traffic into the Store.

It was noted that Starbucks its own wireless T-Mobile system, and students would want to use AirBears.

Slides were shown. For the southern entrance to the Convenience Store, the bike racks would be re-located and with a coffee shop there, outdoor tables and chairs would be where the bike racks now were. This has already been reviewed by Capital Programs.

If the Bear's Lair expanded, barbecued hamburgers and hot dogs would be sold to people sitting inside and outside. The fence would be extended to encompass the entrance to the Bears Lair food court and the Pub would be able to sell beer on both sides. Restrooms would be adjacent to the Starbucks. Tables and chairs would be placed on the upper deck. This has already been assessed and allowed by Capital Programs. Alcohol would not be served on the deck. They would hope to provide regular dinner meals. This would have no impact on the deck area of the Multicultural Center.

The upper deck on the northwest could also sustain weight, possibly for a Brazil Café cart.

The outdoor deck and the area under the pillars outside the MCC would not be affected. There would be heaters for the outdoor Pub area.

Regarding sound issues with all these activities, the Auxiliary would control this with the scheduling it does. The MCC didn't have that many activities during the day that would impact food service. Panda and Starbucks would both be open late in the evening.

Kitchen space for the Bear's Lair would be where the bathrooms currently were. The Pub would re-do that whole wing. That would have no impact on the current vendors in the Bears Lair food court.

As for vendors other than Starbucks, such as Seattle's Best, Follett was not interested in other vendors and wanted a vendor that would generate foot traffic and replace sales currently generated by the Convenience Store. As for Seattle's Best, Follett wanted a national name, with a national draw. Coffee Bean and Tea Leaf has shown no interest. And Peet's already has a location on Dwight Way and Telegraph.

Given ECPC confirmation of the plans, the Board would hear presentations by Starbucks and the Bear's Lair Pub.

Banks have already expressed an interest in the 1 Card proposal and contact the Auxiliary regularly. The campus' concerns with everything from security to protection of student debt would be met.

The credit union currently supporting CUBS wants to sever its contract with CUBS within the year. A bank could be located where the Kodak desk was. That was about the size of the space that full-service banks have in student unions around the country.

If STA Travel re-located to the Postal Annex location, that whole space would be opened up, with another vendor going into that location.

Seismic renovation of Tilden will take place starting May of '08. Depending on Board approval, there could be a series of contracts. It would be great if students came back in the fall to see a whole new ASUC. The goal was to have as much accomplished by the spring of 2009. All this flowed from the Auxiliary's financial analyses.

NEW BUSINESS

Meeting Time

The proposed meeting time for the Spring Semester was Tuesday at 5:00. The next meeting would be Tuesday, February 12, at 5:00.

Selection of an Undergraduate Representative to Replace Mr. Dally

The meeting adjourned at 6:18 p.m.

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



This regular meeting of the Store Operations Board, commencing the Spring Semester, was called to order by Matt Dally at 5:40 p.m. in the ASUC Senate Chamber.

#### APPROVAL OF THE AGENDA

Mr. Dally said that under New Business, they need to start searching for a new undergraduate member, since his term will be over around March or April. They'll discuss this topic under Old Business.

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 Mr. Smith. **THE MOTION TO APPROVE THE AGENDA, AS AMENDED, PASSED UNANIMOUSLY BY VOICE-VOTE.**

#### APPROVAL OF THE MINUTES

Mr. Dally said he would entertain a motion to approve the minutes from the December meeting. It was so moved and was seconded by Mr. Nguyen and Mr. Smith. **THE MOTION TO APPROVE THE MINUTES OF THE DECEMBER 4, 2007 BOARD MEETING PASSED UNANIMOUSLY BY VOICE-VOTE.**

Mr. Dally said they should also approve the minutes from the meeting with Panda Express that was held in executive session. He hoped people had a chance to review those minutes. A motion to approve was made and seconded by Mr. Smith and Mr. Williamson. **THE MOTION TO APPROVE THE MINUTES FROM THE SPECIAL MEETING OF DECEMBER 11, 2007, PASSED UNANIMOUSLY BY VOICE-VOTE.**

#### DISCUSSION OF MEETING SCHEDULE

Mr. Dally said the GA has meetings on Thursday, so it seemed like that day wasn't really an option for SOB meetings. After discussion, Mr. Dally said that Tuesday at 5 o'clock was preferable to Monday at 5:30. Mr. Dally said he would send out an e-mail to people who weren't present and get a response from them, and decide on the meeting time pretty soon. The next meeting will be in two weeks since they were currently at the end of the month.

#### REPORT FROM THE DIRECTOR

##### ECPC Meeting

Mr. Permaul said that tomorrow morning the Auxiliary, the ASUC, and the GA, will go back to the Executive Campus Planning Committee to make a presentation requesting confirmation of the

Commercial development plan for the ASUC. Mr. Permaul said he and Associate Vice Chancellor Coley that day met with Vice Chancellor Brostrom to give him a preview of the presentation; and Mr. Brostrom was disposed towards the plan. Mr. Permaul said that both Mr. Nguyen and Mr. Daniels will be there, to hopefully take questions people have and to comment.

Mr. Permaul said he will give a short PowerPoint presentation with 11 or 12 slides. He's worked on this very carefully with Emily Marthinsen. It will cover what the Auxiliary was proposing to do, and it will be what he showed to the Board the last time, but much more quicker, an abbreviated version. The goal was to have the information not overwhelm the audience and cause them to feel like there was too much complexity.

If the ECPC confirms the development plan, Mr. Permaul said he will come back to the Board on a regular basis to make sure the commercial plans were reviewed and advanced, so that if they move toward construction, they could begin construction during the summer of 2008. He'll talk to the Board more about that schedule as he proceeds.

### Meeting with Starbucks Representatives

Mr. Permaul said that past Friday he met with the representative of Starbucks. They hadn't met with them for months because the commercial development plan hadn't advanced, and also because they hadn't gotten a response from Follett regarding the Auxiliary's inquiry as to whether or not Follett would give the space where the Convenience Store currently was located without affecting their contract. He and Mr. Coley have reviewed a draft letter from Follett in which the company said it will give the Convenience Store space without that having any impact on the current terms and conditions of the contract. That was a remarkable turn of events for the Auxiliary.

Follett was very specific on the type of vendor it wanted in that space. Follett wants to somehow recover the half a million dollars in revenue that it currently generates from the Convenience Store, which was commissionable revenue. With its experience with Starbucks at other of its locations, Follett felt Starbucks would generate that kind of revenue.

Mr. Permaul said he wanted to point out that Starbucks was just named by Fortune Magazine as the Number 7 Best Business in America to work for, out of the top 50 businesses. The Auxiliary was very pleased to see that. Mr. Permaul said he also brought summaries and more detailed analyses of Starbucks' approach to social responsibility. So if any Board members would like to see that, he would be happy to share it with them.

Mr. Permaul said that Mr. Nguyen wrote him that afternoon to get a review of what the conversation with Starbucks covered, since Mr. Nguyen couldn't be at the meeting on Friday. These were the things they talked about. They talked about Starbucks being the first one anywhere in the nation to offer a coffee cart they'd make available at various locations on the campus during school days and football and basketball game days. They also talked about a marketing budget to support student activities, just as they have with Coca-Cola. Mr. Permaul said they also talked about making sure Starbucks' colors would match the Berkeley campus. It's understood Starbucks' Oregon colors would be on the sign, but everything else would have to fit into a blue and gold motif; and Starbucks didn't have a problem with that.

Mr. Permaul said they also talked about doing an internship with the Business School, so students there could get experience working with Starbucks. Another subject dealt with providing coffee at the ASUC Library on a regular basis for students who were studying there, and providing coffee at ASUC Senate meetings. They talked about making sure that they assisted with the greening of the ASUC, not only with Starbucks' business, but possibly helping with the Auxiliary's other small businesses that didn't have the resources to do that. Mr. Permaul said they also talked with Starbucks about cleaning services for the campus.

Mr. Permaul said there were a number of positive things, and Starbucks was open to all of those ideas. Of course, they had to go back to corporate headquarters and get approval. But the founders of Starbucks were Cal graduates, as was the local, Regional Director. So there was a lot of support in the company to come to Berkeley.

#### Status of Panda Express Technical Review

Regarding Panda Express and the status of the technical review, Mr. Permaul said that he and Mr. Spivey just got an e-mail from David Sasai, the Project Manager for Capital Projects, who indicated that it was possible to vent Panda Express from Naia's, and that the issues could be addressed for not only venting, but the smell from Panda. That should be presented on Tuesday at the ECPC meeting. As far as he knew, there was therefore no technical reason why the Auxiliary should not be able to begin working with Panda, although not having an actual contract. As per their previous conversation, if they get confirmation from the ECPC, then Mr. Permaul said he would like permission from the Board to start working in formal terms with Panda Express to start developing a contract that he could bring back to the Board.

#### Meeting Schedule for Spring Semester Presentations

As he's said before, Mr. Permaul said he would like to possibly have more than one meeting per month.

Mr. Permaul said the Auxiliary will also bring a proposal from the Bear's Lair Pub to expand into a restaurant as well, to the western deck of the Student Union. He and Mr. Spivey have arranged a meeting with the Pub owner. They hope Mr. Nguyen can join them. They'll come back to the Board with the Pub's proposal. Both Starbucks and the Bear's Lair would like to come to the Store Operations Board, as Panda did, and make a presentation.

#### Status of The Scholar's Workstation/Third-party Vendor/Follett Computer Sales

Regarding the status of The Scholar's Workstation, or a third-party vendor, or a Follett computer sales location, Mr. Permaul said that he and Mr. Coley have been working on a matrix for the last month and a half. That was presented last week to the Technical Work Group that has been assessing how to do computer sales on the campus. They were very pleased with the analysis that Mr. Permaul presented. They're going to use it as the basis of a cost-benefit analysis to assess which model would be the best commercial venue for computer sales on the campus. That might be The Scholar's Workstation in ASUC space; TSW

on Telegraph Ave.; a third-party vendor in the ASUC; or exercising the contract with Follett, if it was Follett in the ASUC.

Mr. Permaul said that Follett has said that it would remodel the entire 1st floor if it got the contract, and Follett has presented the Auxiliary with numbers that make it extremely attractive for the campus to consider. Individual computer sales through Follett at the ASUC and to the broader community would generate a substantial amount of revenue for the ASUC through commissions. So the Auxiliary was hoping that the campus assessment will come to what they think was the best decision, whatever was in the best interest of the campus. The Auxiliary hoped that dovetailed closely with the best interests of the ASUC.

Mr. Smith said that if Follett and computer sales came to the Bookstore, he asked if that would work into their contract as part of that \$17 million range, bumping up revenue to the Auxiliary. Mr. Permaul said that currently, Stanford's Follett Bookstore does computer sales and institutional sales at Palo Alto. The Scholar's Workstation currently does \$7-8 million at Berkeley. Stanford does \$10.5 million. Those were commissionable sales, which for Stanford was \$3.5 million. Even if they only did \$1.5 million at Berkeley, or \$2 million, there would be a huge bump to the students. But the Auxiliary would expect to do more. And also, all of these planned businesses were going to bring in additional foot traffic to the ASUC. For example, right now with the Bookstore, just from students going down and buying books, they do a half a million dollars worth of computer supplies and sales in the basement. So there was a considerable residual buying power that was created by bringing in these businesses to the ASUC.

Mr. Coley asked if everyone was aware that the commission would not be as it stood now on all computer sales. Mr. Permaul said he would like to thank Mr. Coley for bringing that up, and said there was no appreciable mark-up on the sale of computer hardware, so that \$10.5 million was not commissionable sales. The \$3.5 million for computer supplies and peripherals could be. In Stanford's case, it was commissionable. The other sales were really a pass-through from general foot traffic. But nevertheless, that would still be very good for the ASUC. He just wanted to make it clear to the Board about that.

Mr. Smith asked if The Scholar's Workstation would stay where it was. Mr. Permaul said it would. Mr. Smith asked what negatives there would be if Follett sold computers sales at the ASUC, and they split it. Mr. Permaul TSW couldn't stay where it was currently located. When Campbell Hall goes down for seismic renovation in 2009, all of the offices in Campbell will move to where TSW was now located. TSW will either have to rent off-campus or come to the ASUC, if the campus decided that was the best business model for the sale of technology. That's what the Technical Work Group was working on. Mr. Coley was leading that discussion, along with said Shel Waggener. The two of them will make that decision, along with Nathan Brostrom and the campus Administration.

#### CUBS Discussion Regarding the Commercial 1 Card

Regarding CUBS, Mr. Permaul said that after the last Board meeting, after CUBS made the presentation to the Board, they came to the Auxiliary to meet with him and Mr. Spivey, and they talked about ways to rescue CUBS. It wouldn't be in its current form and would be in a new form altogether. Mr. Permaul said the Auxiliary has been trying to advance a commercial 1 Card for the campus, which would provide secured access ID for faculty and staff, and a debit card program for students, with access to Visa usage, so students could use it anywhere Visa was accepted. A number of colleges and universities had such

programs. Mr. Permaul said he actually had the complete RFP for Washington State University, which he'll share with the 1 Card Subcommittee he was working with. They also received another inquiry in the mail just last Friday.

Mr. Permaul said their goal was to ask the Technical Work Group to advance to the general 1 Card Task Force the idea that it was time for the campus to go to an RFQ for a 1 Card program. Such a program would basically bring a full-service bank to the ASUC. And that bank would be able to help rescue CUBS. What they'd like to do was to merge the current 2,000 students in CUBS, along with the services that were provided to student groups and the ASUC, and the CUBS Board, with whatever proposal the 1 Card full-service bank would bring to the campus. They feel that there were services that could be provided that students needed and weren't now getting. For example, five students came to CUBS asking to be able to make short-term loans. Unfortunately, CUBS can't make short-term loans, and a full-service bank could do that. Another service could be with distribution of the checks that students receive from financial aid. There were a number of different services that would be offered to students, including real-time analysis of their expenditures and classes on students' financial well-being. Also, if they wanted to, parents could even be given the ability to see what their student's debit card circumstances were.

Mr. Permaul said the Auxiliary believed there truly was an advantage to the campus with a 1 Card system. The campus was spending hundreds of thousands of dollars of its own funds to underwrite the cost of the 1 Card program. A bank would pick up a substantial portion of that cost. So a program of this sort had a variety of different benefits, services, and utilities to students and the campus. CUBS was willing to work with the Auxiliary to advance this proposal to the 1 Card Committee.

Mr. Permaul said he would end his report at that point and take any questions people might have.

Mr. Nguyen asked if, in his conversations with Starbucks, they have proposed any amount to re-do the space in the Convenience Store. Mr. Permaul said he explained to them that Panda talked about putting in \$750,000 when they originally came. They would invest that as well as, of course, pay the ongoing rent. Like Panda, Starbucks thought they'd generate somewhere between \$1.5 to perhaps \$2 million a year in sales, which would generate a substantial amount of new revenue to the ASUC.

Mr. Nguyen asked if they would get rent from Starbucks or if that would fall under the Follett contract. Mr. Permaul said it was completely separate and would be new revenue. That was why it was such a wonderful turn of events that Follett said it would surrender the space for the time being without changing the terms of the commission structure. Normally, if they gave up space, they would then reduce the commission structure. But Follett is saying it wouldn't do that.

Mr. Williamson asked what "for the time being" meant. Mr. Permaul said it was for as long as there was a Starbucks or a comparable business in that space. Otherwise, Follett would want to take the space back for its own commercial operations.

Mr. Rhoads asked if Follett was agreeing because it saw Starbucks as driving traffic into the Store. Mr. Permaul said that was correct. Follett would be willing to move General Books from the back, along with magazines, up to the area where Starbucks would be located. There would be a pass-through between Starbucks and the Bookstore, and people could look at it as a kind of coffee shop/newspaper location. Follett would bring General Books and supplies to the front of the Store and move other items back, and expand all the way to the ASUC mall. That would be great, because it would drive traffic down to Naia and to Panda.



Mr. Rhoads said Mr. Permaul kind of advertised this to the Senate as an Internet café. He said a lot of Starbucks had their own wireless T-Mobile system, that people at Starbucks had to pay for. He asked if that would exist at this Starbucks, or if AirBears would be accessible there. Being on campus, that's how students would see an Internet café.

Mr. Smith said he thought that was essential. Have both services could be a value for Starbucks because non-students would still want access to the Net. But students would have to be able to use AirBears there. Mr. Permaul said they would negotiate that. The goal was to bring functionality and services to the students. So they would definitely want to take advantage of AirBears.

Mr. Rhoads asked if that was something that could be addressed in the contract. Mr. Permaul said he intended to put everything he could on the table.

Mr. Permaul said they had some slides to show. The screen showed the current appearance of the southern entrance of the Convenience Store, and the windows that look into the Convenience Store. The bike racks would be re-located to the other side. They're willing to put canopy-covered tables all the way across the front. Basically the outdoor tables and chairs would be where the bike racks now were. There could be a doorway there, or around the corner, on the east. The Bear's Lair said that if Starbucks cleaned up that area, the Pub would clean up the entire patio, to either match or fit in, so it would look nice all the way around.

Mr. Permaul said the next screen showed a rendering of what it would look like. There would be tables and chairs outdoors. The doorway being shown was the one right here, and this would be "Starbucks at Sather Gate," or something like that. Mr. Permaul said there was no Starbucks from Bancroft Way to downtown Oakland to the Berkeley hills. This would be a regional destination for Starbucks. From the hills on down, there was no other Starbucks. The next screen showed the proposed interior, with the doorways, tables, and chairs outside. This has already been reviewed by Capital Programs. The next screen showed one concept for the pass-through into the Bookstore. The screen showed two new bathrooms that would be gender neutral, and the Internet café location.

If the Bear's Lair expanded, their goal would be to have a barbecue and sell hamburgers and hot dogs to people on the inside and the outside. The next screen showed what that might look like. The fence would be extended to encompass the entrance to the Bears Lair food court. The Auxiliary already had permission to sell beer in the area within the fence, as they currently have. But now they would be able to sell beer on both sides because there would be the ability to service both sides. The restrooms would be adjacent to the Starbucks. Tables and chairs would be placed on the upper deck. This has already been assessed by Capital Programs, and would allow that. Alcohol would not be served on the deck, per the UCPD. This would be created to be a comfortable place for people to study. Food would be served up the staircase to people on the upper deck. They would hope to provide regular dinner meals and other activities for people going to Zellerbach. This would be a place where faculty, staff, and students, including graduate students in particular, they hope, would come and meet, and would be a place where students could hang out. This would have no impact on the deck area of the Multicultural Center. Because the Auxiliary has already committed to the MCC, that area would be reserved for the MCC's outdoor use, activities, and events. So these plans would just be an effort to bring life to this area.

Mr. Permaul said he found out that the deck area he was pointing to could also sustain weight. And if they got to use the upper deck on the northwest, and couldn't find another location for the Brazil Café, he

would like to talk to the owners of the Brazil Café about having a cart there, so they'd have an outdoor area visible from Sproul Plaza that would also serve students and others on the deck outdoors. There was a lot of potential to bring life to the Student Union. The slide being shown was what it currently looked like, empty, and he thought they could all agree that was not what they wanted to see.

Mr. Nguyen asked what he meant when he mentioned "the underdeck." Mr. Permaul said it was the outdoor deck and the area under the pillars outside the MCC. That area would not be affected. It was a pretty deep, open area. When there were activities at the MCC, they might want to come out there. And they might also want to take advantage of the fact that there would be a restaurant out there as well.

Mr. Nguyen asked if the umbrellas and chairs would be collapsible. Mr. Permaul said they would be. They would be secured outside, but they could be open or collapsed. There would also be heaters out there, as they have at Jupiter in downtown Berkeley. So even in the winter, people could sit outside.

Ms. Davis asked about the sound issues with all these activities. Mr. Permaul said the Auxiliary would control this in conjunction with what they would do with scheduling. The MCC doesn't have that many activities during the day that would have an impact on the service of food on the deck in the evenings. The Pub had its own life, and it wasn't clear that dinner would be served on the upper deck. But both Panda and Starbucks would both be open late in the evening, and have committed to staying open until late in the evening. So there would be other sources of food, and they certainly would talk to the Bears Lair food court if they could get some substantial traffic. Because of the other food services, they may decide to stay open late in the evening. So the food service would be downstairs, and not necessarily on the deck. But it really depended on what was going on. It could be that if Zellerbach's schedule and the MCC's schedule worked well together, that they would occasionally serve dinner on the upper deck in the evenings, particularly in the summer.

Mr. Nguyen said that to his knowledge, the Bear's Lair wouldn't have enough kitchen space to have another layer of service. He asked where they would get the additional kitchen space. Mr. Permaul said that would be where the bathrooms currently were. The Pub would re-do that whole wing. Mr. Nguyen asked if that wouldn't affect any of the food court businesses. Mr. Permaul said it would have no impact on the current vendors in the Bears Lair food court. That was a given in order for this proposal to move forward.

Ms. Davis asked if people would order in the Bear's Lair and then go upstairs and have the wait people find them. Mr. Permaul said they would have servers upstairs. Ms. Davis asked if it would be sit-down service. Mr. Permaul said it would be just like Jupiter. Ms. Davis asked if it would still be called "the Pub." Mr. Permaul said it would be "Jupiter at the ASUC," or "Jupiter at Sather." They wanted to create a different identity on the deck from the Bear's Lair Pub because students like the Pub the way it was.

Mr. Nguyen asked if there was any consideration of another vendor other than Starbucks, such as Seattle's Best. Mr. Permaul said Follett was not interested in those other vendors and didn't want a vendor that wouldn't generate foot traffic and wouldn't replace sales they currently have in the Convenience Store. Mr. Nguyen asked if they felt Seattle's Best would not do as well. Mr. Permaul said that was correct. Follett wanted a national name, with a national draw.

Mr. Smith said the only other coffee shop considered was Coffee Bean and Tea Leaf. Mr. Permaul said the company has shown no interest. The Auxiliary tried several times, and Mr. Smith has helped with

that. They tried Peet's, which said that they would have loved to have come here if they hadn't already built a Peet's on Dwight Way and Telegraph. So right now, this was the option the Auxiliary had.

Mr. Permaul said he come back to the Board if they get confirmation from the Executive Campus Planning Committee on Tuesday, to set up presentations by Starbucks and the Bear's Lair Pub owners. The Auxiliary's goal was to make sure that they move expeditiously if the SOB were to approve a schedule that would allow renovations to take place during the summer. Mr. Permaul said that was all he had to present.

Mr. Dally asked if there was any minimum number of students getting credit cards for a bank to come in. Mr. Permaul said he would specifically not negotiate that. He didn't want this to become a mercenary deal where the Auxiliary got paid because more students signed up for accounts, even if that meant a reduction in revenue to the Auxiliary. But he frankly thought that Berkeley's name had such cachet that they would still get a very good contract.

Mr. Rhoads asked if he was now looking for a large regional or national bank. Mr. Permaul said three banks have already expressed an interest: Bank of America, Wells Fargo, and US Bank. They've all been calling him on a regular basis, asking where the Auxiliary stood on this. He and Mr. Coley have been trying to be very sanguine about the campus' concerns with everything from security to protection of student debt and information to Regents' requirements about banking. They have been meeting for the last year with a sub-group, bringing every issue to the table. They heard a presentation from San Diego State and from San Francisco State, both of which had commercial 1 Cards. He was about to present the group with a full RFP from Washington State University, so the group could have all the information. He thought they needed to now go and ask the full 1 Card Task Force if they could go to an RFQ.

Mr. Rhoads asked what space the bank would go to in the mall. Mr. Permaul said the bank, the credit union that currently backed CUBS, wanted to sever its contract within the year. Mr. Spivey said it was Cooperative Federal. Mr. Permaul said the space they were thinking of was the space where the Kodak desk was. Mr. Rhoads said that didn't seem like a very big space. Mr. Permaul said it was about the size of the space that full-service banks have in student unions around the country. They're able to take those kinds of small spaces and manage them very effectively.

Mr. Smith asked if this happened, if it would potentially open up space for the Brazil Café. Mr. Permaul said it was a potential for the Brazil Café. If STA Travel re-located to where the Postal Annex was, then that whole space would be opened up, and they would like to consider even possibly another vendor going into that location. They certainly want the Brazil Café to come to the Berkeley campus.

Mr. Silver asked if these plans would be happening simultaneously, or if Starbucks would be first priority, with other changes in the background. Mr. Permaul said the first priority would be the seismic renovation of Tilden, which will take place starting May of '08. Then, depending on what the SOB approved, he would like to see a series of contracts. If they were to do computer sales and Follett wanted to re-do the 1st floor, if they have two renovations at the same time, it would be wonderful if students came back in the fall to see a whole new ASUC there. But he would take whatever they could accomplish. Their Bears Lair food court businesses were closed during the summer, so their businesses wouldn't be hurt. His goal was to have as much accomplished as they possibly could see by the spring of 2009 if, for no other reason, because all this flowed from the Auxiliary's financial analyses. Everything was being done to

make sure they had revenues for students and were meeting the terms of the commercial services agreement.

## NEW BUSINESS

### Meeting Time

Mr. Dally said the Board was thinking of moving the meetings to Tuesdays at 5:00. He'd send out another e-mail about that.

### Selection of an Undergraduate Representative to Replace Mr. Dally

Mr. Dally said they need to start looking for a new undergraduate representative on the Board, as his term ended in March or April. In the past, the President, he believed, has put an ad in the Daily Cal. Ms. Allbright said the By-laws require the formation of a committee. Mr. Dally said they'll get as many people interested as they could. In the past, there hasn't been that many. The committee will form, with the nomination to be approved by the Senate. He'd like to talk to Ms. Allbright about the ad for the position. Ms. Allbright said the requirement was for the Selection Committee to be formed in March. She had this planned in the Senate agenda for late February.

Mr. Dally said that if Board members knew people who might be interested, they should tell them about the opening.

Seeing no further business, Mr. Dally moved to adjourn at that time. The motion passed unanimously by voice-vote.

Mr. Dally said the next meeting will probably be Tuesday, February 12, at 5:00.

This meeting adjourned at 6:18 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.
- 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.

Decisions of the Board

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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

December '07 Heard a presentation by CUBS.

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.

Decisions of the Board (cont'd)

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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.

# STORE OPERATIONS BOARD MINUTES

February 12, 2008

Present: (Members and others)

Taylor Allbright  
Matt Dally  
Jeff Deutsch  
Danielle Duong  
Van Nguyen

Victoria Harrison  
Arturo Ortega  
Lisa Patel  
Nadesan Permaul  
Nish Rajan

Dave Rhoads  
Jordan Smith  
Tom Spivey  
Oliver Williamson

## **SUMMARY OF THE MEETING**

This regular meeting commenced the Spring Semester. It was called to order at 5:10 p.m.

### Report from the Director

#### Status of Panda Negotiations

Panda Express will be on campus that week and meet with the Auxiliary. Panda did an analysis and found that exhaust could be vented out of the roof of Cesar Chavez and could meet the campus requirements.

There was a discussion to relocate STA Travel and CUBS, paid for by Panda, which would take that space. This would allow expansion of space to the dead stairwell in the breezeway. There was nothing to prevent the removal of that staircase. The ASUC mall was a long, narrow corridor that wasn't very inviting, and this would open up that whole area for seating, while retaining the Naia stage. The space would be wide open and much more inviting. CUBS and STA Travel would be relocated into space that was currently vacant, and life would be brought into that area of the mall. Panda would pay the cost of renovation.

#### Status of Starbucks Negotiations

Starbucks will make a presentation to the Board. The Auxiliary was working on financial terms, something Starbucks wanted to do before proceeding. The Auxiliary expected to at least double the revenue received in commissions from what was now Follett's Convenience Store.

#### Meeting with the Bear's Lair Vendor

The Bear's Lair owner will present a plan for the Bear's Lair and the addition of a restaurant on top of the western deck. The fence would enclose the staircase going up to the deck. The Bear's Lair could serve beverages on both sides, but didn't currently. The Bear's Lair was told that the appearance of the outdoor

area of the Pub had to be improved. This change would expand the Bear's Lair food court and allow people to eat outside.

#### Presentation to the Telegraph BID

The BID heard the presentation that was given to the ECPC and had all its questions answered. BID members were excited the Auxiliary was trying to develop a regional location for business. The BID would still like some plasma screens in some storefronts in the Telegraph area.

The City of Berkeley's Community Affairs called a meeting with the BID, Athletics, campus Community Relations, the campus Visitor's Center, and the ASUC, and to talk about doing a better job to make visitors feel welcome to the area. The Auxiliary suggested a Visitor's Center satellite at the southeast corner of the Student Union, the visitor's desk. There will be a meeting to walk through the ASUC location and the Durant Mall.

#### New Product Development at the Cal Student Store

Mr. Deutsch, the Store's Associate Director, created a Store Advisory Board, including faculty, the Alumni Association, University Relations, and students to help the Store look at and evaluate products and services. The Store was also looking at completely revamping its Web site, including the book adoption process faculty were asked to use.

#### First Meeting of the Commercial Services Task Force

The first meeting of the Commercial Services Task Force was held, chaired by Ms. Harrison different groups that provide commercial services on campus. The first meeting was a look at principles and values. The Auxiliary presented some concerns that hopefully at some point be discussed.

This was a way for the campus to manage its commercial activities. Vice Chancellor Brostrom believes that as an economic entity, the campus had the potential to generate substantial revenue as a whole community, rather than fragmented.

Mr. Permaul and Mr. Spivey will travel to UC Davis on Friday to look at the school's commercial development redevelopment of its Student Union complex. They and others, including The Scholar's Workstation, will go to Stanford and look at Follett's operation of computer sales there, as part of its Bookstore. This was part of the assessment on computer sales on campus, either The Scholar's Workstation at the ASUC, a third-party vendor, or having Follett do those sales.

#### Update on the ASUC Budget Process and Mid-Year Budget Report

The budget for the ASUC fiscal year was distributed. Revenues were as projected. The Variance column under Expenses showed \$304,000 more than their business plan, but that was just a timing issue. The Auxiliary paid the ASUC \$192,000 from residual, which hasn't previously happened until June. The other \$100,000 involved projects the Board approved to prepare for commercial assessments, safety improvements, or projects funded out of the reserves.

The Auxiliary expected residual of about \$18,000.

The Auxiliary expected to make its budget and to live within it.

As a result of State budget cuts, units on campus were being asked to propose budget reductions. The campus was also looking at funds from reserves. The Auxiliary was looking at cutting supplies and expenses 10%.

The Auxiliary now paid the campus about \$120,000 a year as part of the flat 4% units paid to the campus. The Auxiliary has proposed that since funds coming in were not the Auxiliary's, but the students, that the Auxiliary be considered more like a research operation for which reasonable costs would be assessed for overhead. If Auxiliary revenues grew, a flat 4% would represent a large amount that would be unavailable to students. And unlike many other campuses, it didn't receive support for student activities and programs. However, this would be a difficult argument to make.

It was noted that the CAA created an auxiliary, and all Auxiliaries had to pay the 4% of revenues for admin for costing. This covered expenses like rent, taxes, payroll processing, that businesses had to pay but Auxiliaries didn't, by virtue of being part of the University.

The Auxiliary received a mandatory student fee for maintenance and programs, but didn't receive Reg Fees. And it paid another \$250,000 a year in direct recharge costs for all its services, as did the other Auxiliaries.

Residual payment to the ASUC was under listed under Other Expense. It should be a below-the-line expense, and an Auxiliary suggestion to list it under Expenses wasn't agreed to.

The Auxiliary was modeling a reduction of about \$230,000.

STIP income would be included in the reduction.

#### Update on the Commercial 1 Card Work Group

The Commercial 1 Card Task Force has been meeting. The idea was to have campus ID produced by a private vendor, instead of being paid for by the campus. The vendor would also provide banking and ATM services, and others. The 1 Card Task Force will make a presentation to the Commercial Services Task Force to propose an RFP for a bank. The campus used the cards for many purposes.

If a full-service bank came to the ASUC, CUBS asked to have it included as part of the negotiations. The Credit Union that supports CUBS will end its support in a year.

Tully's Coffee was interested in coming to Berkeley, although its business model didn't include college campuses, and it just had one. Tully's also works with Follett, but not as much as Starbucks. Tully's will meet with the Auxiliary and Follett. They'll go through the space. This was Follett's space. Students were excited about Tully's, which didn't have Starbucks' disadvantages in terms of corporate perception, free trade, and organic merchandise. It was suggested that the Auxiliary contact the student government where Tully's was located.

NEW BUSINESS

Selection of a New Undergraduate Representative

Mr. Dally's term was ending and a new undergraduate representative had to be selected as a Board member. The Selection Committee was the ASUC President and EVP, the outgoing Board member, and two Senators.

The meeting adjourned at 6:25 p.m.

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



This regular meeting of the Store Operations Board, commencing the Spring Semester, was called to order by Matt Dally at 5:10 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 January meeting. It was so moved and was seconded by Mr. Smith and Mr. Nguyen. **THE MOTION TO APPROVE THE MINUTES OF THE JANUARY 18, 2008 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. Rajan and Mr. Nguyen. **THE MOTION TO APPROVE THE AGENDA PASSED UNANIMOUSLY BY VOICE-VOTE.**

REPORT FROM THE DIRECTOR

Status of Panda Negotiations

Mr. Permaul said he wanted to let the Board know the status of some of the Auxiliary's negotiations. Panda Express was coming up that week to meet with the Auxiliary again. Panda has done a technical

analysis and found that it could run the exhaust from Naia lounge out of the roof of Cesar Chavez and could meet the campus requirements. There was a discussion about the space currently occupied by STA Travel and CUBS, and there was a prospect that Panda would be willing to relocate both businesses in order for Panda to take over that space. It would allow that space to be expanded to the dead stairwell that was locked down. This stairway goes from the top of Cesar Chavez down to the breezeway and was secured by a big metal gate. The Auxiliary has checked with the campus and learned there was nothing to prevent the removal of that staircase entirely. So there was a prospect that Panda would look at that space as a location to develop a restaurant. Panda will meet with Tom Spivey next week and walk through the space and do an analysis.

Mr. Nguyen asked if that was in addition to the Naia space. Mr. Permaul said that he and Mr. Spivey have walked through this. One problem with the ASUC mall, as Board members knew, was that it was a long, narrow corridor. It wasn't very inviting and people didn't want to walk down there. The Auxiliary has proposed to potentially open up Naia and STA Travel, and open up that whole area to be an open seating area while retaining the back of Naia's and the stage. That area would be kind of cordoned for events to be held there. But the rest of it would be wide open and would be much more inviting. Panda seemed to like the idea.

Mr. Nguyen asked if Panda would also be in the Naia space. Mr. Permaul said it would be. The eating area would expand all the way across. Currently, there was a wall that locked in STA Travel, a wall across the corridor that went into Naia's. Walls would be taken down and the area would be opened up, with tables all over. It would be a much more open environment. And the back area of Naia's would remain for performances and presentations. That wall would stay up, with all of the other area opened up and made much more inviting.

Mr. Ortega asked if the walkway would still remain there. Mr. Permaul said it would. The area by the women's restroom and the stairwell would be modified. This will be discussed with Panda, which was very excited about this opportunity. CUBS and STA Travel would be relocated into space that was currently vacant, and life would be brought into that area of the mall, something they didn't have at that point.

Mr. Dally asked if the cost of this renovation would be covered by Panda. Mr. Permaul said that was correct. It would not be the Auxiliary.

#### Status of Starbucks Negotiations

Mr. Permaul said that Starbucks wanted to make a presentation to the Store Operations Board. They couldn't make the meeting that afternoon and will come for either a Special Meeting or for the March SOB meeting. The Auxiliary has started to work on financial terms with Starbucks. Starbucks wanted to do that before going too much further. Mr. Permaul said that as he got a sense of what Starbucks was willing to bring to the table financially, he would share that with the Board. The Auxiliary currently expected to ask Starbucks for a significant amount of revenue. If they fill that space, the Auxiliary would want to at least double the revenue received in commissions from the current Convenience Store that Follett ran. So the Auxiliary will begin discussing terms seriously with Starbucks. They'll start off by

proposing both commissions and rent. Starbucks' model was for rent only, but the Auxiliary will get whatever that dollar figure was, one way or another.

#### Meeting with the Bear's Lair Vendor

Mr. Permaul said he and Mr. Spivey met with the Bear's Lair owner, who was very excited about the prospect of coming to the Board and presenting a modified plan for the Bear's Lair and an addition of a restaurant on top of the western deck. Mr. Permaul said that was why he brought the model to the meeting that evening. Obviously they'd have to go through the campus, since nothing could be done without campus approval. The idea was to extend the fence, which they've already talked about with the landscape architect, to enclose the staircase that goes up to the deck since the Bear's Lair was able to serve beverages on both sides. They don't do so at that time, but they could.

Mr. Permaul said the model actually showed the last two planters, totally enclosed. It went all the way around to the backside of the Bear's Lair, and took in the other areas, and was a circle. One could go all the way through it. This moved the fence slightly out into the Plaza. Mr. Permaul said the Auxiliary didn't want to make a major investment in the Plaza when it might be torn down in five years. This design was too major a construction to propose, but its features might be very interesting in a modified form. The model was done by a class in Architecture and then was translated into actual drawings that the ASUC produced. They have been sitting, gathering dust. The Auxiliary provided the plans to the Bear's Lair vendor and he was very interested in them. So at some point the Bear's Lair will come to the SOB to make a proposal of what it would like to do. In essence, what they discussed was a Bear's Lair Pub and Grill, with an indoor-outdoor barbecue area, new restrooms, roof seating for restaurant service on the western deck, like at Jupiter, in downtown Berkeley, and a modified and cleaned-up outdoor area for both the Bear's food court and the Pub.

Mr. Permaul said he told the Bear's Lair that the way the outdoor area of the Pub looked at that time was not acceptable and that it needed to be cleaned, and that the Auxiliary would expect better signage and a better appearance. This wouldn't change the Pub as to how students use it, but to give it a more substantial and attractive area, with better lighting. And the same for the Bear's Lair food court. This would expand the Bear's Lair food court and make it larger so people who were eating could move outside when it was comfortable to do so.

Mr. Ortega asked when this would happen, what the timeframe was. Mr. Permaul said his goal with all these projects was to have them started by the summer. That probably won't happen, but once they get into contract, then he would like to go through the capital side of the program on the campus because it wasn't good for them to be under construction during the academic year. The time to do this was when the Bear's Lair food court was closed during the summer and there was much lower traffic. That would also give students a new world to come back to when they returned to school. But in reality, these things take time. He'll try to do the best he could to keep moving forward.

#### Presentation to the Telegraph BID



Mr. Permaul said he made a presentation that day to the Telegraph Ave. Business Improvement District (BID). At one Board meeting he was asked if he was working in concert with the local merchants and keeping them apprised of what was going on. He and Mr. Spivey gave the presentation given to the ECPC and answered all their questions. BID members were very excited about the fact that the Auxiliary was keeping up its end of the bargain in terms of trying to develop a regional location for business. The BID would still like to collaborate with the Auxiliary on the plasma screen project and would like to have some screens in some storefronts in the Telegraph area. In general, they were asking the same questions that Mr. Ortega asked, such as when could it be done, how soon it could take place. Mr. Permaul said his goal was to always keep the BID apprised so there were no surprises during this process.

Obviously, many of the Board knew there was still a struggle happening on Telegraph Ave. in terms of businesses. He heard that day that the entire Durant Mall could be filled with new businesses in the near future. Most of the space has been rented out, and BID was looking to move its office to that area. On Telegraph, the loss of Mrs. Field's Cookies has created another empty storefront, and it appeared that the Avant Card business as a whole was going out of business. A new card shop of some sort will be going in there.

BID was very motivated to see all businesses increase the local foot traffic to this area to help support the merchants there.

Mr. Nguyen asked about the Durant Mall. Mr. Permaul said it's under the Durant parking garage. Cheese 'N Stuff will expand, and just rented out Whelan's Smoke Shop, which closed after 25 years. The space now occupied by the Friends of the Library will be increased to three times its current size. The Frammer's Workshop will also expand. A Visitor's Center might also be put there.

The City of Berkeley's Community Affairs held a meeting that afternoon, upstairs in the 4th floor conference room, with Intercollegiate Athletics, the BID, Irene Hegarty and her staff, the Visitor's Center from the campus, and the ASUC, to talk about how they could better handle visitors who come to the campus, and do a better job of making visitors feel welcome to the area. Mr. Permaul said he suggested that the ASUC would still be very interested in a Visitor's Center satellite at the southeast corner of the Student Union, where the visitor's desk was located. The BID was very interested in that and there will be another meeting to walk through the ASUC's location and the location at the Durant Mall. They were trying to do things to make the customer experience in this area much better than it was. And hopefully this planning will bring a group of people together who will be thinking about major events that come to the campus, and how they could better serve people.

Mr. Permaul said that in passing, he should tell the Board that the Auxiliary's experience with Tennessee at the Student Union was so good last year that they have become the Auxiliary's reference. The Auxiliary was now talking to Michigan State and to Colorado State to see if they would like to use the Student Union as their tailgate location for their football games in the fall. That would be good for the Store and for the merchants on Telegraph.

#### New Product Development at the Cal Student Store

Mr. Permaul introduced Jeff Deutsch, the Associate Director of the Cal Student Store, who was currently Acting Director, since Greg Kiryakakis just had a baby last week and was out for a while. Mr. Permaul

said they have been working on some new, unique products to bring to the Cal Student Store that they think that Cal alumni would like very much. But as part and parcel of that, Mr. Deutsch has created a Store Advisory Board that will include members of the California Alumni Association. Mr. Permaul said he has secured the services of Prof. Darren Zook, from Political Science, representatives from the California Alumni Association, University Relations, and possibly students who approached the Auxiliary, who would be interested in serving on an advisory committee to help the Store look at products and services and evaluate them. So hopefully at some point in the future, they'll bring in those product lines and share them with the Board, with the Store's cooperation.

The Store was also looking at completely revamping its Web site. The Auxiliary has beaten them up quite a lot about that. Mr. Permaul said he and Mr. Deutsch asked to go through the book adoption process faculty were asked to use, and neither of them could get through it. So they decided there needed to be some changes. So Follett was working on revamping its Web site for commodities at the Store, and for faculty and staff access as well.

#### First Meeting of the Commercial Services Task Force

Mr. Permaul said Chief Harrison convened the first meeting of the Commercial Services Task Force, which she chaired. He understood she was delighted that the Vice Chancellor gave her this responsibility. Chief Harrison said it was a fascinating opportunity. Mr. Permaul said they're meeting with representatives from Recreational Sports, Intercollegiate Athletics, Contracts, all the major players, Housing and Dining, different groups that provide commercial services on the campus. The substance of their first meeting was to look at principles and values. The Chief will go in August to the Chancellor's Cabinet to make some recommendations on how they think commercial business should be done. Mr. Permaul said he presented some concerns that he felt they had. Hopefully these will arrive on an agenda at some point to be discussed by the Task Force, or to find a venue where they could be appropriately addressed. Mr. Permaul said that if people could think of any questions they should let him know, or send him an e-mail.

Mr. Williamson asked about the campus' preferred vendor. Mr. Permaul said that was part of what they want the Commercial Services Task Force to help define. He would like to see Follett, particularly for textbooks, as the campus' preferred vendor. There was a definite connection between lower book costs for students and the bulk purchase of textbooks. So he would like to see the Bookstore as the preferred vendor for textbooks. But he thought those were all going to be issues that will come out and will be discussed in one shape or another out of this Commercial Services Task Force.

As for the commitment of the campus to the ASUC, when he reads the Commercial Activities Agreement, it seemed to him that the campus made a commitment to support and promote the ASUC and that it had a vested interest in doing so, to support student government and its activities and programs and to generate the revenues that would come back to students. But there are other groups that also make a claim to those same loyalties, such as Intercollegiate Athletics, and Housing and Dining. Mr. Permaul said that what he thought the campus was attempting to do in a very responsible way was to develop a framework and structure, as other colleges and universities have done, for managing its commercial activities. Vice Chancellor Brostrom has said on more than one occasion that he believed that as an

economic entity, the campus had the potential to generate a substantial amount of revenue, as a whole community, rather than as fragmented and broken up. If that was the case, then maybe there would be an even better way to bring resources to the ASUC as a part of a broader collaboration. So he thought these were all things that were on the table that they'll take a look at and will try to be open and objective from the perspective of what was the best interest of the campus.

Mr. Permaul said he and Mr. Spivey will travel to UC Davis on Friday to look at the school's commercial development and to how they've redeveloped their Student Union complex. They'll meet with a number of folks there. People from Davis came to Berkeley a week ago and now he and Mr. Spivey will return the visit.

Mr. Permaul said a week from Friday he, Helen Norris, April Roy, Manager of The Scholar's Workstation, and Mr. Spivey, will go down to Stanford and look at the Follett operation for sales of computers at Palo Alto. They have \$10.5 million in computer sales operation at Stanford that was run by its Bookstore, Follett. They're visiting as part of their assessment for the best way to do technology sales of computers at the campus.

As he's reported before, Mr. Permaul said they're looking at potentially relocating The Scholar's Workstation to the ASUC. Other possibilities include a third-party vendor that may be an off-campus entity that would sell computer technology on the campus, or possibly exercising their option in the Follett contract to have Follett do those sales. Mr. Permaul said he has provided this work group with a matrix, at the group's request, of a comparison between a third-party vendor and Follett in terms of revenues to the ASUC. The Associate Vice Chancellor said it made sense. So Mr. Permaul said they were now just going through all the due diligence steps to see where that would take place. Follett has said that if the technology sales come to the ASUC through Follett, it would also renovate the 1st floor of the Student Union. That would make a big difference and go all the way from the vacant Kodak store and the vacant area of the Postal Annex, all the way to the front of the Store.

Mr. Dally said he thought they also mentioned they would re-do the 1st floor if Starbucks came in. He asked if this was either/or, if either one came in they'd renovate, or if Follett wanted both. Mr. Permaul said Follett simply said they would make improvements to the 1st floor if Starbucks came in. But if they got technology sales, that would mean the entire 1st floor would be completely redone.

#### Update on the ASUC Budget Process and Mid-Year Budget Report

Mr. Permaul he made a presentation to the Vice Chancellor last Tuesday on the ASUC's mid-year budget. It was his obligation to let the Board know as well how the Auxiliary was doing. He wanted this to be as transparent as possible. He distributed the budget for the ASUC fiscal year. The top line, the first column, was their budget or business plan. The next column was the actual year-to-date in terms of their actual revenue and resources, the variance, and where they stood year-to-date, the last column.

Mr. Permaul said Auxiliary revenues were fine, and they were going along as they said they would. In the Variance column under Expenses, it shows that the Auxiliary spent \$304,000 more than their business

plan. That was just a timing issue. The Auxiliary paid the ASUC \$192,000 from residual. The Auxiliary has already paid that, while last year the Auxiliary didn't pay that until June. The business plan showed what normally had been done, with the Auxiliary paying at the end of the year. But according to the terms of the commercial services agreement, the Auxiliary should give residual to the ASUC as early as September. So the Auxiliary's goal was to get it to the ASUC as quickly as possible. So it was given to the ASUC much earlier than it's been done for the last three years. So \$192K of the \$304K was money that was paid to the ASUC. That should be what is called a "below the line expense." It should not show up in the Auxiliary's operating budget. But because of the way the budget was constructed, which he was working to change permanently, the mid-year budget showed it as an expense out of the Auxiliary's operating budget. Mr. Permaul said he was just trying to explain this so Board members didn't wonder why the Auxiliary was \$304K off its operating plan.

The other \$100,000 involved projects that either the Board approved to be done, in preparation for commercial assessments, or things like the safety improvements that were made with the ASUC that were funded by the students, or were projects being funded out of the reserves. So there was about \$82,000 there that should not show up in the Auxiliary's current operating budget. So while it looked like this might be out of whack, it really wasn't, and the Auxiliary expected to make its budget at the end of the year.

Mr. Permaul said the Auxiliary expected to have a very modest residual of about \$18,000. And of course, for any residual, the first thing the Auxiliary would do was to look at reserves. So right now, what he was proposing, as they could see at the bottom of the budget, was to have any transfer of funds to the ASUC student government to occur at the end of the year. But the Auxiliary expected to make its budget and to live within it.

As for next year, Mr. Permaul said he would let the Board know what the campus was doing. As a result of State budget cuts, all units on campus were being asked to propose reductions in their budgets. And the Auxiliary was part of that exercise. At that point the campus was looking at some funds from reserves. The Auxiliary was also looking at cutting supplies and expenses by a full 10%. And they might have to look at staffing as well. So they're looking at all of these as options based on what the campus told them.

Mr. Permaul said he and Mr. Nguyen have had this conversation, and in the sense of full disclosure, he was sharing it with the Board. Mr. Permaul said the way he read the Commercial Activities Agreement, he did not see that the funds that come to the ASUC Auxiliary were ASUC Auxiliary funds. He believed they were student funds and that the Auxiliary was there simply as a proxy or a contract agent that the students have engaged in with the campus to oversee the management of their funds. The Auxiliary has proposed to the Vice Chancellor that he look at the Auxiliary not as an entity in which its funds were campus funds, but that the Auxiliary was a recharge operation for which the Vice Chancellor would assess reasonable costs for overhead to the campus. In years going out, rather than have a flat 4%, which the Auxiliary now paid to the campus against all of their revenues, no matter how they grew, he would propose that the Auxiliary would actually have a fixed set of costs. Those fixed costs might be greater than what the Auxiliary was now paying to the campus, which was about \$120,000 a year. But if they were fixed costs, they might grow slower than they would if the Auxiliary increased its revenues and a flat 4% was taken out of those revenues.

The Auxiliary needed to do an analysis of this before making any recommendation or decision. They proposed this to Vice Chancellor Brostrom, and Mr. Permaul said he and Mr. Nguyen will continue to

have this conversation to see what student government would like. Mr. Permaul said he intended to make the argument that the money that was generated by the Auxiliary was the students' money and not the Auxiliary's money. That was a little different from the other Auxiliaries on the campus, such as Intercollegiate Athletics, Recreational Sports, or Housing and Dining. They'll see whether the campus agreed with that or not. Mr. Nguyen will take that case to the appropriate campus officials.

Mr. Williamson asked if this was settled, if it would remain settled or if it would be re-negotiated. Mr. Permaul said they'll have to see what the Vice Chancellor said about that and what the President and the Chancellor decide. Mr. Permaul said he didn't know, and nothing seemed to ever be fixed in stone across time and space. But he did think that the commercial services agreement was a pretty binding document. Mr. Williamson asked if there was legal opinion on this by University counsel. Mr. Permaul said the students had their own counsel and the University had its counsel. He just needed to find out the answer, and it would be whatever eventually got negotiated.

Mr. Williamson said it seemed to him that if legal significance was attached, it would continue as a basic agreement. Mr. Permaul said that Vice Chancellor Brostrom was a very honorable man, and he believed the Vice Chancellor was asking them to look at this in good faith. And as his staff, Mr. Permaul said that's what he was charged to do. Mr. Nguyen was involved and his job was to make sure that the students were represented appropriately in their negotiations with the campus.

Ms. Harrison said there was a Commercial Activities Agreement that spelled things out and how the revenues were to be exposed. It was signed by representatives of the ASUC and campus Administration and was legally binding. What was being asked was actually a departure from the way in which the document was currently written. The ASUC was an Auxiliary and the campus had a policy, "admin for costing," where all Auxiliaries must pay 4%, at that time, based on revenues, not expenses. About five years ago or so it was based on expenses, but that was switched to revenues. Quite frankly, anybody who drove any kind of income, whether it was outside revenue and/or recharge was billed 4% admin for costing. That was supposed to go back to pay the campus for those services that it provided to any department on the campus. So the ASUC wasn't being treated any differently than any on the organization or department. What she was hearing from Mr. Permaul was that he wanted to broker a different arrangement. Mr. Permaul said he was doing this based on the CAA. In the section on disbursements of the money, it says that the money belonged to the students and that money would be disbursed to the Auxiliary to pay its bills. Ms. Harrison said that was after the Auxiliary's costs were accounted for. One associated with the Auxiliary was paying admin for costing, like all other Auxiliaries.

Mr. Permaul said the argument they were making was that it was more appropriate to look at the Auxiliary as vendor, in essence, that was contracted for support of the students, and that they should be recharged. Ms. Harrison said she would suggest that it was very clear, and she had something to do with the writing of the document. They were very clear that they were establishing an Auxiliary, out of UCOP policy. She wasn't saying it couldn't be done, but what Mr. Permaul was talking about doing was basically amending the current Commercial Activities Agreement. Mr. Permaul said that may be the result. He thought the issue at stake was that the students had a chance to dramatically increase their revenues without increasing their demand on services. To have a flat 4% against that revenue siphoned off would undermine students' ability to provide programs. The campus might end up saying Intercollegiate Athletics had to do it and the ASUC Auxiliary had to do it too. But they'll make the argument that because this was the only source of student funding from the campus for these programs, that it might make more sense to do it in a different model. The Chief was correct, and that might be an amendment to the agreement.

Ms. Allbright said she had a clarification. The issue at stake was the 4% overhead cost. She asked if there was anything else other than that. Mr. Permaul said that for the current budget, the campus was doing modeling for the reduction being proposed, the surrendering all STIP income. The Auxiliary had a series of reserves that were collected over the years to maintain the building, protect the Auxiliary's operations, and for redevelopment for funds that remain. The Auxiliary gained STIP income from these reserves, money that came back to the bottom line of the Auxiliary. The campus was proposing to collect those funds this year. Part of what the Auxiliary was doing with Mr. Brostrom's budget office was looking at the way by which all reserves were managed. The budget office even suggested to the Auxiliary in the budget meeting a couple of days ago that they thought Auxiliary reserves were not being structured properly. Mr. Permaul said he'd already decided that the Auxiliary propose that the campus sweep STIP from certain reserves, but maybe not all of them. But if the campus swept reserves, it would apply to everybody. The Auxiliary was trying to make an argument that once again, there was an exception to that rule. They'll see if it flew or not.

Ms. Allbright asked why, if Auxiliaries were independent financially from the University, they weren't receiving funds from the University, she asked why they were being asked to make a reduction, and how that benefited the campus. She asked if it was in the actual, legal definition of "Auxiliary" that reserves could be swept by the University at any time. Mr. Permaul said that to make one thing clear, all Auxiliaries, as the University defined them, were departments of UC. And even though they were self-supporting, they were University entities, and their funds were, from that perspective, University funds. They're not State funds or research funds, but were University funds. What the Chief was saying was that all Auxiliaries were the same everywhere on the campus. Mr. Permaul said that what he was saying was that the ASUC Auxiliary was trying to make an argument that perhaps the ASUC should be looked at differently, for different reasons. He didn't know whether that argument would fly, but that was what he and Mr. Nguyen have been talking about.

Ms. Harrison said the difference between an Auxiliary and any department that was almost exclusively centrally funded was that an Auxiliary could take a cut and make up that cut by virtue of its fees or its lines of businesses, its revenues, those kinds of things. A centrally funded unit that lost 7% of its budget had no opportunity to make that up, and to do that would have to cut people's services, programs, etc. The other thing to keep in mind was that an Auxiliary was very different than a business. Businesses pay full freight for everything, including rent, taxes, payroll processing, all kinds of things that Auxiliaries, by virtue of being part of the University, didn't have to pay. So admin full costing of 4% was really kind of a very low percent compared to what a true business would pay to operate. This was a cost recovery to the campus for things like cutting checks to employees, e.g.

Mr. Permaul said he didn't have a problem with the variety of different services the Auxiliary received, such as police services. He believed the Auxiliary had to pay its freight. The question he had was that since it was 4%, if the Auxiliary was to bring all these businesses in, and suddenly jumped from \$17 million to \$30 million in revenues, all of a sudden the Auxiliary would be paying 4% of that to the campus. But the actual expenses they'd incur wouldn't grow at that kind of level. So his argument to the Vice Chancellor was to look at what the real costs of the services the ASUC Auxiliary and the ASUC obtained from the campus, and see in an analysis if it made sense to stay with that 4% figure across the board, across time, or whether or not they should simply be recharged for the direct services they use. He thought there was probably an argument that could be made both ways. But then there was the argument that if they got this permission, then why shouldn't Intercollegiate Athletics, or Rec Sports, get it. So the campus will be very, very cautious in looking at this. The Auxiliary was just opening up the question,

trying to generate more revenue to the students and their programs. Four percent at some point could be a pretty hefty figure.

Ms. Harrison said it would be a very, very difficult argument to make, and quite frankly, Intercollegiate Athletics was probably in the front of the line wanting to make that argument as it did major fundraising for major projects and took a 4% hit on that. Mr. Permaul said he thought the changes of making such a change were slim to none. But he thought it was worth vetting, because it was about dollars going back to students. The argument he and Mr. Nguyen were making was that the Auxiliary didn't get Reg Fees and got no other support for student programs and activities at Berkeley, whereas at other UC campuses and departments they did, some of them. All the Auxiliary's revenues were pledged to student programs.

Ms. Harrison said the ASUC had Reg Fees. Mr. Permaul said that wasn't the case and said they have a mandatory student fee for maintenance of the facilities and to provide programs. But they don't receive Reg Fees. Mr. Permaul said they also paid another \$250,000 a year in direct recharge costs to the campus for all its services. Ms. Harrison said that was the case for all the other Auxiliaries. Mr. Permaul said that was correct. He wasn't talking about those expenses. Those were recharges for services that the Auxiliary took and he fully expected to have to pay for them. They were just looking at the 4%. As Chief Harrison said, this would be a tough row to hoe. But nevertheless, the Auxiliary will try and at least do the analysis.

Mr. Nguyen asked what a 4% cut for next year would look like. Mr. Permaul said it was about \$230,000. Ms. Harrison said it wasn't a cut, but an ongoing cost. Mr. Permaul said he was talking about the reduction the Auxiliary has modeled, which included STIP income. The way it was being analyzed, all that STIP would go. The Auxiliary has proposed that only a portion of the STIP go.

Mr. Permaul said Board members could see what the Auxiliary was attempting to do in terms of the budget the back. In Revenue Explanations were explanations for salaries and benefits and supplies and expenses, and net operating loss. At some point he hoped to put this up on the Web site so students could see it and so things were transparent.

Ms. Harrison said that to make this clearer, she asked why residual payment to the ASUC was under Other Expense. Mr. Permaul said they were proposing to change that, but they wouldn't let the Auxiliary change the form. The Auxiliary has asked to make it known under "Expenses."

Mr. Rajan asked what size of cut the campus was asking for. Mr. Permaul said they should make sure people don't walk out the door thinking the Chancellor was taking X amount of money from the students. The Auxiliary was modeling a reduction of about \$230,000.

Ms. Allbright said there was 4% and 10%, with the 4% being overhead. Mr. Permaul said the Auxiliary had to build into the budget a 4% increase for salaries next year. That was part of the State budget. But then they had to make a reduction on that increase, as part of a model. And then there was also STIP income that the Auxiliary has been told to include in the reduction. "STIP" was interest they earn on these accounts. Ms. Allbright asked how they made a reduction in the interest. Mr. Permaul said they wouldn't receive it. Ms. Harrison said the campus took all the surpluses that all the various departments had and invests it, and got a return. Traditionally, what they do is to distribute that back out based upon what each organization contributed. One strategy the campus was talking about to meet the 7% across-the-board cut the campus had to take was to withhold the STIP this year, saying that in the past, the

campus had been generous and gave it back to units, but couldn't afford to do that and needed to hold it in order to figure out how to keep the campus running, based upon whatever priorities the campus had. So the campus was contemplating holding STIP income centrally. They're also talking about looking at carryforwards and taking 10% of whatever carryforwards that units had. They're also asking every department to model a 7% reduction in expenses. And that was everybody, including the Police Department. It wasn't fun.

Mr. Permaul said the Chief used the term carryforward, and that was reserves. It's money the Auxiliary would use if a roof, e.g., needed repair. And that's where the 4% would come off from in this model.

Mr. Rajan asked if the model the Auxiliary made will include projections if Panda came to campus. Mr. Permaul said it wouldn't, since he couldn't project anything he didn't have. But he could assure them that if they did get contracts, that would make all of their lives a lot better next year.

Ms. Harrison said that was the good news for Auxiliaries, which could either realize new revenue streams, or for Athletics or Parking, increase tickets or fees that people pay. Organizations that were primarily centrally funded had no opportunity other than going to the campus. That's why she believed the campus would hold the STIP, to perhaps help some of those departments that have absorbed the 7% and instead, maybe get a 4% cut. They wanted to work strategically across the campus and determine where they'll try to minimize or soften the 7% cut.

Mr. Rhoads said that since the Auxiliary was independent and didn't get money from the University or the State, the cuts across the board wouldn't affect them as much because of other income streams. Ms. Harrison said it may very well be that Auxiliaries really won't take a 7% cut in expenses. They're being asked to model that because sometimes the campus liked for all of them to be treated the same. So this was a modeling, and Auxiliaries really might not take a cut in expenses.

Mr. Permaul said that in the Auxiliary's model, they're attempting to not reduce anything that was involved with direct service to the students. They're looking to those aspects of their operation that were more staff related and less service related.

Mr. Rhoads asked why they were looking at a 7% cut if they weren't getting any money from the University. Ms. Harrison said there were two reasons, in her opinion. First, they all need to share. If she had to do this in the Police Department, then Auxiliaries needed to do it as well. Secondly, there was a belief that being faced with budget cuts was an opportunity to look at operations to see if there were better efficiencies. Not having to look at operations for cuts, people might get a little comfortable. So it was a good exercise, a good business practice, although having done it four out of the last six years, it was tiring.

Mr. Permaul said Parking or Athletics, e.g., can raise new revenues by raising commodity costs. But the ASUC Auxiliary couldn't do that and either had to have new revenue streams or reduce services. But as the Chief said, this was modeling at that point and they don't know what will happen.

Mr. Nguyen said while they were modeling a 7% cut, it could potentially be more if there was a decreased projection. Mr. Permaul asked Ms. Harrison if she thought that was a chance. Ms. Harrison said that at a briefing on Monday, she was led to believe that the 7% figure was very realistic, and probably deeper than they'd need to go. If the campus held firm with STIP and those kinds of things, they probably



wouldn't see that deep a cut. It was felt that some departments could reasonably absorb a 7% cut, and others couldn't.

#### Update on the Commercial 1 Card Work Group

Mr. Permaul said he's been attending meetings of the Commercial 1 Card Task Force. This concept came out of the ASUC. The idea was that the current ID people on campus carry would be produced by a private vendor and the cost of producing it would be borne by that vendor. In addition, other services could be provided by that commercial entity, such as banking services, ATMs, and others. They have been working to make a presentation to the Commercial Services Task Force to propose that the campus go out to RFP and find out if a bank could do a better job of producing a campus ID card. The campus was currently entirely subsidizing the production of the cards. Vice Chancellor Brostrom wrote to him on Monday offering another vendor he would like to bring to the table. The campus uses the cards for many purposes, so a very careful vetting would have to be done. These cards would also be used for security access.

Mr. Rhoads asked if other schools use commercial ID cards for security access. Mr. Permaul said some do. But no other campus wanted as ambitious a card as did Berkeley. They want to use it for the Class Pass, TransLink, access to specific buildings, access to residence halls, and as a debit card. One strategy might be to bifurcate the services and have one card for security and access and another card for debit and other services. Washington State and other campuses had all kinds of value added for students with its commercial 1 Card.

If the Auxiliary was to bring a full-service bank to the ASUC, CUBS has asked to have it included as part of the negotiations. CUBS would move to that bank, from the Credit Union which now supports them, but has threatened CUBS' funding in a year. But all this depended on how the campus looked at a commercial 1 Card agreement and whether the campus wanted the ASUC to do that. There's a much greater upside to their revenue if the Auxiliary did a debit card, a commercial bank, and an ID card altogether. This all had to be carefully analyzed.

Mr. Dally asked what campus groups were part of the 1 Card group. Mr. Permaul said the work group involved the UCPD, Financial and Business Services, IS&T, Housing and Dining, and the campus 1 Card office. And then they'll go back to the 1 Card Task Force, which was a huge group. A debit card could be used anywhere a Visa was accepted. Currently, there were only about 40 businesses where a student could use the debit card. And those businesses pay anywhere from 2-6% to the 1 Card program. Visa would have a much lower flat rate.

Mr. Permaul said those were the updates he had and he'd be happy to answer any questions about business.

Mr. Rhoads asked about the discussion with Tully's. Mr. Permaul said Tully's called the Auxiliary and said it was interested in coming to Berkeley. But its business model didn't include college campuses, and just had one. But the company would like to break into that market. Tully's works with Follett as well, but not as much as Starbucks did. The Auxiliary invited Tully's up and will meet with Mr. Spivey and Follett. They'll go through the space. Tully's would have to come up with a model that the Auxiliary and

Follett were looking for, when the company hasn't done it. Follett has already written him about the terms and conditions to use that space. If Follett gave up \$500,000 in commissionable income, it expected to bring in a pretty powerful business. They'll have to see what Tully's could do about coming here.

Mr. Rhoads asked if Tully's would be seriously considered if it could prove itself in terms of Follett's plan. Mr. Permaul said they would be, if they could satisfy Follett.

Ms. Allbright said students seemed to be really excited about the possibility of Tully's and thought the Auxiliary should really look into that. She asked if it would be appropriate for Tully's to make a presentation at an SOB meeting. Mr. Permaul said they should see what Follett said first, since it was Follett's space. But he had no problem doing that and would be happy to put that on the table. Mr. Nguyen asked if he could send out an e-mail for the meeting with Tully's. Mr. Permaul said the meeting will be Thursday at noon.

Mr. Deutsch asked what the advantages were for Tully's. Ms. Allbright said that Tully's seemed to provide the same benefits as Starbucks would, from the student perspective, without some of the disadvantages of Starbucks in terms of its corporate identity and perception. Tully's also had a better relationship with free trade and organic merchandise than Starbucks. That was something they've proposed that Starbucks have more of. Tully's already had that reputation and wouldn't be criticized for things that Starbucks would be criticized for, while bringing similar services.

Mr. Ortega asked why the model for having a business on campus was so much different than having a business off-campus. Mr. Permaul said Tully's other model was almost like a kiosk, but bigger, which they did at airports. Mr. Spivey said they go to transportation hubs. Mr. Permaul said doing an actual Internet café would be a new business model for them. Mr. Ortega said Tully's had a number of them, including one in Oakland. Mr. Permaul said they don't, however, do them on college campuses, and each was a different business model. They opened up one at Cal State Dominguez Hills, he believed, which was their first.

Mr. Smith asked if Tully's was private, public, or a franchise. Mr. Permaul said he didn't know. He was pretty sure it was a corporate entity.

Mr. Nguyen said the Cal State Tully's would be a good student government to contact, to see the response of students on that campus.

## NEW BUSINESS

### Selection of a New Undergraduate Representative

Mr. Dally said he wanted to remind people about the search for a new undergrad rep. If people had nominations, they should let him or Mr. Nguyen know. They also need a couple of Senators as well.

Ms. Allbright said the Selection Committee was comprised of the President, the EVP, the outgoing undergrad rep, and two Senators. The Committee was supposed to be formed by March 1 and Senators were scheduled to be selected at the February 27 Senate meeting.

Mr. Rhoads asked if there was an application. Mr. Dally said there was no formal application, but an interview process.

Mr. Nguyen asked if the procedure was in the By-laws. Ms. Allbright said it was. The commercial agreement states that the ASUC shall appoint an undergraduate in a procedure described the Senate By-laws. Mr. Nguyen said that perhaps in the future, perhaps the date should be moved up. Ms. Allbright said she would double-check the Charter.

Mr. Dally said the Board switched rooms with Raza and asked if that was a permanent change. Mr. Nguyen said Raza had more members. Mr. Dally said he hasn't reserved the Senate Chamber for Tuesdays before. Mr. Smith asked about meeting in the 4th floor conference room. Mr. Permaul said that was possible. Mr. Dally said they would get their meeting place for next time cleared up.

Mr. Dally said that seeing no further business, he would called for 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 6:25 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.
- 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.

Decisions of the Board

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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

December '07 Heard a presentation by CUBS.

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.

Decisions of the Board (cont'd)

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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)

- iv-

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)

- v -

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.

## STORE OPERATIONS BOARD MINUTES

March 11, 2008

Present: (Members and others)

Taylor Allbright  
Ron Coley  
Matt Dally  
Barbara Davis  
Jeff Deutsch

Arturo Ortega  
Nadesan Permaul  
Nish Rajan  
Dave Rhoads  
Nadir Shams

Scott Silver  
Jordan Smith  
Tom Spivey  
Roxanne Winston  
Oliver Williamson

### **SUMMARY OF THE MEETING**

The meeting was called to order by Matt Dally at 5:10 p.m. in the 4th floor conference room.

#### NEW BUSINESS

##### Report on Search Committee for a New Student Member

A committee was formed to select a new Board member for Mr. Smith's seat.

#### REPORT FROM THE DIRECTOR

Introductions were held of those present.

##### Terms for Bear's Lair Contract Renewals

Leases of food court vendors were being renewed. The Coffee Spot and Healthy Heavenly Foods were being renewed for two years, with a 10% increase in rent each year. The Taqueria had a four-year renewal because of renovations it did. Rent was for eight months of the year. A provision was being renewed that called for \$1,000 a month in the summer and in January, when they weren't busy.

Vendors would also have to take care of the custodial salaries, which have gone up significantly. Language has been added concerning tax statements, to see that the businesses were paying California Franchise Tax. A business interruption clause was included for anticipated seismic renovation, with time added to the lease based on the interruption. It looked like that will start March 1, '09. There will be no increase in the utility bill.

Healthy Heavenly Foods and the Coffee Spot, which merged with the sandwich shop, have two-year leases so vendors will consider making renovations. Real Estate Services recommended having a short-

term lease and not basing a leases on commitments from vendors to renovate. These leases were shorter to get vendors to agree to put in "X" dollars for leases to be extended. That would be brought back to the Board.

The Auxiliary didn't know how well the vendors were doing. It was noted that rent did not reflect what the space was worth, or of vendors' ability to pay, and that the Auxiliary should request vendors' transactions and total dollar amounts. The Auxiliary will include language asking for the businesses' annual tax reports.

According to the Telegraph Ave. Business Improvement District, street prices range from \$3 a square foot to \$6 a square foot, based on location. Vendors could argue that their space was less than desirable, off the street and tucked down underneath, so the Auxiliary has always worked towards the minimum. But they were still below the \$3 threshold, and the new price brought vendors up to \$2.97.

Some Board members thought the Auxiliary should move towards market rates. But that would drive smaller businesses out of operation if they also did capital improvements. The first step was to get vendors to commit to capital improvements.

Real Estate Services didn't want to include in the lease language for vendors to renovate. A separate letter will be written stating the Auxiliary's expectation. In June of '10, he'll come back to the Board and report if the vendors have met the terms and conditions in the letter.

Vendors had a \$3,000 a month payment and were being asked to put \$25,000 into their sites. It was noted that the question really was what vendors' incomes were.

The Auxiliary and the campus architect gave the vendors some ideas about renovation. The Auxiliary would like more of a uniform look and had suggestions to make traffic flow better for individual vendors, but for the whole food court. Mr. Coley was requested to follow-up with Real Estate Services to see about having renovation language included in leases.

It was noted that the Auxiliary was operating on word-of-mouth figures instead of having documentation. The Auxiliary will request that documentation.

It was suggested that leases include a checklist or addendum laying out vendors' responsibilities. The Auxiliary will talk to Real Estate Services about that.

The Daily Cal's lease was also up for renewal. This lease was fair and just needed to grow with the Consumer Price Index, with the timeframe to be determined. Rent was a little over \$4,000 a month, which was very reasonable for the paper. The paper was probably not the most appropriate tenant for the building, but was something the Auxiliary inherited, with a longstanding relationship. Before the paper got a renewal, the Auxiliary should learn about the progress on the plasma screen project the paper was heading up. The paper agreed to increases based on the Consumer Price Index. Other vendors didn't CPI-based increases their contracts have not had regular increases and they were well below market rate. It was noted that the Auxiliary was picking lower bounds for rent, such as using the CPI, when rents were way off the line. But there was a question as to whether a business would want to locate at the paper's location, the 6th floor of Eshleman. The Auxiliary will reassess its assumptions on this.

It was suggested that the Board have a comparison between what the Auxiliary charged and what the real value of the space was assess the subsidy to these operations. They all agree one exists, and the question was whether it was unreasonable.

It was noted campus policy did not allow units to rent in seismically poor buildings. Mr. Permaul will follow-up on that.

#### Status of Panda Express Proposal

Panda Express had a walk through of the Naia lounge site. It wasn't viable to have a hood at Naia. It should be located by STA Travel, the ladies' room. Panda was exploring that. The Auxiliary was working closely on this with Capital Projects. A relocation would be needed for Panda to remodel. CUBS would go to the Photo Cell and STA Travel to the Postal Annex spot. Both would agree to such a move. Panda would pay for the relocations.

#### Update on the Bear's Lair Expansion Proposal

The Pub submitted tentative drawings for the relocation of the restroom facilities out of the Pub to the north end of the Bear's Lair food court, to serve both the food court and the Pub. The existing bathroom would be turned into a grill and an outdoor food service area, opening out to Lower Sproul. Drawings will be shown to the Board when available..

#### Update on the Tully's Coffee Proposal

Tully's wanted to put up a storefront in front of the Store, a window operation, and not really renovate the space. Follett was looking for a large-scale remodel to drive foot traffic. Tully's was still interested and will look at the space again. Tully's had a \$10 million note due in August of '08. A decision by the company to go public in November was reversed. Tully's also talked about a franchisee running the operation, which the Auxiliary wouldn't agree to. Follett was willing to give the Auxiliary a great deal, giving the square footage of the Convenience Store without changing the terms of the current lease if \$500,000 was generated that went towards commission. A new vendor would have to meet Follett's criteria. Tully's could operate a storefront operation, as in small departments, or a kiosk.

#### Cal 1 Card Proposal Update

The consensus of the Technical Work Group for the Cal 1 Card was for Mr. Permaul to go to the Task Force and ask to go out an RFP for a 1 Card proposal from large banks. He'll work with Contracts and Purchasing on the RFP. CUBS could start a bank off with 2,000 accounts at the start if they merged with CUBS and could be included as part of a bank coming in. The Controller's office could also run financial aid checks through the debit card, as some other colleges do. All of the quote "unique" characteristics of the Berkeley campus were not insurmountable for one card. The UCPD was a strong proponent. Housing and Dining currently spends almost \$400,000 a year to produce the 1 Card. The goal was to get about \$150-200,000 of those costs covered by the vendor. There would still be a 1 Card office because of a firewall between campus information and banking information.

#### Update on Starbucks Negotiations

Mr. Permaul will talk to Starbucks within the next week or so about terms and conditions.

### Update on the ASUC Budget Presentation

A presentation on the Auxiliary's budget was made that day to Vice Chancellor Brostrom. Mr. Brostrom was very encouraging in support for the four major contracts the Auxiliary was working on: sales of technology, Panda, Starbucks, and the Cal 1 Card. The Auxiliary next year will dip into its operational and maintenance reserves.

The Presidents of the ASUC and the GA made a formal request that the Auxiliary not be asked to pay either its STIP or a 4% carryforward assessment on the budget next year based on their interpretation of the commercial services agreement with the campus that created the Auxiliary. Auxiliary revenues were flat for next year and expenses were all up.

### Other Items

Board members were asked to consider having additional meetings as they move towards May, to consider negotiations that were underway.

There was a student protest around Kleenex tissues, and the Store removed its only two products from Kimberly-Clark. The Store was more than willing to support the Auxiliary's efforts to support the students.

The Store was finishing up its fiscal year will be just below its projections, where they were last year, which was good. The main focus was on textbook adoptions and pricing. The adoption cycle was for the summer and fall. The fall deadline was April 15. There will be a textbook luncheon in a couple of weeks. Adoptions last semester increased 2%, to 19%.

It was suggested that a bill passed by the ASUC Senate would encourage faculty to meet the adoption deadline. Textbook adoptions have been shown to be the single most effective way to reduce semester costs to students. Students who sold back their books last semester got \$185,000, and students saved \$245,000 from the cost of new textbooks. And that was just 19% of adoptions. UC Davis did 40% last semester. Vice Chancellor and Provost Prof. Breslauer has agreed to send out a message directly to faculty.

Driving this issue was the fact that State representatives were coming to investigate the school's efforts at adoptions and textbook costs to students. Besides Berkeley, they'll also go to UCLA and UC Davis.

In the sense that the Daily Cal write a story about this. An op-ed. could also be written.

Adoption rates of 90% were usual. Meeting the deadlines, and it was a simple thing. He turned in textbook orders every semester and it wasn't that complex. What was difficult was telling professors the deadline for fall book adoptions was in April.

It was suggested that the Store target departments that make department-wide decision on texts.

It was noted that there was a problem with small changes made in a new edition that made books for students more expensive.

It was suggested that the Academic Senate Committee on Teaching, which had student representatives, might look at this.

It was noted that there didn't seem to be a strategy by which to move forward on this.

It was suggested that faculty have a default option to order the same books they ordered last time.

The ASUC Senate's Committee on Academic Services was also working on this. It was suggested that a chart be prepared showing the data. UC Davis did at least 10 times the dollar amount of Berkeley.

The meeting adjourned at 6:30 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 5:10 p.m. in the 4th floor conference room.

APPROVAL OF THE MINUTES

Mr. Dally called for a motion to approve the minutes from the February meeting. It was so moved and was seconded by Mr. Smith and Mr. Rajan. THE MOTION TO APPROVE THE MINUTES OF THE FEBRUARY 12, 2008 BOARD MEETING PASSED UNANIMOUSLY BY VOICE-VOTE.

APPROVAL OF THE AGENDA

Mr. Dally called for any changes to the agenda, and seeing none, called for a motion to approve. It was so moved and seconded by Mr. Rajan and Mr. Smith. THE MOTION TO APPROVE THE AGENDA PASSED UNANIMOUSLY BY VOICE-VOTE.

## NEW BUSINESS

### Report on Search Committee for a New Student Member

Mr. Smith said a committee was formed to select a new Board member for his position. He was on it, as was Mr. Nguyen, Ms. Allbright, Scott Silver, and another Senator. They'll have a meeting very soon. Ms. Allbright sent out a meeting wizard and was waiting for a response. They could return to this item when Ms. Allbright showed up, as she would know more about when the first meeting will be.

## REPORT FROM THE DIRECTOR

Mr. Permaul said that since there were a few ASUC Senators present, he thought it would be nice if people introduced themselves. Introductions were held: Ron Coley, Associate Vice Chancellor for Business and Administrative Services, as this was one of the areas he was responsible for; Nadir Shams, ASUC Senator; Jordan Smith, third-year, undergraduate representative on the Board; Barbara Davis, Assistant Vice Provost for Undergraduate Education; Matt Dally, undergraduate representative and SOB Chair; Dave Rhoads, ASUC Senator; Jeff Deutsch, Assistant Store Director, who was there to get feedback and answer any questions people might have; Tom Spivey, Associate Director of the ASUC Auxiliary; Nish Rajan, GA Rules Committee Chair and graduate student representative; Oliver Williamson, Professor Emeritus; Alberto Ortega, GA External Affairs Chief-of-Staff and Legislative Liaison, and graduate student representative; Nadesan Permaul, Director of the ASUC Auxiliary; Taylor Allbright, Executive Vice President, ASUC Senate.

Mr. Permaul said he wanted to thank them all for attending.

### Terms for Bear's Lair Contract Renewals

Mr. Permaul said he asked Mr. Spivey to prepare the terms for lease renewals for the Bear's Lair and the Daily Californian, and he'd share them with the Board.

Mr. Spivey said he sent out the three leases from Real Estate Services and would pass them around. They were in draft form. Mr. Spivey said he has proposed a 10% increase on three vendors in the food court, the Taqueria, the Coffee Spot, and Healthy Heavenly Foods. The increases were 10% a year over two years. The leaseholders would pay that 10% for eight months of the year and would have a \$1,000 monthly payment for months of the year when they were not operational. So they'd get a break in the summer time and January when they weren't busy. That had been in the contract and will continue to be a provision.

Also, they had to take care of the custodial salaries, which have gone up significantly. Those were included in the leases, for year 1 and year 2, for two contractors.

The Taqueria had a four-year contract due to its recent renovations and recent addition to the food court.

Mr. Spivey said he put in language concerning tax statements, and would like to see that businesses were paying their State Franchise Tax. There was also a business interruption clause in case of seismic renovation, which they anticipate coming up. They'd put that time on the lease, on the other end, based on an interruption. The interruption was looking more and more like it would be March 1, '09, because the campus has not yet approved money for seismic improvements. So they may have to be delayed and may have to run one project into the other project in March. That would be another big impact.

Mr. Spivey said he checked on the energy costs, and gas costs have gone up and electricity has gone down, so there won't be an increase in the utility bill.

Mr. Permaul said he didn't say anything about the two-year lease for Healthy Heavenly Foods. Mr. Spivey said Healthy Heavenly Foods and the Coffee Spot, which merged with the sandwich shop, will have two-year leases. The reason was because they need the vendors to talk about longer term and renovations. The recommendation from Real Estate Services was that the Auxiliary approach a short-term lease based on not having commitments from the vendors to renovate the space. So the Auxiliary was shortening the lease for those vendors to get them to agree to put in "X" dollars if their leases were extended. That would be brought back to the Board.

Ms. Davis asked why the janitorial fees were different for one vendor. Mr. Spivey said Mr. Alloun had two spots.

Mr. Coley asked if the Auxiliary has seen the tax returns of the vendors. Mr. Spivey said they haven't seen the returns, just proof that they paid the Franchise Tax Board the sales tax that was due. Mr. Coley said they still don't know how well they were doing. Mr. Spivey said he might be able to interpret what they were making based on what they reported, or he could ask for a copy of the returns. Mr. Coley said it was his notion that this was a very desirable space for vendors and that they were making a considerable amount of money. He thought the amount of rent the Auxiliary has charged for many, many years was not reflective of what the space was worth, or of vendors' ability to pay. But he didn't know that. They had the same situation with Follett many years ago. Follett gave up its books, the Auxiliary got a chance to see them, and the contract was renegotiated. He was just saying at they need to be clear that in these deals they're striking, if they are renewed and the vendors remain there, that they pay what was appropriate for the space.

Mr. Permaul said he agreed, and thought they should request from the vendors the transactions and total dollar amounts.

Mr. Coley said another point was that many times with space such as they have there, the lessor has an opportunity to see all of the sales, and often times, gets a percentage of the sales. When they overhauled the Bear's Lair several years ago, there was consideration of putting in cash registers. But the cost was prohibitive, and the Auxiliary wasn't willing to pay for them and the vendors couldn't afford them. And there were other factors. But he just wanted to make sure they didn't go down the same path they traveled before.

Mr. Spivey said they could add in the lease the annual tax reports from the businesses. Mr. Permaul said they should do that.

Mr. Williamson asked if that would be an annual financial report. Mr. Spivey said it would report what the vendors were claiming for sales. The vendors had to file it because they had a business tax ID



number. They report sales to the State, and by looking at that document, he could find out how much they've made.

Mr. Rajan asked if he could also find out how much profit they made. Mr. Spivey said he couldn't. Mr. Rajan asked if that wouldn't be reported. Mr. Spivey said it wouldn't be.

Mr. Rhoads asked if the new proposed lease agreements reflect current market value of leaseable spaces similar to these. Mr. Spivey said they've done research through the Business Improvement District, and street prices ranged from \$3 a square foot to now \$6 a square foot, based on location. Vendors could argue that their space was less than desirable, off the street and tucked down underneath, so the Auxiliary has always worked towards the minimum. But currently they were still below the \$3 threshold. Mr. Rhoads asked if that would even be with the increase. Mr. Spivey said the new price brings them up to \$2.97.

Mr. Permaul said he was interested in having Healthy Heavenly Foods and the Coffee Spot invest dollars into the refurbishment at their locations. They were at \$2.73 a square foot. That's why they were only getting two-year leases. The Taqueria was being extended to a four-year lease because it made an investment. All of the vendors' leases will be raised 10% per year. The Board has made it very clear to him, at least some members, that they think the Auxiliary should move towards market rates. But if the Auxiliary were to do that, they would drive these smaller businesses out of operation if they also wanted them to do capital improvements. So right now, step one was to get vendors to commit to capital improvements. He would consider extending their leases if they did that. Otherwise, in two years, if Healthy Heavenly Foods and the Coffee Spot do not come forward with improvements, then it would be his recommendation to the Board that the Auxiliary not renew their contracts.

Mr. Williamson asked if he's talked to the vendors about this. Mr. Permaul said they talk to them ad nauseam, Mr. Alloun and Ms. Vu. They say they'll come forward with plans, but have not yet done so. So Mr. Permaul said the only stick he had was in the contract. He could say to the Board right now that if they wanted it, he would not renew their contracts at that time, or would not give them more than a year-to-year lease, for one more year, if they didn't come forward with some plans. But he's had input from other students who were very cautious about the Auxiliary doing anything that would drive these small businesses out of their operation. He didn't want to start a big controversy over having small businesses versus large businesses at a time when he was trying to bring large businesses in to compliment their operation. He was looking for advice, but he thought the best strategy to take was to let us the Auxiliary try and use the carrot in this situation, rather than a stick, to get proposals from Healthy Heavenly Foods and the Coffee Spot. He'd reward the Taqueria, and that would be a very clear indication of what the Auxiliary's perspective was on this.

Mr. Williamson asked if they will put it in writing that the Auxiliary wanted them to do capital improvements. Mr. Permaul said they will. Real Estate Services said that's what the Auxiliary should do, separately. Mr. Spivey said Real Estate Services didn't want to put that in the lease and said it would be really hard to enforce that in the lease. Mr. Williamson said he understood, but if it was there, it would be clear that was an expectation.

Mr. Rhoads asked why they couldn't have language in the current contract saying this was conditional, and that with a two-year contract, vendors had to commit to making improvements within that timeframe. Mr. Permaul said that was his preference. But Real Estate Services on the campus didn't want to include

that. They recommended against including it in the lease because they felt it was a hard provision to legally enforce. So what the Auxiliary will do instead was to give them only a two-year increase. They'll write a separate letter stating the Auxiliary's expectation, and then in two years, in June of '10, he'll come back to the Board and report if the vendors have met the terms and conditions in the letter the Auxiliary put forward to them. If they didn't, he'd recommend that this was a time for the Auxiliary to terminate the leases.

Mr. Coley said that if the preference was to have that in the lease, he would enter into that conversation. Mr. Permaul said that perhaps Mr. Coley should explore that, because he hasn't felt comfortable not having it in the lease. Mr. Spivey said that what was difficult for the small vendors was that they had a \$3,000 a month payment. And then they were being asked to put \$25,000 into their site, or even to get drawings, and that was one-third of what these vendors pay in a year.

Mr. Coley said that wasn't the relevant question. What was relevant was what the vendors' income was. Mr. Spivey said the income piece was something the Auxiliary could explore. But they're asking them to make improvements of "X" thousand dollars. Mr. Coley said Mr. Spivey was basing vendors' ability to make improvements based on what they pay the Auxiliary; and that had nothing to do with what the vendors made. Mr. Spivey said that if they're small businesses, they wouldn't be able to afford to make the improvements the Auxiliary was looking for. Mr. Permaul said that what Mr. Coley was saying was that the Auxiliary couldn't pre-judge that. The vendors needed to tell the Auxiliary yes or no.

Mr. Dally asked what kind of improvements the Auxiliary expected the vendors to make to their spaces. Mr. Permaul said he's already walked through the space with the vendors and the campus architect and gave the vendors some ideas. The Auxiliary wanted them to have more of a uniform look, with the Taqueria. They want the face of the food court to be similar. The Auxiliary also had some specific recommendations about how to make the flow of traffic not only better for individual vendors, but for the whole food court. The vendors were not opposed to it, but they've been playing kind of a cagey game, which really started last year when Anna Vu put up her petition. He believed Ms. Vu thought she'd be able to bulldoze the Auxiliary through that process, and later, Haitham Alloun, who had started out looking at renovations with his partner, stopped, and never came back to the Auxiliary. The Auxiliary has made it clear to them what it wanted, and now they'll put it in writing. If Mr. Coley would follow-up with Real Estate Services, that would be appreciated, because Mr. Permaul said he would prefer that to be in the lease.

Ms. Davis asked if they knew how much was for the Cheese 'N Stuff space. Mr. Permaul said they had an idea. These were friends writing down a statement. The amount was in a bill of sale. Mr. Williamson asked if that was a legal document. Mr. Permaul said it was a signed bill of sale that hasn't been recorded. Mr. Smith said the amount made sense based on his knowledge of how much Sam Jhuh had invested in the space.

Mr. Williamson asked why they had to speculate and asked why they didn't have figures. Mr. Smith said that when he came in, he said he invested somewhere between \$120,000 to \$150,000 in the space, at one of their meetings with him. Ms. Davis asked why he left. Mr. Smith said he thought Mr. Jhuh was nervous about getting kicked out and realized that in terms of his investment, his other store down the street did so much better. Ms. Davis asked if the new store didn't yield the sales he thought it would. Mr. Smith said that was correct.

Mr. Williamson said this was word of mouth and was no way to run a business. The Auxiliary should have documentation for all of this. They should not have to rely on a statement that was signed and not recorded, with no canceled checks or legal document. Everything was off the cuff. Mr. Permaul said this has been the Auxiliary's frustration. He wouldn't even go forward with the lease until the Auxiliary got something that showed the sale had taken place. He could certainly put more pressure on them. He was focused on the balance, once again, that was between the small businesses and the large ones. He didn't want to get into a brouhaha with students.

Mr. Williamson said he understood that, but the Auxiliary needed to update its information. Mr. Permaul said they would do that.

Mr. Coley said he was much less concerned about the numbers than he was about protocol and procedures. This might be an excellent time to put in some good, clean policies that were transparent, so they understood what was going on. So at that point, even in two years, they wouldn't have better information than they have now and they wouldn't have grounds to make a decision that go against the grain. This was an inflection point, and the Auxiliary should take advantage of this.

Mr. Smith said that regardless of whether or not in their contract it said that capital improvements were needed, at the meeting when vendors sign the two-year lease, it should be noted that this was an expectation of the Auxiliary. And if the vendors weren't meeting that expectation, the Auxiliary would have just cause in making a change. Mr. Permaul said their expectations would either be in the lease or in a separate letter for that purpose.

Mr. Rajan said that to be clear, as long as the Auxiliary remembered in the next two years that they want this, there was no way that the Auxiliary could be held accountable if the Auxiliary didn't renew a lease. Mr. Permaul said that was correct. The only thing that would happen was that there would be a hue and cry in response to such a decision, which has taken place every time he or his predecessor suggested changes in the food court that they didn't like. But nevertheless, the Auxiliary would not go forward with that kind of relationship. And he fully supported the idea of the Auxiliary using better metrics for evaluation and having the appropriate documentation.

Mr. Shams said that the Senate also talked about being green certified in the Bear's Lair. He didn't know if they agreed to certification, or to the process, but it didn't deal with capital improvements as much as it did with business practices. Mr. Permaul said the Board has talked about this before, but he would bring people up to speed on this. The cost of going green for most of these businesses would be very, very expensive. The Auxiliary was attempting to work on being green with the vendors that were coming in. For example, one thing they talked about to Starbucks was the possibility of it helping to underwrite the food court going green. The Auxiliary was looking at various ways to approach this. But nothing prevented the Auxiliary from stating what its goals and intentions were, as indicated to the Auxiliary by the Senate. So the Auxiliary could do that as well. Mr. Spivey said that one student group did meet with the vendors about going green. They were supposed to come up with costs and possible support. Mr. Permaul said he would ask Mr. Spivey to revise these documents and ask the Committee if they could send them out electronically and let Board members review them for their approval. These were critical decision points they needed to keep moving forward with.

Ms. Davis said she thought Mr. Coley's idea was really good, about how to operationalize expectations, such as with a checklist or an addendum attached to each lease that would lay out vendors' responsibilities.

Mr. Coley said the leases could be used as a vehicle for the Auxiliary to figure out how they ought to be engaging with vendors. He's been there long enough to have had this conversation half a dozen times, and it didn't get any better. They could stop the madness, because if they didn't, in two years, he could see it being the same. What they were doing now didn't move them further down the field. What they had to do was to figure out what the parameters were for success, the parameters to renew leases in two years, and to put those in very clear, stark terms, with everyone agreeing to them. So in two years, when this came up again, there will be no debate and it will speak for itself, on its face. And if a vendor didn't cross the threshold, there wouldn't be a question. Mr. Permaul said they'd put some of those parameters in draft form and send them out, because they didn't want to run around the track again.

Mr. Dally said they'll have a line in the leases, then, about the franchise tax statements and a line about making improvements. Mr. Permaul said they'll put together a checklist, as Ms. Davis suggested, for the Board to review. The Auxiliary will talk to Real Estate Services about this, and Mr. Permaul said he'll make it clear what the Board's intent was. Mr. Coley said Mr. Permaul should let him know if he wanted him to engage in this directly, which he'd be happy to do.

Mr. Spivey said they've been going around this with the vendors. It's not like the vendors were stopping them. This was just a recommendation, and the Auxiliary will tell the vendors the Board wanted to put this language in. Mr. Coley said recommendations didn't mean "no."

Mr. Spivey said he's been talking with Diane Rames, of the Daily Cal, and the paper's lease was also up for renewal. Ms. Rames, early on in the discussions, clearly pointed out that she really didn't like being in this building since it was not seismically fit. She investigated moving the operation across the street, but didn't. Mr. Spivey said he thought the Daily Cal's lease was fair, and just needed to grow with the Consumer Price Index. So he would propose that the Auxiliary continue the Daily Cal lease and move it out into the future for some point. He'd get back to the Board with that timeframe. There was a section in the lease that talked about the Auxiliary being allowed to raise the paper's rent by the amount of the Consumer Price Index, which was usually anywhere from 2.5% to 3-4% per year. He thought that was perfectly fair. And Ms. Rames was amiable with that as well. He's been trying to get a response from her.

Mr. Williamson said he would assume the Daily Cal's base rent was reasonable. Mr. Spivey said it was a little over \$4,000 a month, which was very reasonable for the paper. And Ms. Rames was working with the Auxiliary on the plasma screen project and with digital online content. So there was a possibility of make other monies through the Daily Cal and its pipeline.

Mr. Permaul said he thought Mr. Williamson's point was whether the Auxiliary considered that an appropriate tenant for the building, and the answer was probably not. Mr. Permaul said this was something he inherited. But they do, again, have a longstanding relationship with the Daily Cal, as do the students who participate in its programs. He's told Mr. Spivey, very clearly, that there was a quid pro quo with Ms. Rames regarding the plasma screen project, and he fully expected her cooperation in helping the Auxiliary move that project forward. Before she got a lease to sign, he wanted to see what that progress was. The idea of using the Consumer Price Index would assure the Auxiliary of getting a steady increases in the rent. It seemed to play well with Ms. Rames and the Auxiliary considered that acceptable as well.

Mr. Rajan asked if the Coffee Spot's rent increase from year to year was also indexed by the CPI. Mr. Spivey said it wasn't. Mr. Permaul said it increase would be greater. Mr. Spivey they're proposing

greater increases since these vendors have not had regular increases to the contracts. Mr. Permaul said they also pay well below market. Mr. Rajan asked if they were controlled by the Rent Board. Mr. Permaul said they weren't.

Mr. Dally asked increases using the CPI fairly took into account some campus expenses that have increased, such as overhead, which the Board talked about last time. He asked if the CPI reflected that accurately. Mr. Spivey said it reflected wages. The Daily Cal wasn't charged campus overhead, and was independent of that. So they didn't have a percentage of their income taken off, and increases would go up at a constant state.

Mr. Williamson said he thought they were going to mention the story in Monday's Daily Cal, on the front page, announcing the need for student support and new fees, the need for the ASUC to generate funds, and the inability to sponsor programs that they thought were meritorious. He was prepared to believe there was an under-funding problem, and sort of say this was what history delivered and was something the Auxiliary would live with. If he had space whose rent was 50% under market and then said it would be raised to the CPI, if the Board was satisfied that was the Auxiliary's obligation, he'd rub his hands with glee. Mr. Permaul said he didn't know if they could get market rate from the Daily Cal for the space. Mr. Williamson said he understood. But he asked why 3% was some kind of success. Mr. Permaul said he didn't consider it a success and just considered it a benchmark he was able to use. Mr. Williamson said it was like a lower bound, and asked why they were picking lower bounds when they were way off the line with this.

Mr. Rhoads said that one thing to note about that space, the 6th floor, was that he didn't think the Auxiliary would be able to lease it to anybody else. There probably wasn't a business that could go up there.

Mr. Williamson said that if he was being told they were paying market rate, he had no problem. Mr. Spivey said they're not paying market rate, but they're in a seismically poor building. Mr. Williamson said he was in that building as well.

Mr. Smith said the reason the Daily Cal didn't go across the street was because it was too expensive, and that building was seismically improved.

Mr. Permaul said the Auxiliary will go back and reassess its assumptions on this and take a look at them again.

Mr. Coley said he would like to recommend something that might help. He thought that for all the leases, it should be clear to the Board what the Auxiliary thought was the real value of the lease of the space, and have a comparison between what the Auxiliary charged and what the real value was, and give the Board and the students an opportunity to assess whether or not they were willing to subsidize these operations to that extent. He didn't know the magnitude of the subsidy, but they all agree that one existed. The question was whether it was unreasonable. The Auxiliary could put a lot of this conversation to rest or elevate it once they had some real numbers to deal with.

Mr. Dally said that while the lease may be below what market rate for Telegraph, but the issue was whether anybody would be willing to pay more for the 6th floor of Eshleman. He was afraid the Auxiliary might have some trouble finding somebody to occupy that space if they raised the rent. So

what the Auxiliary charged might be market rate for the 6th floor of Eshleman if the Auxiliary couldn't find anybody else who would take it.

Mr. Williamson said he wasn't saying to drive them out, but there was a huge gap between what the Daily Cal was paying and what the value of the space was, and it was not unreasonable to close some of that gap. The ASUC was strapped for funds and that was a judicious thing to consider. Mr. Permaul said he agreed.

Mr. Coley said he would like to know what the gap was.

Ms. Davis said she didn't know if they could rent to a campus unit, and thought campus units couldn't rent in seismically poor buildings. Mr. Coley said the ASUC has rented to academic units previously. Ms. Davis said that was for MLK. She asked if that was the case for Eshleman. Mr. Coley said he didn't know about Eshleman. Ms. Davis said there was a policy about that. The 6th floor was a good location, and maybe the Development Office would like it. Mr. Permaul said the Business School would be happy to move to the ASUC, but the ASUC couldn't give them as much space as the School wanted. It wanted 10,000 square feet, which was close to what the 6th floor was. Mr. Coley said the Business School could pay market-plus.

Ms. Allbright said she was pretty sure that Cathy Koshland told her it was illegal for the University to rent seismically poor space. That came up in a discussion about surge space for Eshleman. Mr. Permaul said he would follow-up on that. Ms. Davis said she would think it was probably true, even if it was the campus' own buildings. Ms. Allbright said the University as an entity was not allowed to pay for space that was seismically unsafe. Mr. Permaul said he knew that was the case for commercial space. If they went across the street, a campus unit couldn't rent a facility that was rated seismically poor. Space had to meet certain standards. He didn't know what the campus did within its own space, but he'd find out.

#### Status of Panda Express Proposal

Mr. Spivey said he had a walk-through of the Naia lounge site with Panda representatives, Arthur Chang, Real Estate Development Manager, and Michael Cadell, Project Manager. Having a hood was not viable from Naia, even though the report to do that did pass. The place to put the hood was by STA Travel, where the ladies' room was located, behind STA Travel. So that was being explored by Panda. Panda has asked for plans was actually building a mock-up. A site drawing will be coming that weekend. Mr. Spivey said he was working closely with Darril dela Torre, at Capital Projects, on vendors' needs so they could determine the viability of this process. Basically, there would need to be a relocation effort, moving STA Travel and CUBS to a new location in order to remodel that space. In the past, CUBS has tried to move to the Photo Cell, but found that was prohibitively expensive. Now that Panda might come in and renovate, they might be able to relocate the power and help with CUBS' move.

Mr. Spivey said he's also been in discussions with STA Travel. Their corporate Director of Property Operations, Steve Hamilton, was amiable to move to the Postal Annex spot, with a reduced rent. They'd shrink a little and they'd be happy to see a large vendor come in and draw traffic. STA was very pleased with the process.

CUBS was on a month-to-month lease and was really stuck in the space at that time. So they're kind of at an impasse there. They can't change CUBS' lease because the Auxiliary can't guarantee or offer them a space for a lengthy period of time.

Mr. Permaul said the CUBS' lease was month-to-month. They've been given a timeline by Andy Popenoe, CUBS' CEO, to either change their financial model or go out of business. The Auxiliary was attempting in the RFP for the Cal 1 Card to try and include CUBS in that model, so it could still survive, although in a different form. He'll talk about that later.

Mr. Permaul said they expect to get drawings from Panda Express relatively soon. Panda was amenable to paying the cost for the relocations.

Mr. Shams asked if there was an expected date when Panda would become commercial. Mr. Permaul said they had a lot to do before there was a lease to bring before the Board.

#### Update on the Bear's Lair Expansion Proposal

Mr. Permaul said he received from John Martin, the leaseholder at the Bear's Lair, tentative drawings for the relocation of the restroom facilities out of the Pub. These restrooms would be located at the north end of the Bear's Lair food court in the inset that goes towards the windows, in the northwest corner of the Bear's Lair food court. There's a location there that could be turned into an appropriate location for restroom facilities that would serve both the Bear's Lair and the Pub. That was the first step. The Pub was also working on more formal drawings, which they'll bring back to him. They would like to come to the Board before the end of this semester and make their proposal. But Mr. Permaul said he wanted to see their drawings first.

Ms. Davis asked if they would take over the space that was formally the bathroom. Mr. Permaul said the bathroom space would be broken out and turned into a grill and an outdoor food service area, opening out to Lower Sproul. They would expand the footprint of the Pub and would look at adding a glass-enclosed restaurant outside, on the deck of Lower Sproul, just to the west of the current site, that would not impede traffic into the Plaza. Once he had the drawings, he'll show them to the Board.

#### Update on the Tully's Coffee Proposal

Mr. Permaul said that Pres. Nguyen asked the Auxiliary to please continue its conversation with Tully's. Mr. Spivey said they had an interesting discussion. He was really glad Mr. Nguyen was part of that. Tully's came to Berkeley prepared to put up a storefront in front of the Store, just a window operation, and not take over and renovate the space. It was prepared to do a small remodel to the Convenience Store. That's not what Follett was looking for: a large-scale remodel to drive foot traffic into the Store. Adding a coffee kiosk would not satisfy that need.

Mr. Spivey said he also walked the site with a rep from Tully's rep. The rep actually called him the other day and actually wanted to still stay on the map. The rep wanted to look at the whole space and was coming again on the 17th to walk it again, with one of his project managers. So the Auxiliary was not closing the door on Tully's, but it had to be prepared to substantially renovate the space, which would be somewhere around \$700,000. It would need bathrooms and a lot of work. But Tully's was revisiting it.

Mr. Spivey said he did a little research into Tully's and was a little disturbed with what he found. He pulled up their 10-K report and they had a lawsuit in Seattle, from the Far East, due to licensing infringement. Tully's said that was settled, and Mr. Spivey said he was still waiting for that information. What really disturbed him in their 10-K was that they had a \$10 million note due in August of '08. In discussion with Tully's, the company had talked about going public in November. But the market tanked, so they pulled back. And they still have a \$10 million note. What worried was the company going bankrupt after starting construction, leaving the Auxiliary with something that was partially built, or a built facility that the company couldn't staff. Tully's also talked about having a franchisee run it. Mr. Spivey said he was worried about getting into third-party vendors that went beyond what they had. Follett has presented an opportunity to the Auxiliary, and Mr. Spivey said he would not like to see a third-party vendor come in and work between all of them. He would like to see a full-fledged corporate sponsor in this site. The franchise language he heard from Tully's was not something he'd want to support.

Mr. Permaul said he would remind the Board what Follett said to the Auxiliary about bringing a vendor to that space. Follett was willing to let the Auxiliary have the square footage of the Convenience Store without changing the terms of the current lease as long as they generated revenue in excess of the \$500,000 that went into the commission. Follett expected the Auxiliary to bring in a national vendor to do that. If the Auxiliary didn't propose a vendor of that scale, Follett has very clearly in correspondence with him that Follett would expect to change the terms of the contract and remove the space from commissions. That's what the Auxiliary didn't want to happen, because right now it was a sweetheart deal. It was the best of all worlds for the Auxiliary for Follett to continue the current commission structure and bring in a vendor. Mr. Permaul said he'd look very closely at any vendor that was brought in to make sure they met the level of criteria that Follett put on the table.

Mr. Spivey said the Auxiliary would keep Tully's capabilities and products in mind in case something were to open up on campus. If an academic division on campus wanted to open up a small coffee shop, e.g., the Auxiliary would have someone prepared to do that. That was a good reason to keep Tully's on the table. Mr. Permaul said the Auxiliary told Tully's that it would be happy to represent them if they were to make a proposal, because the kind of storefront Tully's was talking about would work perfectly well in small departments or for a kiosk operation.

#### Cal 1 Card Proposal Update

Mr. Permaul said that last week the Technical Work Group for the Cal 1 Card, in that very conference room, met after interviewing both US Bank and Wells Fargo. The consensus of the Work Group was that he should be allowed to go back to the Task Force and ask them to go to an RFP for a 1 Card proposal from one of these large banks. In the meantime, they've also been introduced by Nathan Brostrom to Bank of the West, and the Artis Group has also approached them and would like to make a bid on this as well. So they have four different groups interested in looking at a commercial 1 Card for the campus.



Mr. Permaul said that next week he'll go to the Task Force to thank it for its support, and begin to work with Contracts and Purchasing on an RFP to go out and see what the market was like for a commercial 1 Card. He asked if anybody wanted him to go over what a commercial 1 Card meant.

Mr. Smith asked about the last bank that he mentioned. Mr. Permaul said the Artis Group wasn't a bank, but represented Visa, MasterCard, and Discover Card. It puts together affinity packages. Because this was such an attractive audience, they would be willing to put together a proposal and represent all three of those on a Cal 1 Card, and also bring affinity products to the table, such as airplane mileage and other benefits that could go to students. Mr. Smith asked if there would be a bank with that. Mr. Permaul said the Group would represent a bank to the Auxiliary. The Auxiliary told them that a bank would have to be national.

Mr. Rajan asked about other big banks, such as Bank of America, and if they were contacted. Mr. Permaul said the BofA expressed interest early on, but has never come to any of their meetings. US Bank and Wells Fargo made fabulous proposals, and the Technical Committee was very impressed. US Bank has done technical innovation that made its card very attractive. Wells Fargo came with a product and an array of options that made its product very attractive as well. Both of them were very highly motivated to come to Berkeley.

Mr. Rajan said he thought they were going to use this as a way to rescue CUBS. He asked if they would be part of this. Mr. Permaul said he had CUBS at the table and explained that one benefit of bidding was that they might come up with 2,000 accounts at the start if they merged with CUBS and set up a program that included CUBS. The banks were very interested in that. It's a quid pro quo for them. They'd also have all the student group accounts CUBS had. And then the Controller's office sweetened the pot even more by saying the Berkeley campus would be interested in possibly running all of the campus' financial aid checks through the debit card, to make it easier for students who receive their financial aid to have it on a debit card. That would be extremely attractive to these large institutions. That's how some other colleges handled financial aid checks. That was a very encouraging offer.

Mr. Dally asked to what extent the functions of the card would be split between a commercial vendor and the campus. Right now had security elements and was used for identification. He asked if the vendor would take care of all of that, or if the campus would still be involved to some degree. Mr. Permaul said one of the most encouraging aspects of the conversation was that they addressed all of the quote "unique" characteristics of the Berkeley campus, and said they were not insurmountable and all could be on one card. Capt. Bennett, from the UCPD, was a really strong proponent to move forward with the RFP because she felt all the issues they were concerned about had been addressed.

Ms. Davis asked if there was a timeline on this. Mr. Permaul said his goal would have them go to RFP to get bids back by the beginning of the fall. He'll probably be the person who ended up writing most of the RFP, along with their colleagues in Purchasing. So it really had a lot to do with his time and energy. He'll be coming to his boss, Mr. Coley, for support as well. Mr. Permaul said his goal was to move them forward. They need to move forward and bring these revenue options to the table.

Ms. Davis asked if anybody else besides the Auxiliary would benefit from the Cal 1 Card. Mr. Permaul said that Housing and Dining would be the big beneficiary. It spends almost \$400,000 a year to produce the 1 Card. The goal was to get about \$150-200,000 of those costs covered by the vendor for the production and distribution of the card. They would still have a 1 Card office because there would be a

firewall between campus information and information the bank had. Those two worlds wouldn't meet. So the campus would still control its side, but all the expenses associated with the production of the card, its replacement, and distribution, would be handled by the vendor.

#### Update on Starbucks Negotiations

Mr. Permaul said he's been too busy to sit down with Starbucks in the last two weeks, but his goal was to have them there within the next week or so and talk to them about terms and conditions.

#### Update on the Budget Presentation

Mr. Permaul said the budget presentation was made that day to Vice Chancellor Brostrom, who is fully aware of the Auxiliary's financial circumstances. Mr. Brostrom was very encouraging in his support for the Auxiliary to get four major contracts off the board, and to do what he could to help the Auxiliary with the sales of technology at the ASUC Cal Student Store. The others were the contracts with Panda, Starbucks, and the Cal 1 Card. None of them relied on changes to current campus policy, and had to do with the Auxiliary going through the Board and negotiating with the vendors. Mr. Brostrom was very encouraging for the Auxiliary to proceed. He understood the Auxiliary's financial circumstances for the coming year. The Auxiliary will dip into its operational and maintenance reserves.

Mr. Permaul said he should point out that the ASUC President and the Graduate Assembly President made a formal request of Associate Vice Chancellor Ron Coley, and the Vice Chancellor, that the Auxiliary not be asked to pay either their STIP or a 4% carryforward assessment on the budget next year based on their interpretation of the commercial services agreement and the negotiations with the campus that created the Auxiliary. The Associate Vice Chancellor was very supportive of their position and he presented it to the Vice Chancellor. Mr. Permaul said he didn't know what the outcome of that will be. But there was certainly no disagreement. At that meeting, Mr. Daniels and Mr. Nguyen's rep made a substantive argument.

Mr. Permaul said most importantly, in the budget presentation he made that day, he noted that their revenues were flat for next year, but their expenses were all up. And their dip into a deficit grew larger. The need was to produce revenue, something they absolutely needed.

#### Other Items

Mr. Permaul said he wanted to ask that that the Board consider having additional meetings as they move towards May, because he may get compressed with some of these negotiations and approvals and he would like to get as much of this work done that year as possible, especially if they're looking at starting construction on any of these projects during the summer.

Mr. Silver asked if the Board met over the summer. Mr. Dally said they have one meeting over the summer, with summer defined as June and July, according to the By-laws. Mr. Silver asked if work will continue or if it will slow down during the summer. Mr. Permaul said the work of the Board would be restricted to one meeting. He was hoping to do as much as possible that spring to impel the Auxiliary to move forward with these projects.

Mr. Coley said he would like to support the recommendation that Board members make themselves available for additional meetings, because Mr. Permaul, Mr. Spivey, and the rest of the Auxiliary staff have been working really hard to try and position a lot of these revenue opportunities. And when these opportunities present themselves, the Board should not have them waiting for weeks for the regular cycle of meetings to come around.

Mr. Dally said that while they were on the subject, he asked if Tuesdays would generally be the best day to meet if they needed additional meetings.

Mr. Rajan asked what frequency they were talking about. Mr. Permaul said it would be at least double. If he had to do it more than that, that would be extraordinary. But they might need to double up their meetings.

Mr. Dally asked if there was any progress on the plasma screen project and the Daily Cal. Any progress to report. Mr. Permaul said he was thinking of having a sit-in at Ms. Rames' office, because she absolutely needed to come forward with an answer. The Auxiliary has been waiting patiently. Mr. Dally asked if the Daily Cal had the lead role in this project. Mr. Permaul said they did. The Daily Cal had special relations with the Regents for advertising that extended beyond the campus. Their goal was to not have the Auxiliary compete against the paper in the advertising market. Mr. Permaul said he has agreed to that and thought the best idea was to collaborate and raise revenue for all of them. But he wasn't going to wait forever for the plasma screens; and Ms. Rames knew that.

Regarding the protest around Kleenex tissues, the Store removed the only two products it had from Kimberly-Clark. Mr. Permaul said he has still not satisfied himself on this issue. The students presented a report from Dartmouth, and he was taking this seriously, as the students felt very strongly about it. The Store was more than willing to support the Auxiliary's efforts to support the students.

Mr. Coley asked if the Store had a report to give, and asked how things were going. Mr. Deutsch said things were going very well. They were just finishing up their fiscal year and it looked like they'll be just below their projections, but pretty much where they were last year, which was good. There have been conversations about next year that were contingent upon Starbucks and a lot of other issues that were outstanding. The Store's main focus was on textbook adoptions and pricing. They were in their adoption cycle for the summer and fall. Their summer deadline was right around the corner and the fall deadline was April 15. Mr. Permaul has been fabulous in working with the Store to get the word out to faculty. The Store has also been out on campus quite a bit trying to get the word out to faculty.

Mr. Coley asked if faculty were receptive. Mr. Deutsch said the Store had a textbook luncheon coming up in a couple of weeks and they'll have a PowerPoint presentation that hopefully will illustrate some of the cost savings to students. That's really what the Store was focusing on. The feedback he's gotten from the textbook managers who have been going out was that faculty have been receptive. But that didn't

mean there would be results, as the Store has found. They were thrilled to see an increase in adoptions by the deadline last semester, a 2% increase to 19%.

Mr. Permaul said he would be very pleased if the ASUC Senate were to pass a bill that would encourage faculty on the campus to meet the adoption deadline. *The Chronicle of Higher Education* has made it clear that the single most effective way to reduce semester costs to students was textbook adoptions. They gave \$185,000 to students last semester who sold back their books, and students saved \$245,000 from the cost of new textbooks. And that represented just 19% of adoptions on the campus. UC Davis did 40% last semester. There was no reason why the campus couldn't do better with adoptions, and this was a way by which faculty could directly support students. So he would be very pleased to actually see the Senate take some action in this regard. It would be a way to send a message to the campus. The Vice Chancellor and Provost Prof. Breslauer has agreed to send out a message directly to the faculty, and may ask the Chair of the Senate, Prof. Drummond, to join him.

Mr. Permaul said he thought part of what was driving this was the fact that representatives from the State of California were coming in the next two weeks to investigate the school's efforts at adoptions and textbook costs to students.

Mr. Coley asked if the Daily Cal has written about that. Mr. Permaul said it hasn't. Mr. Coley said he would recommend that he talk with Ms. Rames and let them know that this was something that was happening. Ms. Allbright said she didn't think Ms. Rames had input into content, and the paper kept that separate. It would be a conflict of interest. Mr. Permaul said that members of the Senate could bring this to the paper's attention. Ms. Allbright said they could write an op-ed.

Mr. Deutsch said the Store was really passionate about education at that time. From what he's seen, the students really needed to be the ones clamoring to professors to get their adoptions in and save students money. The Store has been saying the same thing for many years and they've just had nominal impact. So students raising their voices would help.

Ms. Davis said she didn't have any data, but was wondering if fewer were just letting students buy online, at used books places, Amazon, or whatever. Ms. Allbright said that most professors just tell their students to buy their books online, which made her angry.

Mr. Deutsch said they usually have 90% of adoptions, so that 19% could go up to 90% of classes. Syllabi don't necessarily direct students to the Store.

Mr. Permaul said faculty delay so long to turn in adoptions that the Store can't get used books to sell. So the problem was to just meet the deadlines, and it was a simple thing. He turned in textbook orders every semester and it wasn't that complex.

Mr. Deutsch said there were two elements that were crucial. First, adoptions had to be given to the Store on time in order to allow the Store to buy the books back from the students. And last semester they gave \$180,000 back into students' pockets. And then the Store could also sell used books if they got the lead time they needed. It was really tough when they say to a professor the deadline for the fall was April 15, four months prior. The 19% was from the Spring Semester. The Store really wanted to educate faculty on why the Store was pushing them, and why those four months made a difference. Students will be selling their books back in a couple of weeks and the Store could offer more.

Mr. Spivey said changes in a book take it from \$40 to \$0. Mr. Permaul said 50% or more of the faculty use the same books, so it wasn't as if it was a whole new syllabus every semester. In some cases it was, but not in most cases.

Ms. Davis said she knew they were working at the individual faculty level and asked if they thought about targeting departments and doing a rollout over time, and really going massively. Math, for instance, makes Departmental decisions on texts. A lot of departments leave it up to individual faculty, but in some departments, the faculty as a whole decided on what the intro text will be. Mr. Deutsch said the Store has been doing the opposite, focusing on department contacts solely. What they were pushing for now was to actually get with the individual faculty members and professors, because that previously hadn't been their focus.

Ms. Davis said she didn't know what the data look like, but for individual faculty, the Store might target certain departments where that would have the biggest impact. Mr. Deutsch said she was correct in terms of like a PowerPoint presentation. Ms. Davis said she would imagine it would be lower division courses where the numbers of students were huge and the textbooks were plentiful.

Mr. Silver said professors in his classes get a bump in their revenue from the company by writing a new edition, changing page numbers a little, and maybe adding a new forward. It made it inconvenient to use an older version. He's never tried an earlier edition and never had to wrestle with that, and it was more convenient to just go ahead and get the new edition. He asked if that was something people were fighting against. It seemed prevalent, because all his classes had new editions that people had to get.

Mr. Permaul said that Gregg Thomson was responsible for student research on the Berkeley campus, and Mr. Permaul said he got a copy of research as a part of the committee looking at this. State investigators were coming to Berkeley and were questioning two other campuses, Davis, and UCLA. They were looking at one survey that Mr. Thomson did, and in fact, students have said very clearly that they have bought older editions, even when faculty members have done just as Mr. Silver mentioned. Students also said that they have not purchased textbooks because of costs; and in considerably large numbers, actually.

The State Legislature has actually passed a bill asking the Regents to take action against this, to take a stand against this. One thing that Charles Upshaw, in the Chancellor's office, was investigating for them, was whether the Regents have ever taken action on this issue. They don't think the Regents have ever done so. That was probably going to be one of the things the State auditors will ask when they come there, whether the Regents have addressed the issue of faculty members basically making very modest changes in their texts to try and generate more revenue, either from the sales from students or from their publishers. He knew that would be on the table.

Mr. Deutsch, said that as far as the Store was concerned, they respect what professors tell them and order what professors want, by edition.

Ms. Davis said that as another suggestion, the Academic Senate Committee on Teaching had student representatives, a grad student and an undergraduate. This might be something to have an Academic Senate committee struggle with on the best ways to deal with this, either that spring or in the fall.

Mr. Coley said it wasn't clear to him that they had a strategy. Ms. Davis said it wasn't a single option, but they'd have to try a whole bunch of things. Mr. Coley said that was what he was suggesting, to blend all those things together and move forward. It wasn't clear to him that was happening.

Mr. Deutsch he was trying to figure out how to get the information out there. Dr. Permaul sent out a letter to faculty and Mr. Deutsch said he didn't know if things could change in one semester. But they've tried that. They have put together a PowerPoint presentation and he would personally spend more time on campus once they get students involved. They had to figure out how to tell the story.

Mr. Coley said they had a very special moment now, one that wouldn't come for another 10, 15, or 20 years, where outside agencies were looking at this, and there was a microscope on the issue. What he was hearing was hit and miss, and he wasn't hearing a comprehensive strategy about using this opportunity. It may take multiple forms. They couldn't do one thing and see how it worked, and then try something else. They need multiple fronts to attack this. And he wasn't sensing that was happening.

Mr. Permaul said that what it took administrative was leadership on the campus. He thought people were interested, but nobody has adopted this issue other than themselves. Mr. Brostrom was graciously working with the Provost, but that was a one-time deal. Mr. Coley said that maybe they should have this on the agenda and when he and Mr. Permaul got together, they could talk about it.

Mr. Williamson said there should be something in the Daily Cal. Mr. Coley said that would be big. For a lot of people, it went in one ear and out the next, and they figure they'll deal with it tomorrow. They need to find ways to get it done.

Ms. Davis asked if there could be a default option to make it easier for professors to order the same books they ordered last time, unless they told the Store otherwise. Mr. Coley said they'd have to be careful doing that. Ms. Davis said they could have past orders and ask professors them to just check-off an order if the same book was being used. Mr. Coley asked if she was volunteering to be part of the strategy session that he and Mr. Permaul will have. Ms. Davis said she would be.

Ms. Allbright said that lowering textbook costs was a goal the Senate set for itself as part of its Advocacy Agenda. She just sent an e-mail to the Senate's Committee on Academic Services, which was working on that. The Chair and Vice Chair was Corey Jackson and Winnie Kuo, as well as Chad Kunert was the Senator specifically working on this issue. Ms. Allbright said one suggestion she was thinking of was to get a bill in to the Senate and to have a Daily Cal press release accompany the bill in order to get a story about the bill at the same time. Mr. Permaul said that would be wonderful. They have data they could provide. Ms. Allbright said she gave the Senators Mr. Deutsch's e-mail address.

Mr. Coley said a chart showing the data would go a long way. Mr. Permaul said that Mr. Deutsch knew his colleagues at Davis, and it would be interesting to get their dollar numbers for the buyback. Mr. Deutsch said that they do at least 10 times the dollar amount they do on campus. Mr. Spivey said that was where they needed to see the exponential changes.

Mr. Silver said he thought there was a problem in asking students to talk to professors about the adoption deadline. He could hardly go to office hours and he'd never feel comfortable telling his professors that in between planning a lecture for next week and grading midterms, they needed to fill out a form. There was no dialogue to do that. Mr. Deutsch said it wouldn't be a one-on-one situation, but students out on Upper Sproul protesting. They would be the voice of the students.

Mr. Permaul said he thought it would be better if this message came through student government and the Daily Cal. They wouldn't expect students to walk into offices.

Ms. Davis said they just had to figure out a way to make it easy for people to order. Mr. Permaul said he liked the idea of defaults for professors' orders. Ms. Davis said it would just be rewriting orders. Mr. Rajan said that could be risky. Mr. Deutsch said he agreed. If they didn't have to take action, a professor could just check it off. But it could be dangerous. Mr. Smith said there could also have a check-off for new editions.

Mr. Coley said he didn't think they've been strategic enough and they needed to spend some time and come up with a menu of things to do. He didn't think an adoption rate of 19% was reflective of Berkeley. Ms. Davis asked if that was because they're on the semester system, and a quarter system, they'd have a different deadline. Mr. Deutsch said they have colleagues who were also on the semester system who did better than Berkeley.

Mr. Smith said the quarter system would be harder, because people would have to do it three times a year. Mr. Permaul said they do it within ten weeks. Ms. Davis said that on the other hand, it would become more routine if people did it more.

Ms. Allbright said she thought part of the problem was the decentralized nature of the campus. Ms. Davis said she thought it was the overworked nature of the campus. Mr. Permaul asked what she meant by the campus being decentralized. Ms. Allbright said there were a lot of benefits to it, but one con was that people didn't always go to the campus, and there wasn't centralized campus usage for things like this.

Mr. Silver asked if the Store would buy back a book that a professor was no longer using. Mr. Deutsch said students selling those books wouldn't get as much money for them. Mr. Silver asked if they'd get money back for an older edition. Mr. Deutsch said students would get money back for some older books. Depending on the condition, they won't give students much money for it, and for most books it will be pennies on the dollar. Mr. Silver asked why they would buy older editions back at all. Mr. Deutsch said there were other schools that might use it.

Mr. Permaul said the real thing was to deal with what Ms. Allbright was talking about, and talk about the notion of making modest changes that were better reflective of the students. The cost of texts was staggering. Ms. Allbright said books have CDs and a study guides. Mr. Smith said four books he purchased were for \$800.

Mr. Permaul said they'll invite Ms. Allbright to the summit, along with himself, Mr. Coley, Ms. Davis, and Mr. Deutsch, and they could all sit down and talk about adoption. Ms. Allbright asked if she could invite Senators to the meeting who were working on this. Mr. Coley said he thought she should.

Mr. Dally said that seeing no further business, the meeting was adjourned. This meeting adjourned at 6:30 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.
- 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.

Decisions of the Board

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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

December '07 Heard a presentation by CUBS.

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.

Decisions of the Board (cont'd)

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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.

## STORE OPERATIONS BOARD MINUTES

April 15, 2008

Present: (Members and others)

Karl Caraveo (Tully's)	Daniel Jun (Tully's)	Jordan Smith
Matt Dally	Arturo Ortega	Tom Spivey
Josh Daniels (GA)	Nadesan Permaul	Jae Whang (Tully's)
Barbara Davis	Nish Rajan	Two Starbucks reps
Jeff Deutsch (Follett)	Dave Rhoads (ASUC)	

### **SUMMARY OF THE MEETING**

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

#### Update on the Nomination of a New Undergraduate Representative

Nominations for the new undergraduate representative on the Board were being accepted until April 17. A recommendation will hopefully be made to the Senate next week.

Introductions of Board members were held.

#### Presentation by Tully's

Dan Jun, a Cal graduate, worked with Jae Whang, who would run day-to-day operations of the coffee shop. They were very sensitive to the students, and having a place students wanted to come to and hang out. And they were very sensitive to being in line with UC Berkeley culture.

Karl Caraveo, Director of Food Service for Tully's coffee, gave a presentation. Tully's started in 1992, by Tom "Tully" O'Keefe. Tully's wholesale division did a lot of license locations. They had about 400 company-owned stores, with over 250 in Japan. They have about 150 stores locally. Of those, about 75 are "license locations," like the campus location would be. They're not run by the corporation. What they'd do on the campus was actually a franchise, with Mr. Whang operating it.

What made Tully's different was its handcrafted coffee, customer service, and community commitment.

Tully's would be willing to do a special "Bear blend." They sell such packages to local grocery stores. At the University of Washington, \$.50¢ per unit goes back to the alums.

The biggest point of difference with Tully's coffee was its handcrafted, small-batch roasting, 200 pounds at a time. They don't over-roast and don't get a smoky or charcoal-like profile. Their roasting process, which resulted in a "smooth" coffee, almost sweet, allowing for the taste the country of origin, the taste of the beans.

Tully's was going green and used "eco-tainers" in many of their stores. What made them unique was that they were 100% compostable cups.

To be fair-trade certified, they need to pay \$.50-60¢ per pound above the going market price for coffee, and Tully's has always paid higher than that, \$.70-80¢ a pound more, or even sometimes a \$1. They work with and build a relationship with people.

Most of Tully's coffee was certified, fair-trade organic. If the campus wanted all organic, fair-trade coffee in the store, Tully's could do that and adjust their blends.

Tully's also has organic offerings besides its coffee, smoothies, an energy-type drink a milkshake drink in a glass, and specialty drinks, such as in the winter. They also have co-branding opportunities.

Jae Whang who run the day-to-day operation of the business. He opened up a store in Orange County, the Sandwich Bar, where he served Tully's coffee.

A copy of the floor plan was distributed.

Coffee would be served from a counter, along with very good sandwiches, quality, handcrafted sandwiches, frozen yogurt, gelato ice cream, and other items. Twenty laptops would be available for free rental on site, for students and faculty, and five desktop computers. Internet usage would be free. Students would get free refills for coffee. There would also be a fairly large outdoor patio area. Free coffee would be provided at Eshleman Library and at weekly Senate meetings. They also want paid internships for Haas students.

Tully's has an outstanding loan, but it was to a member of Tully's Board. Mr. Whang would invest into the creation of the coffee shop. At the worst, whatever happened to Tully's, they'd still have a shop.

The Auxiliary would be paid rent and also a percentage of business, something Starbucks wouldn't consider. The investment would be at least \$750K. Rent would be at least \$3 a square foot. Percentages would begin based on \$1 million in sales. The figures were competitive. This has been checked with Real Estate Services. Hopefully construction could begin over the summer. Work would take half a year. Rent would remain the same for the second year, while receiving a percentage of sales, and then increase 3%. Tully's would be the franchiser and Mr. Whang the franchisee.

Prices were generally \$.15-20¢ lower than, say Peet's or Starbucks, but more expensive than a coffee shop.

Even with all the other coffee shops, the owner felt this was probably one of the best locations anyone could have. There would be one on-site manager paid on a salary basis and all the other employees would be hourly. Pay at the Orange County location was \$10.00 to \$12.00 an hour. For Tully's at colleges 90% of the employees were students. At the minimum, salaries are always \$9-10.

They're were thinking of staying open until 2 a.m., and possibly 24-hours at certain times of the year.

In the Bookstore area they envision 24-25 chairs, 12 on each side of a long table; 30 chairs in the main seating area; and 30-35 in the outdoor patio. This was more seating than in the Starbucks plan. There would be two restrooms inside the coffee shop. Cal colors would be incorporated in the interior design.

Mr. Whang will move to Berkeley and rent a place, and not delegate the operation to a manager. He'd sell his business in Southern California.

At this time business representatives from Tully's and Starbucks left the meeting.

The Auxiliary wasn't sure Starbucks seriously negotiating and was apparently trying to hardball the Auxiliary for lower rates.

Follett also works with Tully's and was willing to entertain Tully's as an option to Starbucks. The Auxiliary was most pleased with the financial terms, and numbers they were taking about were 8% over \$1 million, 10% over \$1.3M, and progressively, to 30% at \$2.5M.

It was students, members of the Senate, who wanted the Auxiliary to bring Tully's into the conversation.

Tully's agreed to run a coffee cart around the campus at various locations and at various events and would be willing to cater at the ASUC and across the campus.

Coffee would also be made available free at GA meetings.

Tully's has projected sales and actually thought it would do a lot less than the Auxiliary thought it would do. Starbucks and Panda believed starting with about \$1.5 million a year, which the Auxiliary thought was reasonable. There was still a market for this, even with all the other shops.

Tully's will be asked to not sell gelato. And the Auxiliary will look at the smoothie business very carefully. Sandwiches Tully's sold were different than what the Coffee Spot sold. The Coffee Spot would also be offered a satellite location, along with its current location.

The Auxiliary expected a contract proposal coming before the Board in May or at the summer meeting.

Tully's was the students' preference, but Starbucks was the more secure corporate model.

#### Status of the Panda Express Proposal

Panda Express has been working closely with Capital Projects. Panda has modeled an 1,100 square-foot space with an open dining area that would extend between CUBS, STA, and Naia, creating more of an open area for people to sit. There was 3,000 square feet, and Panda only needed 1,100 or 1,200. So there was a thought of bringing a partner in, maybe Jamba Juice.

The Auxiliary was very pleased with the way Panda was stepping up with its financial model. They're looking at opening in January of 2009 for both the coffee shop and Panda. That was an ambitious schedule.

It was suggested that ASUC and GA reps attend all committee meetings, even design review.

#### Possible Bicycle Shop in Lower Sproul and Collaboration with Parking

GA reps suggested having a bicycle shop and the Auxiliary has talked with Mike's Bikes. Panda didn't need to expand all the way through the underground mall, where the staircase used to be, and that area



might be used for a bicycle shop, a repair service. They might collaborate with Parking to have free bicycles available for students to use around the campus. The Auxiliary was waiting for a proposal from Mike's Bikes.

#### RFP for a Flower Stand in "Student Union Plaza"

There will be an RFP for a flower stand in the "Student Union Plaza," which was the correct name for Lower Sproul, according to a professor in Art History whose specialty was campus buildings.

For the bikes students would use, they would be used bikes that the campus collects on a regular basis and sold as salvage. They'd be painted an obnoxious color, very easily seen. Parking would pay the bike vendor to maintain them. This was an experiment.

The laptops Tully's would provide would have to be checked out, using a student ID and a driver's license.

The bicycle shop would operate Monday through Friday, 10:00 to 2:00.

The flower stand would be at the entrance of the Cal Student Store, on the lower Plaza.

#### Discussions with CLL on the Expanded Use of the "Student Union Plaza" and Collaboration

The Auxiliary has been talking to CLL about expanding the use of the Student Union Plaza to get more life there. A set of all-weather risers might be purchased for an area of the Plaza, for various activities from April to September. They're also looking at creating dance areas.

The Auxiliary would also take over scheduling of the Plaza, since it already scheduled rooms. Some departments have also approached the Auxiliary to do their scheduling as well. The Auxiliary would get concessions to schedule student group in these facilities.

#### Proposal to Expand the Coffee Spot to a Satellite Location

The Auxiliary has asked the Coffee Spot and Healthy Heavenly Foods to improve their areas, and contracts with them would not go beyond two years unless improvements were made.

The GA was a location for a coffee cart from the Coffee Spot. Also, the GA had a deck that could be reserved for activities. The ASUC and the GA would have to negotiate revenues.

#### Status of the Bear's Lair Vendor Contracts

The Auxiliary has been working with Real Estate Services to develop a model showing how much below market each vendor was, or above market. That will be presented at the next Board meeting.

Custodians received pay raises and new leases will include a new fee that pays their current salaries.

#### Status of the English Language Institute (ELI) Contract

The English Language Institute has had a verbal contract for 15 years that has never increased. The contract will be formalized and the rent increased. It rents two rooms on the 4th floor of the Union for classes, at \$30,000 for the year. For seismic work project in Union in 2009, the ELI will move. When the OCF relocates, businesses will be temporarily relocated there. This is adjacent to the Multicultural Center and students want to use the space for the Center. The space will be freed up by the fall of '09.

Listing of the Vacant Position of Student Union Director

Because of the success of their Events Manager and considerably more revenue from Reservations, the Auxiliary will list a new position, Student Union Manager, which hasn't been filled for 15 years.

Status of the Campus Technology Sales Assessment

The Auxiliary believes there was a true benefit to having technology sales at the Student Union run by Follett. Follett would remodel the whole floor. The Auxiliary was very confident of the financial model it did, and a significant amount of revenue would flow to the ASUC if the model was implemented.

Follett ran the Stanford student store and did computer sales there very successfully. Computer sales would include repairs and student-priced software.

Jeff Deutsch was introduced, the new Manager of the Cal Student Store. The former manager, Mr. Kiryakakis is now a Regional Manager for Follett.

Status of the Bear's Lair Expansion Proposal

Drawings were being prepared for the Pub's expansion. They would first have to relocate the bathrooms, which were in atrocious condition. The women seem to manage themselves quite capably, but for the men's restroom, the Pub has had to spend an inordinate amount of money for repair. Then the next step would be the kitchen expansion. New restrooms would be in the food court.

Update on the Brazil Café

The plan was to bring the Brazil Café to the deck of the Student Union, by the Student Union Plaza. VC Brostrom agreed that the Student Union complex and the Student Union Plaza were completely different. The Chancellor has said this area was a different aspect of the campus and shouldn't be run in under the same terms and conditions as the rest of the campus, and was a commercial location.

Future Meetings

A Special Meeting was likely if contract approval was needed.

A new undergrad rep would likely officially join the Board as of the next meeting.

The meeting adjourned at 6:55 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 5:08 in the 4th floor conference room, Eshleman Hall. Mr. Dally said that since they didn't have a quorum, they couldn't adopt the minutes or the agenda.

Update on the Nomination of a New Undergraduate Representative

Mr. Dally said that regarding nominations for the new undergraduate representative on the Board, they're accepting applications until the 17th. At that point the selection committee will meet and forward a recommendation to the Senate. Hopefully that will be in the next week.

Mr. Permaul said he would ask to make a change in the order of the agenda and move up the Tully's presentation. For the sake of their guests from Tully's, perhaps they could go around and introduce themselves. Introductions were held: Matt Dally, Chair of the SOB; Alberto Ortega, graduate student representative; Jeff Deutsch, Director, Cal Student Store; Nish Rajan, GA representative; Josh Daniels, from the GA, not a representative, but there for one of the items on the agenda; Miguel Daal, from the Graduate Assembly; Nad Permaul, Director of the ASUC Auxiliary; Jordan Smith, undergraduate representative.

Mr. Permaul noted that Mr. Daal was the incoming President of the GA.

Presentation by Tully's

Mr. Permaul said they found out that day that Tully's wanted to be on the agenda to make a presentation, and the Auxiliary was very pleased. As the Board knew, it was students who indicated an interest in Tully's. Karl Caraveo, a representative of Tully's, and Dan Jun, a 1992 Cal graduate, will make a presentation to the Board and introduce the rest of their guests.

Mr. Jun said he wanted to thank everybody sincerely for an opportunity to design a space for the students. It was something he was very passionate about, and was near and dear to his heart, having gone to school there. To briefly introduce himself, Mr. Jun said he was a Psychology major there at Cal, and afterwards went to Vanderbilt Law School. He was also an attorney, and was a US attorney for three years, prosecuting in Los Angeles. After three years he decided it wasn't fulfilling. He thought crime prevention was more fulfilling before the fact rather than after the fact in prosecution. So he volunteered part of his time to the Boys & Girls Club. He thought that if he could keep one kid from not joining a gang, he would have done his job. His true passion was in real estate and with finance. So he's done corporate law. Mr. Jun said he would introduce Mr. Whang, who was actually the man of the hour. Mr. Jun said he helps Mr. Whang with his financial affairs, provides legal counsel, and handles his real estate transactions as far as acquiring new locations, dealing with leases, negotiations, etc.

Mr. Jun said it would probably make more sense for Mr. Caraveo to first make a presentation on the Tully's brand. But Mr. Jun said he wanted to stress that Tully's, and Mr. Whang, who would run the day-to-day operations, were very sensitive to the students, who were the most important thing they had in mind. The students had to come there and hang out. If it wasn't a place where students hang out, it

wouldn't be successful. Number two, they're very sensitive to being in line with the UC Berkeley culture. They're very sensitive to the fact that they don't want to be a big, corporate, commercial enterprise coming in there just to make money. That wasn't what was important to them. They believe sincerely that if they can create a space that students could come in to and truly enjoy, then the numbers would take care of themselves. They were very sensitive to that.

Mr. Caraveo introduced himself and said he was Director of Food Service for Tully's coffee. He worked out of Southern California, Nevada, and Arizona. He's been at Tully's since 1985, when he started driving a truck for Farmer Brothers. Coffee was his passion. Tully's was out of Seattle. He loved working in the Bay Area, where they actually have five stores, and were looking to grow more. It was kind of difficult because a lot of people didn't know about Tully's. But give them a taste of the coffee and they love it. One thing Tully's had was great coffee.

Mr. Caraveo said he would talk about what it was that Tully's did, what they did well, and what differentiated them from some of the other people out there. Their story started in 1992. Tom "Tully" O'Keefe, the owner, learned to roast coffee and spent some time in the Bay Area with Alfred Peet, much as Howard Schultz did. This was the birthplace of specialty and premium gourmet coffee. So it was very exciting to have an opportunity to showcase what it was that Tully's did and how Tully's did it.

Tully's wholesale division, of which he was a part, does a lot of license locations. They have about 400 company-owned stores, with over 250 in Japan. They have a lot of success overseas, but especially in Japan, where they have great brand recognition. They have about 150 stores locally. Of those, about 75 are what they call "license locations," like the campus location would be. These aren't run by the corporation. If one went into a Tully's at a Von's, it was run by the grocery and was a licensed location. They're doing more license locations, such as at college.

Mr. Caraveo said that what they'd do on the campus was actually a franchise, where Mr. Whang would operate it. In deferment to many universities, it was the colleges and the students themselves who run many of those operations. Mr. Caraveo said that was why he was involved with this, as part of Tully's wholesale division.

Mr. Caraveo said that as for what made Tully's different, it was their handcrafted coffee, customer service, and community commitment. He had a little handout and some statistics.

The screen showed a breakdown of their locations. They have 18 stores in the Northern California area. Tully's was huge in grocery stores, approaching 5,000 stores in 25 states. If they go online, they'll see 12-ounce packages of their products. According to industry data, the IRA, Tully's was the Number 1 premium coffee per slotting in grocery stores. Once people try the coffee, they come back. They try it when it's on ad and come back afterwards and pay the full price. Tully's isn't the Number 1 selling premium coffee yet, and they're still Number 2 in the stores they're in. But per slot, they outsell their competition.

The next screen showed some of their strategic partners. As they could see, some were from Northern California. They might have seen Tully's signs at the SF Giants Stadium when it first opened, behind home plate. This area was really a primary spot for growth for Tully's. As they could see from the bag of coffee he brought, the University of Washington they took a ten-year contract away from Starbucks, right in their own backyard. This was very crucial, and it was a good mandate for Tully's from people in

Seattle who drink coffee. The University of Washington does coffee the right way, with its "Husky Blend" that Tully's provided.

Mr. Permaul asked if Tully's would be willing to do a "Bear blend." Mr. Caraveo said they absolutely hoped to do so. They sell this to local grocery stores, and \$.50¢ per unit goes back to the alums for the University of Washington. And they also sell packages of Husky Blend on campus as well. He didn't know if they'd be able to get local Berkeley distribution at Safeway, e.g., but certainly they could sell it on campus. The Husky Blend was Tully's Evergreen coffee, a certified, fair-trade all organic coffee.

Mr. Caraveo said Tully's five most successful stores in the Seattle area were on the campus of Boeing. The people there were excited to have good coffee instead of bringing a thermos from home or having a percolator at work with horrible coffee. And they pay for the privilege to enjoy it.

As for roasting, Mr. Caraveo said the biggest point of difference with Tully's coffee was their hand-crafted, small-batch roasting, 200 pounds at a time. They use old, 1950 German roasters they brought from the Old Country. They heat them to 400 degrees with a roast master right there, watching the roast, using all five senses, tasting the beans, feeling them, listening for the second pop, to make sure each bean was roasted to bring out its best characteristics, and to then stop the roasting process. They don't over-roast and don't get a smoky or charcoal-like profile, except for their French roast, since that's what that blend called for. But for the majority of their coffee, they do a full "city roast," which stopped just short of going all the way, allowing the flavor of the coffee to be enjoyed. People could take really average beans and roast the heck out of them, getting the trademark pungent kick. But Tully's biggest point of difference was their roasting process, which resulted in a "smooth" coffee, almost sweet, allowing for the taste the country of origin, the taste of the beans. People love to come in and get a cup of black coffee and taste the coffee without putting in five creams and five sugars. They still have heavy-duty roasted coffee for people who like the traditional charcoal flavor. But they were the only people who roasted in 200-pound batches. Most people have 1,000-pound rotary roasters that spin like a corkscrew, with coffee put in at one that worked its way down the corkscrew and came out the other end roasted, with beans continually cycling through. Tully's roasted in 200-pound batches, took the beans out, let them cool, and then roasted 200 more. And every batch was done differently, according to the time it took for the beans to pop.

Mr. Caraveo said Tully's had different kinds of stores. They have neighborhood stores, urban stores, suburban stores, and some airports. Burbank was one of the three busiest stores in California. They also have grocery cafés, when has been a big, big hit for Tully's recently, as they open up more and more of them. The screen showed a café at Fred Meyer, in the Washington area. They had 13 locations in Arizona at Fry's and Albertson's. It shows that Tully's was adaptable. They're not cookie-cutter and they try to fit with the spaces they have, and with the environment and neighborhood they're in. The next screen showed the Tully's café at the San Francisco Hilton Hotel, a great location they've had for about two years. The Hotel just recently switched over to Tully's throughout the entire property. They went away from using liquid coffee, which was easy for catering, where they used to earn the majority of their money charging by \$95 per gallon of coffee. The coffee has gotten rave reviews. It's a little bit more work and planning took a little longer in order to prepare the coffee, but it's been a success story. He thought San Francisco and Northern California was one of the few places this would work, where people really appreciate the coffee.

Tully's was also at the Bellevue Hilton Hotel and at Cal Stat Dominguez Hills, and it's been a huge success. They're also going to open up at Los Angeles City College. As the contracts folded away from

Starbucks, Tully's was trying to pick up some of some of them and to be a player in this arena. It was kind of a new arena for Tully's, higher education, and one they were very excited about.

Mr. Caraveo said Tully's was going green. He'd pass around some cups that were in many of their stores, "eco-tainers." What made them unique is that they're 100% compostable cups. The paper is made from sustainable sources and the lining on it was corn-based rather than being based on petroleum. It took less energy to create the cup, and when composted, in 60-90 days it's gone. A key component was partnering up with people to make sure the cups got in a compost pile and not in a landfill. So at Tully's stores, there will be blue, black, and green trashcans, for recyclable, compostable, and regular waste. They compost their grounds and their cups. There was probably composting on campuses, so that could be utilized.

In addition to green cups, they also moved all of their espresso coffee to 100% certified fair-trade organic. To be fair-trade certified, they need to pay \$.50-60¢ per pound above the going market price for coffee, and Tully's has always paid higher than that, \$.70-80¢ a pound more, or even sometimes a \$1 a pound more over the growing season price. They work with and build a relationship with these people, and teach them how to pick the coffee. It took 2,000 cherries to make one pound of coffee. Each tree only yields 2 pounds per year. They want to teach people to pick good coffee and pay them a fair price, and teach them to grow without pesticides or fertilizers. That not only resulted in a better coffee, but the next year they wouldn't have to negotiate these things and Tully's would know they'd be good. They yield more and earn more money.

Mr. Permaul asked if they would be willing to advertise this information in the store so people knew about the product that was being distributed. Mr. Caraveo said they would be. In fact, at the counters, they have cards available, "Think green," and people could read what Tully's was all about.

Mr. Caraveo said that not all of Tully's coffee was certified, fair-trade organic. All of their espresso beans were. Their drip coffees include organic, fair-trade offerings and organic blends. If the campus wanted all organic, fair-trade coffee in the store, Tully's could do that and adjust their blends. Tully's likes to say that all of its coffee was fair-trade because they pay above the going price.

Mr. Caraveo said the problem was having 14.5 billion paper hot cups going into landfills every year. And there was also the carbon footprint to consider with the use of petrochemicals to put lining on cups. The solution was Tully's green cup. They don't use recycled materials, since it took a lot of energy to recycle. They use sustainable products and use corn-based products. It took less energy to make the cup.

Mr. Rhoads said he would assume the cups would be compostable and recyclable. Mr. Caraveo said he didn't believe they were recyclable. There's a fine line on what was recyclable. He has asked that same question. He didn't think it had certified recyclable materials. He knew it wasn't made with any recycled material. He'd find out if it could go into the recyclable container. He's asked the same question and has gotten two different answers. It would be logical that the cups were recyclable, but he didn't see that sticker there.

Mr. Caraveo said the advantages of their cups were fully renewable, sustainable, managed waste diversion options rather than landfill. The cup was certified compostable and had a favorable environmental footprint. There's less energy consumed in the production of cups. It's produced in a neutral manner for greenhouse gas. But he'd have to find out if it was recyclable.

As to why Tully's did this, it cost them a lot of money to make this change to being green. The coffee ran between \$.50-.60¢ a pound more than non-fair-trade organic coffee. The cups were \$.02-.03¢ apiece more for each cup. So for Tully's to do this company-wide in its 150 stores was quite a big investment for them to make. But as the slide showed, a company did not have to make a choice to be either profitable or environmentally responsible, and could do both. And it has paid dividends. They've gained customer loyalty and they've had a lot of response when they made this conversion, especially in the Washington area and in Northern California.

Tully's also has organic offerings besides its coffee. They have organic partners and use Samrazon for their smoothies and Guayaki Yerba Mate drinks, an energy-type drink. It hasn't caught on here, but he thought it will. It doesn't give a fast rush in the beginning, but was slow building, without a crash. It was one of his personal favorites.

In their shops, besides coffee, they also have Tully's branded Bellaccino, which was like a milkshake in a glass, 600-800 calories. They also have real fruit smoothies. They do handcrafted, blended drinks and always have specialties, trying to do one per month. In the winter they have peppermint and other specialty drinks. It helps to keep people coming back and makes their stores alive and happening.

They also have co-branding opportunities. They set up coffees and put them in generic bags, and a lot of schools sell them at Christmas time. They generate cash and are done for fundraising. It's when there wasn't enough volume to do a private label like they have at the University of Washington. It's the same coffee in a blank bag, with different stickers for different universities. They're usually sold at or near Tully's cost so schools can generate revenue. With the volume and location at Berkeley, and with some local grocery support, he thought they could do a Cal Bear brand, with Cal colors, and do a certified fair-trade, organic coffee. Not a lot of other coffee companies would be willing to do that.

Mr. Permaul said that Cal alums were very loyal, and if they had a specialty product that nobody else offered, like Cal coffee, they'd sell it through the Cal Student Store and online. There was a market out there for this.

Mr. Permaul said he would like to thank Mr. Caraveo for the presentation. Mr. Jun will talk about the business side, and what the Auxiliary has been discussing with him.

Mr. Jun said he had a handout to distribute. He would first introduce them to Jae Whang, who would be running the day-to-day operation of the business. He originally came from New York and had ten years in the food and beverage industry. He came to Los Angeles about three years ago and opened up his own store, The Sandwich Bar, in Orange County. That's where Mr. Jun said they both were from. Mr. Jun said he was from the Bay Area originally and now lived in LA. When Mr. Whang set up The Sandwich Bar, he approached Tully's because of its brand. He liked their corporate ethics, their eco-friendly cups, and so on. The volume in his store was tremendous. They were very excited about this proposal.

Mr. Whang said he would like to thank the Board for this opportunity and he would try to make something that made everybody happy, and make an environment where people could enjoy Tully's coffee.

Mr. Jun said he was anxious to hear what the Board had to say. When he went to school there, he probably passed by the Student Union 1,000 times, or more, and he only came in there maybe twice a year, to buy textbooks. So he was very happy and excited about coming back to his alma mater and hopefully

making this place a real student hangout. In order to do that, it had to be more than a school cafeteria-type of environment. They want to make the environment warm and inviting, yet not be overly flashy or flamboyant because by nature, they're humble folks.

Mr. Jun said people should have a copy of the floor plan. The right side was Bancroft. Mr. Permaul said that as they look at the floor plan, the steps in the upper right were the ones that come down from the Upper Plaza to the south entrance of the Cal Student Store, where the Convenience Store was currently located.

Mr. Jun said the area marked #1 was the Follett Bookstore area, where they'd have magazines and periodicals for students to read, with a seating area for people to hang out, have study groups, and hopefully have the Daily Cal available there. Mr. Permaul said they have a wide variety of student publications. Mr. Jun said that was something they'd talk to Follett about.

The next slide showed a picture of the proposed service area. Tully's coffee would be served from the counter, along with sandwiches. Mr. Jun said Mr. Whang made very, very good sandwiches, not Subway-style, but rather, quality handcrafted sandwiches. There would also be frozen yogurt and gelato ice cream and a lot of other items.

For the seating area, when they designed the space they kept asking themselves what would make students really want to come. There will be a station with 20 laptops that will be available for free rental on site, just for students and faculty. People would just have to leave their IDs and driver's license at the counter as a deposit, and then they'd be able to lease a laptop for free on the premises. There will be a wireless Internet connection. There will also be five desktop computers on site with free Internet usage.

Mr. Jun said that before he forgot, he had to mention that students would get free refills for coffee. Mr. Whang and he were very committed to giving back to the students.

There will also be plasma screen TVs showing ESPN and CNN. There will also be a fairly large outdoor patio area that he thought would be a great hangout place during the summer. Thankfully, it's a southern exposure and will get a lot of sun. He could just see students hanging out there.

Mr. Jun said they still had to work out air vents along the outside wall. But at least in the planning stage, they intend to have bulletin boards available for events and functions on campus. They would also hope to have, subject to campus approval, step-down seating in the area labeled #6, and a staging area for students to use for events and functions.

As far as being involved with the school, if approved they would provide free coffee at Eshleman Library, and they'd be more than happy to provide free coffee at weekly Senate meetings. They also definitely wanted provide paid internships to Haas Business students, and get them involved in learning how to run a business. It was surprising at what it cost to set up and manage a business like this, including payroll and expenses, and it was not an easy task. So this would be a hands-on learning experience.

Mr. Jun said the most important thing was to get some feedback, good or bad, and especially suggestions people might have.

Mr. Smith said that it was mentioned that sandwiches would be made, and asked if this would be a joint venture with the sandwich shop. Mr. Caraveo said all Tully's coffee shops have a cooler case with



prepared sandwiches. A lot of them were made off premises and dropped off; and they weren't very good. Their evil competitor, Starbucks, was going away from those sandwiches because Howard Schultz said he didn't want their places to smell like burnt cheese. They'll do sandwiches, but it will still be part of Tully's concept, but it wouldn't be a Subways. Mr. Smith asked if the sandwiches, then, would not be pre-made. Mr. Caraveo said they wouldn't be pre-made from a caterer, made 8 o'clock the previous night. Sandwiches will be fresh and made on the premises. Mr. Jun said there would be a full kitchen with line cooks making handmade sandwiches.

Mr. Permaul said the Auxiliary has talked with Tully's and he'd share some thoughts. First, Tully's had an outstanding loan that still needed to be resolved. The Auxiliary was now aware that the loan was out to a member of Tully's Board, and they expect that problem to be resolved shortly, and certainly by the fall.

Mr. Permaul said Mr. Whang came on board as a third-party, bringing the resources with which to invest into the creation of this coffee shop. If worse came to worse, which they didn't expect to happen, the Auxiliary would still have a coffee shop that was being run with high quality. The Auxiliary wanted the resources to upgrade the facility, and Mr. Whang was bringing in those resources, and the Auxiliary was very confident in the financial resources that would go into upgrading the space.

On top of that, the Auxiliary was very pleased with the financial modeling that has been presented to them. The Auxiliary felt it was very competitive. They'd be looking at not only rent, but at a percentage of business. And as the Board knew, that was something that Starbucks wouldn't consider. So there's a different model than Starbucks' model, which was to only pay rent. The Auxiliary laid out its model to Tully's, and the provisions the Auxiliary thought was important. The model being proposed was one that the Auxiliary could work with and feel comfortable with.

Mr. Rajan asked about ballpark figures on the amount of resources required for investment and the projected rent, and what the combined business might be. Mr. Permaul said that Tully's presented a model that was competitive with Starbucks' model, so the investment they were looking at was at least three-quarters of a million dollars. And the rent they were looking at was at least \$3 a square foot. On top of that, percentages were based on \$1 million, \$1.3M, \$1.7M, \$2M, and \$2.5M, and percentages thereafter. That information wouldn't be disclosed at that time, and they'd do that in closed session. But the figures were competitive and appropriate. They checked the financial figures with Helen Levay, in Real Estate Services, so they knew they're on the right track. The Auxiliary thought this was a credible business option. At some point the Board will weigh things and then want to move forward. It would be his desire that the Board make a decision so conceptual drawings and all the other material could be brought to the campus during the summer and work can begin.

The Auxiliary also said that it didn't believe that the construction and operation could be done any sooner than half a year. So they were assuming they wouldn't get more than half a year's worth of rent and sales. They also said they would not raise the rent for the second year, but would expect a percentage of sales. And then after the first two years, they'd look at raising the rent 3% every year. The Auxiliary felt this was a competitive model, and certainly in the ballpark with what was presented with Starbucks.

Mr. Rhoads asked if it was correct that when he said "Tully's," he really meant Mr. Whang. Mr. Permaul said that Mr. Whang will be the franchisee. Mr. Rhoads asked about the name on the lease. Mr. Jun said that Tully's was the franchiser and Mr. Whang was the franchisee.

Mr. Rhoads asked about the cost of the coffee and how that played out on other campuses. Mr. Caraveo said they've costed it at Chico State and Cal State Dominguez Hills, where they've gone out and actually costed it at the local coffee shops. And Tully's came up with prices that were generally \$.15-20¢ lower than what brand X would be, whether that was a Peet's or a Starbucks. Generally, it will be more expensive than what one got with a coffee shop. They want to price it at the maximum amount they could get on investment without losing sales. But generally speaking, it will probably be at some fraction, and if anything, will be at street price, at least at the beginning; and they'd try to have prices at least \$.10-20¢ lower. If a small latte elsewhere would cost \$3.45, Tully's would try to be at \$3.00.

Mr. Daniels asked if they were worried at all with the many other coffee shops in the area. Mr. Jun said they absolutely weren't because they felt that this location was probably one of the best locations that anyone could have as a business owner. There was so much foot traffic in front of MLK. They've studied the demographics very closely. Having a little under 35,000 students on campus just meant so much foot traffic. People would die for a location like this; so they weren't worried about that.

Mr. Daniels asked who they with hire and how they'd hire, and if they expected to hire students. He asked if it was unionized or not and what the management structure would be. Mr. Jun said they want to hire as many students as possible. The space was for students, and the more students involved, the better.

Mr. Daniels asked if they imagined a labor force that would primarily be temporary, with students, with some sort of permanent management. Mr. Jun said there would be one on-site manager paid on a salary basis and all the other employees would be hourly. In this industry, turnover was high. They would obviously prefer to have a barista who worked longer there than other employees. But it wasn't easy being a barista. But if someone was there for four years, worked part-time the whole time, that was a long time to work in a coffee shop, and people usually don't last a year.

Mr. Daniels asked about benefits, for hourly and salaried workers. Mr. Jun said salaried employees get \$10.00 to \$12.00 an hour at their Orange County location. Obviously there's insurance. Mr. Whang said workers' comp was high, but there would be no 401(k). Mr. Daniels asked if that was for salaried and hourly employees. Mr. Jun said that was correct. There would be no 401(k) or health benefits, and it would just be wages and Worker's Comp. Mr. Caraveo said that as for the workforce at all their colleges, U of W being the biggest, about 5-10% were non-students, the store or shift managers, and 90% of the people there were students. Again, it was ever changing. Some students decide to stay and become shift managers or baristas. Their salaries were non-union, and at the minimum, it's always been \$9-10.

Mr. Daal asked about the hours of operation. Mr. Jun said that in discussing that with Mr. Permaul, they were going to stay open as late at night as possible, because at night there was really no place to go. As a student, he'd walk back from Moffitt late at night, take the bus, and it was really scary. They were thinking of staying open until 2 a.m. They were toying with the idea of staying open 24-hours at certain times of the year. Mr. Permaul said they definitely want to have evening access and open up the Plaza to life. So evening access was very important to them. Mr. Caraveo said that was one advantage of Tully's in not being family run or having limited resources, in that that coffee shop could be staffed late at night with people who wanted to work in the evenings. They have the people and resources and could be open for longer hours.

Mr. Jun said that what he was holding was the color scheme they could use. Mr. Permaul said it was a pallet of materials that would be used. Mr. Jun said it was a work in progress and wasn't finalized yet.

They want to incorporate Cal colors as well. But they felt the tones they were suggesting would be a very warm and inviting color scheme. Location was very important, but an important aspect of the business was good interior design. Working in the real estate field, he knew that was a very important part of it. He just wanted to give the Board a look at the color scheme. Tully's was very pleased with it.

Ms. Davis asked how many inside seats there would be. Mr. Jun said that in the Follett Bookstore area alone they envision about 24-25 chairs, 12 on each side of a long table. Then, in the main seating area, they're looking at about 30 seats inside. And then on the outdoor patio, 30 to 35 chairs.

Mr. Permaul said this was something that was appealing to him because there was more seating in this drawing than there was in the Starbucks drawing. And as with the Starbucks' plan, there would be two restrooms inside the coffee shop.

Mr. Daniels said that as they might know, UC Berkeley students can be very active. And when an issue strikes them, they tend to be very vocal about it. He didn't see how that might relate to the coffee shop, since it would be organic and fair-trade. But being in Southern California, so far away, responsiveness might be difficult. He asked if there was a way to envision making sure that they were connected to the needs of the students, as well as faculty and staff. Mr. Jun said that Mr. Whang will move to Berkeley and rent a place. Mr. Jun said he didn't want anybody to think that Mr. Whang would be delegating the operation to a manager. No business could run without the owner being on the premises.

Mr. Daniels asked if he also had business in Southern California. Mr. Jun said he was selling his interest to another partner from Korea and Mr. Whang would move here. Mr. Whang felt this was a much better location than the one on Southern California.

Mr. Permaul called for any other questions before they let their guests from Tully's depart. Seeing none, he said he wanted to thank them. Mr. Caraveo they appreciated the Board's time.

[Business representatives from Tully's and Starbucks depart.]

Mr. Permaul said he wanted to talk to the Board about the Starbucks negotiations. The Auxiliary wasn't sure that Starbucks was serious about its negotiations with the Auxiliary. The Auxiliary sent to Starbucks its terms and conditions, the same ones they shared with Tully's. Mr. Permaul said he had already done his background work to make sure the terms the Auxiliary offered were more than reasonable. The Marketing Developer from Follett and others he talked to said Starbucks should be jumping at the offer. And what Starbucks was apparently trying to do was to hardball the Auxiliary for lower rates. Mr. Permaul said he would not be hardballed. The important thing about Tully's was that it changed its financial model and came with an investor who could meet the financial obligations, whether or not Tully's as a company survived. Mr. Permaul said that was most important to him.

The Auxiliary has talked to its colleagues at Follett, and because Follett also worked with Tully's, Follett was willing to entertain Tully's as an option to Starbucks. Mr. Permaul said he thought he and Mr. Spivey were most pleased with the financial terms. He didn't want to present them since the meeting wasn't in closed session, but the Auxiliary was looking at 8% over \$1 million, 10% over \$1.3M, and progressive percentages as sales went up, all the way to 30% at \$2.5M.

Ms. Davis asked if the numbers should be mentioned in closed session. Mr. Permaul said they're just talking about these and they haven't presented a contract. These were the kinds of numbers the Auxiliary presented to them; and Tully's didn't have problems with them, on top of rent.

Mr. Daniels asked about the possibility mentioned about Tully's going under. Mr. Permaul said Tully's has an outstanding loan to a member of its Board of Directors. Tully's had wanted to go public that spring so they could raise the cash flow and wouldn't have to worry about paying off the loan. They haven't paid it off yet, but the person was a member of their Board and wanted Tully's to survive. So they were working to redress that. That was the reason he wanted Tully's to bring in a third-party who had independent financial means and was prepared to do all the investment.

Mr. Daniels asked what it would mean if Tully's were to go belly up. Mr. Permaul said it meant that the Auxiliary would have an independent coffee shop that was being operated. Mr. Daniels asked if it would be called "Tully's." Mr. Permaul said it would be called whatever they wanted to call it. Mr. Daniels said the provider of coffee would change. Mr. Permaul said that was correct. Mr. Daniels said that would mean that potentially, Mr. Whang would no longer be able to get organic coffee. Mr. Permaul said they would negotiate all of those things in the contract terms. Mr. Smith said it would take them a while to get an IPO, at least a year or two.

Mr. Permaul said he was more confident than he was before about Tully's financial model because of the way Tully's brought it to them. And he had to say that Tully's has been very aggressive, and has been coming back to the Auxiliary and persisting. Also, it was students, members of the Senate, who wanted the Auxiliary to bring Tully's into the conversation. So he was pleased Tully's has been so flexible.

Mr. Permaul said not only was Tully's willing to hire two student interns out of the Haas Business School, but he told them that in two years he would want them to run a coffee cart around the campus at various locations and at various events. And Tully's said they were willing to do that. And they also said they would be willing to be the Auxiliary's exclusive caterer, not only at the ASUC, but if the Auxiliary wanted to take the catering business across the campus; and Tully's would be willing to do that as well. All of that was good news to him.

Mr. Daniels said that other than forgetting in the presentation that the GA would get free coffee, it was great. Mr. Permaul said that in the presentation, the Tully's rep didn't realize the Auxiliary actually said the coffee would be made available at meetings of the Senate and the GA. So they have told Tully's what to expect. There would also be coffee at Eshleman Library.

Mr. Rajan asked if Tully's has done the actual level of financial planning, like Starbucks did, such as projecting sales. Mr. Permaul said they have. Mr. Rajan asked if there was an idea of what sales they expect. Mr. Permaul said Tully's thought it would do a lot less than the Auxiliary thought they'd do. Tully's had low projections. That's why he raised the percentages against sales, because he thought they'd do better. UCLA Starbucks did \$2.5 million a year. Starbucks and Panda both believed they would walk in the door at about \$1.5 million a year. The Auxiliary thought that was reasonable.

Mr. Rhoads said there were a lot more coffee shops in this area than that UCLA. Mr. Permaul said that was correct, and UCLA's coffee shop was buried in the middle of the campus. But one thing that has not been a problem in this community was coffee. And they still feel there's a market out there. Housing and Dining told him that there was clearly a market out there.

Mr. Smith said it was an untapped market to have good quality coffee on campus without having to go across the street. People would be able to stay in Eshleman and study at night and get free coffee. That was a pretty good service.

Mr. Permaul said they'll ask Tully's not to sell gelato. And the Auxiliary will look at the smoothie business very carefully. He didn't have a problem with Tully's selling sandwiches that were a different kind than the Coffee Spot sold. They're looking to bring the Coffee Spot to another location on campus. Mr. Smith asked if they'd move from their current location. Mr. Permaul said the Auxiliary was looking to offer the Coffee Spot a satellite location. The Auxiliary thought these were two different businesses.

Mr. Daniels asked if they could put in the contract that if what Tully's sold things other than coffee that would conflict with a business the Auxiliary wanted to bring in, such as Jamba Juice, Tully's would be willing to not sell that. He asked if that would be an acceptable addition to the contract. Mr. Permaul said they weren't quite at that level of negotiation yet. They're actually working with Panda to create a space where Jamba Juice was interested in coming to the campus. So the Auxiliary had to think that through.

Mr. Permaul said he wanted to let the Board know that the Auxiliary was taking the Tully's proposal seriously and they'll probably come back at either a Special Meeting before people leave in May, or at the summer meeting, with a contract proposal.

Mr. Rajan asked if this meant that Starbucks was out of the running. Mr. Permaul said it didn't, not at all. Because the Auxiliary didn't have to go to RFP, they could negotiate the contract. He will not tell Tully's what he was doing with Starbucks and he wouldn't tell Starbucks what he was doing with Tully's. Mr. Spivey said it would be nice if they heard about it.

Mr. Daniels asked if Starbucks was preferred, and asked what the benefits were with Starbucks. Mr. Permaul said he thought Tully's was the students' preference, but he thought Starbucks was the more secure corporate model. So they'll play those two against each other. As he said, Tully's has stepped up. When Tully's first arrived, he was not satisfied with its model. He was now much better with it.

Mr. Rhoads said they ought to make sure that they know it was Tully's the brand, but not Tully's the company, that was actually going to lease the space. They had to be clear on that. The company, Tully's, was not investing in the space, but it was an individual, a sole proprietor, a one-man shop, really. There were a lot of things that went along with that, like the lease and security of the store in terms of financial security, and also some long-term considerations versus Starbucks, which would be more stable. When the Board discussed these kinds of things, he didn't know how they should refer to it, but they ought to remember that it wasn't Tully's. Mr. Permaul said one was a franchisee and the other was corporate.

Mr. Smith said the one caution he had about that was that if they look at the Peet's in the Den and the Peet's on Telegraph. There was a big difference in the quality of drinks one got. He didn't know if it was because there was a franchisee or what the real reason was, but there was a noticeable difference in quality. Mr. Spivey the franchisee created the Peet's drinks, and they use existing Housing and Dining employees. Not to speak poorly of H&D employees, who were great people. But it wasn't as controlled. A franchisee that had a stake in the business would actually invest more time and effort because they wanted to create a business.

Mr. Permaul said they could also talk about quality assurance. If they want to set standards for what they expect in coffee, they could do that.

Mr. Rhoads asked if it was mentioned whether the Tully's on Shattuck was a franchise or if it was corporate owned. Mr. Permaul said he didn't know, but he could find that information out.

#### Status of the Panda Express Proposal

Mr. Spivey said Panda Express has been working closely with Capital Projects to assess what it needed, and they had a couple of tags in. They need 1.7 million BTU capacity for gas, so they're checking that out, and other potential big-ticket items that Panda had to put in. They're currently working on a footprint from corporate headquarters that would show the STA space with Panda in it. Mr. Permaul said that would also include CUBS space. Mr. Spivey said Panda didn't believe it would need to intrude into the ladies' room, which would eliminate the bathroom issue. They'll work behind the ladies' room. Panda has modeled an 1,100 square-foot space with an open dining area that would actually extend between CUBS, STA, and Naia, creating more of an open area for people to sit down. They're talking about this at possibly the entrance to CUBS, STA, and the mall, making it more of a glass front that was much more attractive and would invite people in. Panda has also been very good about not using a very flashy sign to advertise, something that would trigger concern with the campus. Their colors are red, but they liked Naia's version, which was muted and reversed.

Panda also talked about helping the area with other things that were in disrepair. Panda's marketing team walked around and found that all of the signs that used to be there were disheveled or couldn't be seen. So Panda was willing to help make it look more professional and new.

Ms. Davis asked if it would go as far as the breezeway, that horrible space between Lower Sproul and Upper Sproul. She asked if they could do something there. Mr. Permaul said they'll do the CUBS and STA relocation. Mr. Spivey said that for the hallway itself, different people were responsible for the marquees. Mr. Permaul said Tully's was also interested in investing in electronic signage. And they won't have ESPN going on in the coffee shop, and that will all be worked out with them. They want to make this a café, not like the Bears Lair food court, and it won't intrude on the food court or its character, and would be a separate kind of environment.

Mr. Smith asked if it would be possible to add, in the future, a Jamba Juice in Panda's model. Mr. Permaul said there was 3,000 square feet, and Panda only needed 1,100 or 1,200. So there was a thought of bringing a partner in, maybe Jamba Juice.

Mr. Daniels said he didn't know where STA was, and asked if it was next to Naia. Mr. Permaul said it was across from Naia. Mr. Smith said it was right behind CUBS.

Mr. Smith asked what other hurdles there were on the Auxiliary's end other than the feasibility of doing it, and asked about the timeline, and if there were any more things they had to do, or things the campus had to pass. Mr. Permaul said that like with Tully's, the Auxiliary was very pleased with the way Panda was stepping up with the financial model. Mr. Spivey said there will be design review with the campus. People will have to check on disabled access before plans go to the State architects for approval. They're

Possible Bicycle Shop in Lower Sproul and Collaboration with Parking  
RFP for a Flower Stand in the "Student Union Plaza"

working with Darril dela Torre and Capital Projects. Mr. Permaul said they're looking at opening in January of 2009. That was the ambitious schedule, for both the coffee shop and Panda. Mr. Spivey said these were four- to five-month remodels.

Mr. Daniels said he would suggest bringing an ASUC rep and a GA rep to all these committee meetings, even for design review, that had no student rep on them. Mr. Permaul said he would be happy to bring students, particularly to design review, since they had their own set of priorities. Mr. Daniels said that particularly if they bring in companies like Panda Express or Starbucks, there will be constant corporate questions, and they'll need a demonstration that students were actually in support of this. Mr. Permaul said the ECPC voted its approval. Mr. Daniels said he thought every meeting should have at least one student representative, even if they just sat in the back and said nothing.

Possible Bicycle Shop in Lower Sproul and Collaboration with Parking

Mr. Permaul said that when Mr. Rajan and Mr. Ortega came to visit with him, he asked them what kind of business they thought graduate students would like, and they mentioned a bicycle shop. Mr. Permaul said the Auxiliary has been talking with Mike's Bikes, from downtown Berkeley; and another bicycle company might also be interested. They're also looking at a collaboration with Parking and Transportation to do some interesting things. Since Panda did not need to expand all the way through the underground mall to that area, where the staircase used to be, the Auxiliary was thinking of turning the area where the staircase used to be into a bicycle shop. There would be bicycles out on Lower Sproul and they would do a repair service. They would also be interested in doing bicycle education and selling bicycle locks and other equipment there. They're interested in working with Parking and Transportation to have free bicycles that would be available for students to use around the campus. P&T would take the responsibility for relocating those bicycles, collecting them, and maintaining them. It would be like the European model that some cities had. People would be able to use free bicycles. Hopefully the campus would be willing to try this out. He also told the bicycle shops that he wanted them to be aggressive in bringing other kinds of bicycle services to the campus, either by grants or other ways. Mr. Permaul said they're waiting for Mike's Bikes to present a proposal.

RFP for a Flower Stand in "Student Union Plaza"

Mr. Permaul said they're going to put an RFP out for a flower stand in the Student Union Plaza. Mr. Permaul said he would explain the "Student Union Plaza." He got a call from a faculty member, in Art History, whose specialty was campus buildings. Mr. Permaul said he got chewed out by the professor, who said he shouldn't call the Student Union Plaza "Lower Sproul" any more. The professor will take him out to lunch and educate him. The professor said that if one looked at the original plans, they say "Student Union Plaza," not "Lower Sproul." It was a mistake that was made on a campus map that labeled it "Lower Sproul," and the professor was insisting that the proper name be used. Mr. Permaul said he promised to use the proper name, so from now on he'll use the name "Student Union Plaza" when referring to Lower Sproul.

Mr. Smith said the bicycle shop was an interesting idea. The only thing that might conflict in Lower Sproul was that people couldn't ride a bike in Upper Sproul without getting a ticket. Mr. Permaul said they would clearly have to walk bikes through the Plaza, especially if some of the things they're proposing come to pass. But they still think there was a place for bicycles in the Plaza.

Mr. Rajan said he would like to thank Mr. Permaul for working on the idea of a bicycle shop, and thought it was a great idea. It was sort of like a pattern he was seeing, also with Tully's, they were saying certain things that made him wonder. Some of the ideas seemed a little outlandish to him. As a freshman there, the biggest thing he heard from Cal-SO was about buying the best bike lock they could, because they were almost guaranteed to have their bike stolen. So when there's a proposal of having free rental bikes, he asked what would keep people from taking them.

Mr. Permaul said they're going to use used bikes. The campus had a tremendous number of bikes it collected on a regular basis that were abandoned and were sold through Rec Sports as salvage. Those bikes would be painted an obnoxious gold or blue, like they do in Paris, and they'd be made freely available. They'd be very easily seen, and Parking and Transportation, which picks up barriers and signage, and puts in posts throughout the campus, would also redistribute the bikes. And P&T would pay the bike vendor to maintain the bicycles. This was not a huge investment for them and was an experiment to see whether or not people would use these bicycles around the campus. In addition, P&T has moved away from the bicycle lock program. Mr. Permaul said he wanted to re-institute that program and wanted the Auxiliary to sell bicycle locks that were tamper proof, and to provide other kinds of bicycle information. Mike's Bikes currently sponsors both UCPD's bicycle police and the City of Berkeley bicycle police, as well as the Cal cycling team. So the Auxiliary would like to make this "bicycle central." Mr. Permaul said he would like to see bicycles take back the streets, and see Mike's sponsor that kind of activity, perhaps on Friday nights. So they were trying to look at different ways of making bicycle culture a living culture there.

Mr. Rajan said he was just a little concerned. They might call him a cynic, but he felt that while this was a unique spot for an opportunity, there were also very unique challenges associated with even putting a Tully's down there. He thought laptops would be tricky. It's well lit at night, but there weren't that many people down there. He was worrying whether they've adequately planned for these things. Mr. Permaul said he talked to Tully's people about all these things. One reason why they wanted this area active at night was to get away from the dark, foreboding look the area had in the evening. And that was also one reason they moved the Open Computing Facility into the basement of Eshleman, so they could make the Library more vibrant and advertise it. The Auxiliary was determined, and they thought they had some support on the campus, to help them do this. Some of this might not work, but that was okay. What they were doing was taking risks on doing things that were different. They'd see.

Mr. Rajan said he just wanted to make sure that these proposals have taken into account the risks, as opposed to being the most rosy picture they could paint.

Mr. Rhoads said they want Tully's to succeed, and not try to woo them with their 20 laptops, for example. Mr. Permaul said he didn't think the Board heard exactly what Tully's would do. The laptops were not being given away, and wouldn't be sitting out. People would have to check them out. People would turn the machines in to get their ID card and driver's license. Mr. Smith asked about having a fake ID and fake driver's license. Mr. Permaul said that was a concern, and Tully's would have to understand the risks. Mr. Daniels said that was a risk Tully's would have. Mr. Permaul said Tully's also had its own corporate sponsor to bring in the laptops.



Mr. Daniels said that with the bicycle shop, he thought it was correct to point out that this was somewhat unique, particularly from a business point of view and how money would be made. But he still thought there was a niche market there for a bicycle shop. He thought it was worth trying, and thought it was a brilliant idea. Mr. Permaul said it would be a satellite of another bicycle shop that was further away. So they'd be on campus from Monday through Friday, 10:00 to 2:00, servicing bicycles. A tent would go up, 10 X 10, with a guy and a workbench, fixing flats and doing repairs for students. If students knew it was going to be there, it would be a place to stop. It wouldn't make a whole bunch of money. But there were no bike shops nearby, except for Kirim Cycle. And the bicycle shop would also be a green business. It would be another, appropriate type of business for the complex.

Mr. Permaul said that as he mentioned, the flower stand will go to an RFP. They go out to RFP for graduations every year and bring a flower shop on campus during that time. But it would be an actual flower shop they were now looking to bring to the lower Plaza. It would be right at the entrance of the Cal Student Store. There was a location ready.

Ms. Davis asked if they had a flower stand at one point. Mr. Permaul said they did, but it just went away. There were different governments and different management of the Student Union, and things have come and gone. They also had a bicycle shop there before.

#### Discussions with CLL on the Expanded Use of the “Student Union Plaza” and Collaboration

Mr. Permaul said they've been talking to CLL about expanding the use of the Student Union Plaza because the Auxiliary felt there was not enough life down there. He went to the ACUI Conference and looked at possibly purchasing a set of all-weather risers that would be in a semicircle in a certain portion of the Plaza, between April and September every year, and do different types of activities down there. They could have book readings, poetry slams, chamber music, different types of activities than the ones that happen in Upper Sproul Plaza. These certainly would not be for political events down there, and that's not what it would be for. They'd look to create a place where the Jazz Ensemble and other kinds of music groups might want to come and perform on a regular basis.

They're also looking at creating dance areas. That day there was a dance performance in the Student Union Plaza that was well attended. Unfortunately, everybody was sitting on the ground because there was no place else for them to sit. The Auxiliary was working with the Dean's office, which had been looking at this on its own, to create locations where people could do dance, with material to put out on the Plaza to protect people's feet, knees, and bodies while they were rehearsing.

In addition, the Auxiliary would take over the scheduling of the Plaza. Apparently the Dean's office would like the Auxiliary to do that. Since the Auxiliary was doing scheduling for rooms, taking over scheduling for the Plaza was not a big issue. In fact, some departments on campus that don't have scheduling offices were approaching the Auxiliary asking for it to do the scheduling for them as well. The Auxiliary was looking to get concessions for student groups to be able to schedule facilities. So that was good news. They're meeting with Marcia Riley again to talk about possibly taking over the scheduling of Lower Sproul Plaza for groups' various activities. This was all part and parcel of bringing more life to the Plaza.

Proposal to Expand the Coffee Spot to a Satellite Location

Mr. Permaul said they've talked to Haitham Alloun on more than one occasion about helping him to expand his business. Mr. Spivey will talk about the Bear's Lair contracts. They're telling Mr. Alloun and Anna Vu, of Heavenly Healthy Foods, to clean up their acts. Mr. Permaul said he wouldn't go another two years with the Coffee Spot looking the way it does. They're making it very clear that the contract will not be renewed beyond two years unless Mr. Alloun and Ms Vu made an effort to improve their spaces and make them more attractive. But at the same time, the Auxiliary would like to see them succeed. So they've talked to Mr. Alloun about opening up a coffee shop at the Graduate Assembly.

The GA was an Auxiliary facility, and there was a location there with hot water and all the appropriate necessities coffee carts need. In conjunction with the GA, its rear deck was a reserveable facility that could bring activity to them and to that location, and to also provide catering. In conjunction with that, the GA would probably want to discuss terms and conditions with the ASUC about the sharing of revenue. The ASUC needed to listen closely to that. They'd bring a new business to the ASUC at a satellite location, the GA, and bring reservations there. They will have to negotiate how it would be shared between the ASUC and the GA. Mr. Permaul said he wouldn't be part of those discussions, which would be between the GA and the ASUC. But he wanted to put that on the table.

Mr. Spivey said he would request that they move through the agenda items that were public.

Status of the Bear's Lair Vendor Contracts

Mr. Permaul said that he and Mr. Spivey have been working with Helen Levay, of Real Estate Services, to develop a model. After the last meeting, the Board wanted to make sure the financial model being developed for these contracts didn't leave money on the table. They weren't going to present it at that time, but they've worked with Real Estate Services and had a model showing how much below market each vendor was, and actually how much above market some of their vendors were. They'll show that to the Board subsequently, at the next meeting.

Mr. Spivey said the vendors pay a custodial fee and the custodians have received pay raises over the past year and a half. Fees therefore no longer cover custodial services. So the new lease agreement will introduce a new fee for the custodians that actually pays their current salaries.

Mr. Rhoads asked if the lease would cover increases to custodial salaries as they change. Mr. Spivey said they're asking for a percentage above each year to track the possible pay raises.

Status of the English Language Institute (ELI) Contract

Mr. Permaul said the English Language Institute has had a contract for 15 years that has never increased. Mr. Spivey said it was a verbal contract. Mr. Permaul said he didn't know why that was the case. But the Auxiliary will make it formal and will raise the rent.

Mr. Smith asked where it was located. Mr. Permaul said it's on the 4th floor of the Student Union. They pay \$30,000 during the course of the year for classes. Mr. Spivey said they rent two rooms. Mr. Permaul said the contract will be formalized.

Mr. Permaul said that when the seismic project in the Student Union takes place in 2009, the English Language Institute will have to move out of its space. He already told student government that when the OCF relocates, before any decision would be made about the use of the current OCF space, they would temporarily relocate businesses that might be affected by the seismic work into the current OCF space. This space is adjacent to the Multicultural Center, and the students have expressed an interest to turn the OCF space into space that would be associated with the Multicultural Center. It would take an act of the Senate to do that.

Mr. Rhoads said he was pretty sure that was already incorporated into the MOU.

Mr. Permaul said that student government knows that before they could incorporate the space into the MCC, it will be a surge space for seismic relocation. Mr. Spivey said it will be freed up by the fall of '09.

Mr. Rajan asked how ELI's operations would be affected and if they'd pay for something they weren't paying for before. Mr. Permaul said they were paying rent, but it was just a handshake agreement. There was no contract. He didn't know how that worked. Mr. Rajan asked if their rent will go up. Mr. Permaul said it would. Mr. Rajan asked if ELI had an idea of whether they could stay and remain solid. Mr. Permaul said they've already negotiated it with them. They didn't include actual rentals of the rooms since that fluctuated.

#### Listing of the Vacant Position of Student Union Director

Mr. Permaul said that because of the success they've had with their Events Manager, they are listing a Student Union Manager's position. They haven't had someone in that position for 15 years, and they're going to have considerably more revenue that year from Reservations than they've had before. They have a new reservations brochure, and new reservations policies, and they're doing an excellent job in Reservations. They have a new program they're using and he was very pleased with the way that their incumbent was doing. And there could be other people who apply as well.

Mr. Ortega asked about reservations for the rest of the campus. Mr. Permaul said they've talked with Mr. Daniels about the deck of the GA. The Auxiliary would like to bring that facility into the reservations process because they thought it could generate substantial revenue. That revenue would have to be negotiated between the GA and the ASUC. So the Auxiliary would be the broker, essentially.

#### Status of the Campus Technology Sales Assessment

Mr. Permaul said they were supposed to have met on Thursday with Shel Waggener and Associate Vice Chancellor Coley to finish the discussion on technology sales, but there was a family emergency for Mr.

Waggener, so that was postponed. Mr. Permaul said he and Mr. Coley felt very comfortable with the analysis they've done. They've challenged The Scholar's Workstation. TSW presented a model that was to be assessed at this meeting, one that Mr. Coley wholly rejected, a stance Mr. Permaul said he recommended, which was based on their own analysis. They believe there was a true benefit to having technology sales at the Student Union run by Follett. And if Follett got that contract, it's agreed to remodel the whole floor of the Student Union to accommodate that use. The Auxiliary thought a good case was to be made for bringing technology sales to the Student Union. But this was Berkeley, and one never knew what will happen and what decision will be made. Whatever decision was made would be in the best interests of the campus. But the Auxiliary was keeping its fingers crossed. He felt very positive about the financial analysis the Auxiliary did, and a very significant amount of revenue would flow to the ASUC if this model is implemented. It was a very significant amount of revenue.

Mr. Rhoads asked if the campus would give the Auxiliary a Scholar's Workstation. Mr. Permaul said they would. It was a question of whether The Scholar's Workstation was a long term, workable financial model.

Mr. Rhoads asked about computer repairs. Mr. Permaul said Follett would do computer repairs and pre-sale consultation. Mr. Rhoads asked if Follett would run computer sales as a commercial operation or if that would be a campus operation within Follett space. Mr. Permaul said The Scholar's Workstation was proposing having a campus operation in Follett's space. That wasn't a very workable financial model. What the Auxiliary was proposing was for Follett to run it. Mr. Rhoads said The Scholar's Workstation did a lot of work for students, and it was less expensive than going to a corporation. Mr. Permaul said those were things they'd negotiate with Follett. In the contract with Follett, they already have a provision that Follett could do computer sales. But the Auxiliary would want to lay out all the services Follett would run. Follett would still get college discounts its sales of computers. Follett would also be able to sell to the community, which was something The Scholar's Workstation doesn't do. There would be separate discounts for colleges for Dell, Apple, Lenovo, and others. College purchasers and people from the community would pay different prices. There would be a store people could go to for service.

Mr. Ortega asked if this would incorporate student-priced software. Mr. Permaul said it would.

Mr. Spivey said they saw the Stanford model. Mr. Permaul said they went to the Stanford student store and looked at Follett's operation there. It's been extremely successful. There was a repair facility in the back. They did \$10 million of sales every year, and 80% of sales were to students, faculty, and staff, and 20% were to campus entities. Follett would not do campus entities, which would be done through e-commerce on the campus. But the Auxiliary would do all individual sales to faculty, staff, and the community.

Mr. Deutsch said the sales volume at Stanford was over one-third of their total sales, their total business. So it was significant. Mr. Permaul said the commissions they make were often the peripherals. They do about \$2.3 to \$2.5 million with the addition of computer sales for software and components. Follett also said it would do electronic office sales, plasma screens, music devices, those types of things. If they were in closed session he would talk about another concession that Follett was willing to offer to get this business that was extremely unique, something that they didn't even get at Stanford.

Mr. Permaul said he should introduce Mr. Deutsch, the new Manager of the Cal Student Store. Greg Kiryakakis took a job as one of the Regional Managers of Follett and Jeff Deutsch was the successful

candidate for the new Manager's position. The Auxiliary was delighted to have the pleasure of working with him. He wanted to congratulate Mr. Deutsch. (Applause) Mr. Deutsch said he would like to thank them very much.

#### Status of the Bear's Lair Expansion

Mr. Permaul said there was progress with the Bear's Lair expansion and they were doing drawings at that time. Mr. Spivey said the first step was to relocate the bathrooms. The current condition of the restrooms in the Bear's Lair Pub was atrocious, and they need to be literally torn out and not built back.

Mr. Permaul said that one thing he proposed to the Pub was that they put in a self-contained, cleanable bathroom, like they have in the streets of San Francisco. It would be a stainless steel restroom for the men, since the women seem to manage themselves quite capably. The men's restroom would wash itself periodically. The Pub has had to spend an inordinate amount of money repairing the men's restroom. Mr. Spivey said he's never seen doors torn off before. Mr. Permaul said the physical commode was the only thing that hasn't come loose.

Mr. Spivey said the next step after that would be the kitchen expansion. Mr. Permaul said the Pub will present drawings that he'd bring to the Board. Mr. Spivey said the location of the new restroom will be in the food court, by the wall behind the Golden Bear, towards the Cal 1 Card office, that little square would become a restroom. Mr. Spivey said that by using the interior and exterior of the building, they could create two bathrooms.

#### Update on the Brazil Café

Mr. Permaul said he and Mr. Spivey have an appointment next week with the Brazil Café. He wanted to bring them to the deck of the Student Union Plaza. The Café was very persistent and contacts him regularly. He'll report to the Senate that the Brazil Café was inviting everybody to their open house in the near future at their old location. They definitely want to come to the campus.

Mr. Smith asked what their concept was for being on Sproul, and if they'd have a cart. Mr. Permaul said right above where the restrooms were located, there would be a roof of the new, proposed restrooms. They would create a place out there for them. The campus will put him through the wringer on this, but he was going to win. He was determined to win this battle. He felt, and Vice Chancellor Brostrom agreed with him, that the Student Union complex and the Student Union Plaza were completely different. And the Chancellor said so at the ECPC meeting. The Chancellor said that area was a different aspect of the campus and they shouldn't try to run it in the same terms and conditions that they run the rest of the campus, and that they fully intend to make that a commercial location when the Plaza is re-done. There will be commercial businesses all around it. So the Auxiliary fully expects to look at this. What they don't want to do is damage the architectural integrity of the Student Union building.

Future Meetings

Mr. Permaul said they very likely will call for a Special Meeting if they need one to ask the Board for approval on contracts. And they will definitely have a summer meeting. What he needed for the Board was to give him the terms and conditions for contracts to move forward during the summer. Because they're going to need to move forward.

Mr. Rajan asked if they had an undergraduate representatives over the summer. Mr. Dally said they would. They'll nominate the new undergrad representative within a week, he hoped, and they would officially join the Board as of the Board's next meeting.

Mr. Smith asked how the summer meeting worked. He didn't think they had one last summer. Mr. Permaul said they would like to hold one in early June. Mr. Dally said their rules call for a meeting to be held between June and August. That was somewhat of an old definition because the academic calendar was different in 1998, when the Charter was put together. It's basically a regular meeting, and it was just an issue of getting people to campus.

Ms. Davis asked if this was their last meeting of the semester. Mr. Permaul said they'll have a meeting in May and then they hope to have one in early June. And if they need to have a Special Meeting they will, but it would have to avoid final exams. Mr. Dally said it would be on the 13th, the second Tuesday of the month.

Mr. Permaul said he just wanted to note that he got an invitation from the Chancellor of UC San Diego inviting him to the opening of their new Student Union. He wasn't going, but would send a gift. Ms. Davis UC San Diego did the whole thing in less than ten years. Mr. Permaul said the Student Union, the Price Center, was a make-up of the one at Berkeley. They have a scrolling, rounded, electronic sign, a movie theatre, all kinds of stuff. But some day Berkeley's will be wonderful, and would happen before he and Ms. Davis left the campus.

Ms. Davis said the official signing of the Multicultural Center Memorandum of Understanding will be on Wednesday at 3:15 at the MCC.

Mr. Dally called for any other business.

Mr. Ortega asked if a request could be made to the Brazil Café that they have non-meat, non-dairy options. Mr. Permaul said he would talk to them about that. He thought they were very open to whatever people would like.

Mr. Dally said that seeing no further business, the meeting was adjourned. He wanted to thank them very much.

This meeting adjourned at 6:55 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.
- 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.

Decisions of the Board

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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

December '07 Heard a presentation by CUBS.

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.

Decisions of the Board (cont'd)

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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.

## STORE OPERATIONS BOARD MINUTES

May 6, 2008

Present: (Members and others)

Taylor Allbright  
Ron Coley  
Matt Dally  
Barbara Davis  
Victoria Harrison

Van Nguyen  
Arturo Ortega  
Nadesan Permaul  
Nish Rajan  
Dave Rhoads

Jordan Smith  
Tom Spivey  
Oliver Williamson  
Roxanne Winston

### **SUMMARY OF THE MEETING**

This regular meeting concludes the Spring Semester. It was called to order at 5:15 p.m. in the 4th floor conference room, Eshleman Hall.

#### **CHANGES IN BOARD MEMBERSHIP**

Prof. Cluff will be leaving the Board due to scheduling conflicts and the process will start to find a new faculty representative. It would be filled through the Academic Senate and the Chancellor.

#### **Summer Meeting**

Current ASUC Executives will be out of office on May 27, so new Executives would be at a summer Board meeting.

Mr. Dally's term was up. He'll talk to Mr. Rhoads about attending the summer meeting.

#### **Year-End Report**

Mr. Dally will prepare a Year-End Report, as required by their rules. It's basically a summary of ASUC businesses. This hasn't been prepared in the past, and it would be available for the June meeting.

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

#### **Status of the Seismic Renovation Project**

Work to seismically reinforce MLK has been delayed by the campus for over a year. The original plan did not conform to OP requirements. The Vice Chancellor for Student Affairs had decided on the scope of work and notified the OP. After the VC stepped down, the campus Budget Office checked back with

the OP project's scope, and the OP did not accept the terms. So the campus had to re-do and re-present the project.

The project has gone from approximately \$3.5 million between \$12-13 million and will involve a new component. The original components were the seismic reinforcement of the Tilden Room and the seismic bracing of Pauley Ballroom. But now shear walls have been added. These will be run all the way to the basement and dramatically increase costs. This will have a significant impact on commercial operations, including the Bears Lair food court, the Cal Student Store, and the Pub.

John Zilber, the Project Manager for this work, will release a report in June, detailing the impact on the Auxiliary and its commercial activities. Because of these projects, Pauley Ballroom will be unavailable from March 1 through September 1, 2009. The Auxiliary was looking for surge space as a significant number of large student activities occur. The commercial impact to the Cal Student Store could be serious, as it generated much of the Auxiliary's revenue; and August and September was one of the heaviest times of revenue generation. They may need to look for surge space for the Store.

Mr. Zilber will also release another report in June, dealing with Eshleman Hall. The campus wants to find out what it would take to seismically reinforce the building if a replacement project for the Student Union complex didn't start for a number of years.

MLK was now seismically "poor," and the work would take it to "good." The \$13 million would not include any other upgrades to MLK.

It was noted that the campus was taking a piecemeal approach, and a concern was expressed that this work on MLK and Eshleman would remove them from Lower Sproul redevelopment planning. Mr. Zilber said there was no intent to stop planning. One goal was to not lose this work when new renovations occur.

This work could potentially delay renovations of the Convenience Store location, for the coffee shop. It wouldn't make sense for a vendor to do renovations in the fall of '08, open in the spring of '09, and close two months later. The space for Panda Express wouldn't be impacted by these renovations. Renovation to the area where technology sales might be located would also be delayed.

#### Status of the Technology Sales Assessment

Mr. Permaul and Mr. Coley will meet with the Work Group on technology sales. An analysis was done by IS&T and the ASUC, and they'll go over that. There was a strong case for technology sales coming to Follett at the ASUC.

#### ACTION ITEMS

The meeting entered into closed session to discuss leases.

#### ESI (English Language Institute) Lease, Bear's Lair Vendors, and Daily Californian Leases

In open session, by unanimous voice-vote, the Board authorized the Auxiliary to renegotiate leases with Bear's Lair Food Court vendors, ESI (English Language Institute), and the Daily Californian.

Letter of Intent for Leases with a Flower Vendor and a Bicycle Vendor

By unanimous voice-vote, the Board authorized the Auxiliary to negotiate leases with a flower vendor and a bicycle vendor.

Letter of Intent for a Lease with Panda Express and a Major Coffee Vendor

By unanimous voice-vote, the Board authorized the Auxiliary to negotiate leases with Panda Express and a major coffee vendor.

Letter of Intent for a Lease with the Coffee Spot for Cart Operations

By unanimous voice-vote, the Board authorized the Auxiliary to negotiate an addendum to the lease with the Coffee Spot to begin coffee cart operations on the ASUC premises at Anthony Hall. This would go forward pending approval of appropriate campus agents.

Leases will be brought back for review by the Board, and signed by authorized agents of the University.

SUMMER MEETING

Mr. Dally said he would contact new ASUC Executives and Mr. Rhoads, the new undergrad rep, and they'd try for a meeting in early June. The Board will need to elect a vice-chair at that time.

OTHER ITEMS

Follett has become part of the Fair Labor Association for the manufacturing of collegiate products. It's the first retailer in the country to have fair labor requirements for all its vendors.

University Health Services and RSSP have asked the Auxiliary to consider selling over-the-counter drugs, such as aspirin, through Auxiliary vending machines, to make things more convenient for students. This was brought up to the Senate, which wanted to go ahead with it.

There will be attempts to increase mental health services for students, with potential rental money for the Auxiliary. The Auxiliary has talked to the Director of Counseling and Psychological Services about walk-in space.

It was suggested that the ASUC send a letter to Follett indicating their approval of Follett's initiative with the Fair Labor Association

The record was asked to reflect the Board's acknowledgement of the extraordinary service by Mr. Nguyen and Ms. Allbright during a challenging year for the ASUC Auxiliary Board, and to express how grateful and appreciative the Board was for their energy, effort, and input.

The meeting, concluding the Spring Semester, adjourned at 7:19 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 Matt Dally at 5:15 p.m. in the 4th floor conference room, Eshleman Hall.

#### APPROVAL OF THE MINUTES

Mr. Dally said he would entertain a motion to adopt the minutes from the March meeting. It was so moved and seconded by Mr. Smith and Mr. Nguyen. THE MOTION TO APPROVE THE MINUTES OF THE MARCH 11, 2008 BOARD MEETING PASSED UNANIMOUSLY BY VOICE-VOTE.

Mr. Dally said he would entertain a motion to approve the minutes from the April SOB meeting. It was so moved and seconded by Mr. Smith and Ms. Davis. THE MOTION TO APPROVE THE MINUTES OF THE APRIL 6, 2008 BOARD MEETING PASSED UNANIMOUSLY BY VOICE-VOTE.

#### APPROVAL OF THE AGENDA

Mr. Dally said there were a couple of amendments to the agenda. There was new business regarding membership changes, a little about summer meetings, and the year-end report. He called for a motion to approve the amendments and the agenda. It was so moved and seconded by Mr. Nguyen and Mr. Smith. THE MOTION TO APPROVE THE AMENDMENTS AND THE AGENDA PASSED UNANIMOUSLY BY VOICE-VOTE.

#### CHANGES IN BOARD MEMBERSHIP

Mr. Dally said that Prof. Cluff will be leaving the Board due to scheduling conflicts, so they'll start the process of finding a new faculty representative. That would be done through the Academic Senate and the Chancellor, and they will be notified about the opening.

Mr. Dally said his term will end after that meeting and the new undergraduate representative, David Rhoads, will take his spot. That meant that at its next meeting, the Board will need to elect a new chair and vice chair.

#### SUMMER MEETING

Mr. Dally said different people who could attend a meeting in the summer depending on when it was held. If it was held in June, it would be the current Executives, and if it held in July, it would be next year's Executives. Mr. Nguyen said the current Execs will be out of office on May 27. Mr. Dally said that the new Execs, then would be in attendance for the summer meeting. Since they'll have new Executives, he didn't think the Board could schedule a meeting at that point, and they'd have to schedule one over the summer, and determine whether it would be in June or July.



Mr. Permaul said the ASUC President-elect and the EVP, he believed, have both indicated they'll be in Berkeley in June. So that would bode well for a meeting. Mr. Dally said he'll be in touch with them. Or, the new chair might.

Ms. Davis asked if he'll continue as Chair for the summer meeting. Mr. Dally said he didn't plan on it. He'll probably have scheduling conflicts. In addition, his two-year term was technically up around April or March. So it would probably be better if the new undergraduate representative came on.

Ms. Davis asked who the Board Vice Chair was. Mr. Nguyen said he was, and he would also be leaving. Mr. Permaul said they needed to have some continuity, so they should talk about that. Mr. Dally said he would imagine they should get the new undergraduate representative there at the summer meeting. He'll talk to Mr. Rhoads and see if he could attend during the summer.

Mr. Dally said that as far as contracts went, he asked if there was a specific need to have a meeting in June or July. Mr. Permaul said he would prefer a meeting in June. Mr. Dally said there was some conflict in the Charter. It states that the new members start July 1, but it also says the undergrad rep's term was only two years. Given that was the case, Mr. Dally he would stay on for the June meeting; but he'll talk to Mr. Rhoads.

#### YEAR-END REPORT

Mr. Dally said he'll prepare the Year-End Report, which was basically a summary of ASUC businesses. He couldn't think of the last time this report was prepared, so it will be a little difficult to decide what to include. The statement of understanding didn't have a very robust description of what the report was supposed to include, but he'd research that, and have that for the June meeting.

#### REPORT FROM THE DIRECTOR

Mr. Permaul said the first two items were not in closed session. He thought they'd need to decide, after that, if they'll admit everyone into the room into closed session. He just wanted to point that out.

#### Status of the Seismic Renovation Project

Mr. Permaul said this was a complex story. He wrote to Board members about it and he hoped they had a chance to read the description. The seismic reinforcement project for MLK has been delayed by the campus for a period of over a year. The reason was because the original program for the project did not conform to the requirements of the Office of the President. The Vice Chancellor for Student Affairs had decided on the scope of work and notified the OP by letter as to how that scope would look. After the Vice Chancellor stepped down from his role, the campus Budget Office decided to check back with the

OP on the terms of the scope; and the OP did not accept those terms. So the consequence was that the campus had to re-do and re-present the project.

The project has gone from approximately \$3.5 million in scope to a project that was between \$12-13 million. The work will involve one component that wasn't there previously. The two components that had previously been articulated were the seismic reinforcement of the Tilden Room and the seismic bracing of Pauley Ballroom. But now, added to that has been shear walls that will be run all the way to the basement and which dramatically increases the cost of the project.

Mr. Permaul said this will also have a significant impact on the commercial operations of the ASUC. It will impact the Bears Lair food court, the Cal Student Store, and the Bear's Lair Pub. There will be a direct impact on the Student Store, all the way through the Store, to the basement.

Mr. Permaul said he and Mr. Spivey met with John Zilber, the Project Manager for this project. Two reports will come out in June. One will detail the impacts the work will have on the Auxiliary and its commercial activities. Mr. Permaul said that he suggested to Mr. Zilber that they set aside the Tilden Room and Pauley Ballroom. For these projects to be done, they'll have to put aside Pauley Ballroom from March 1 all the way through September 1, 2009. Mr. Permaul said he told Mr. Zilber that they need to work around the impacts that will occur to students who need to use these facilities. Losing Pauley Ballroom appears to be a done deal. The Auxiliary was looking for surge space. As he told Ms. Allbright when they met last Friday, they're looking to replace this space for student groups who will be severely impacted from March through April, when a significant number of large student activities occur that normally would be scheduled at Pauley and other rooms.

Mr. Permaul said he also wanted to try and reduce the impact this work would have on commercial activities during the summer. If there was also a commercial impact to the Cal Student Store, that would be a serious matter, as it generated much of the Auxiliary's revenue. In particular, one of the heaviest times of revenue generation for the Cal Student Store was the months of August and September. And they may also need to look for surge space for the Store.

Mr. Permaul said he left these matters with Mr. Zilber, who will take all this into consideration in looking at the impacts of the project.

Mr. Permaul said the second report had to do with Eshleman Hall. The campus apparently feels that it needs to do due diligence with regard to continuing to occupy Eshleman Hall, and to find out what it would take to seismically reinforce the building if, for example, they were not able to start a replacement project for the Student Union complex for a number of years. So another report will come out in June detailing what it would take to seismically reinforce Eshleman Hall.

Mr. Permaul said that when these reports come out, he'll share them electronically, through the Chair, with Board members. They should be on the Board's agenda, to talk about the impacts. He was certainly keeping Mr. Coley apprised of what the potential financial impacts could be to the ASUC if the Cal Student Store was seriously affected during the summer.

Ms. Davis asked if MLK was now seismically "poor," with this work taking it to "fair" or "good." Mr. Permaul said the work would bring the building up to the rating of "good." Ms. Davis asked if it was currently seismically "poor." Mr. Permaul said it was.

Ms. Allbright said that MLK was higher on the priority list than Eshleman based on a formula and the number of people who use the facilities.

Ms. Davis asked if the \$13 million would not include any code upgrades, work on HVAC, or on deferred maintenance. Mr. Permaul said it wouldn't.

Ms. Davis said this was a case, again, where the campus, piecemeal, approached a project that now has ballooned in scope, without stepping back to consider the totality of what this project would cost to do things right. She was extremely puzzled by the rapidity with which the concerns about MLK and Eshleman have surfaced when the campus has known about them for 12 years. There could have been a thoughtful planning process, and now they'll seismically brace Eshleman to deal with its seismic problem and they'll never get Lower Sproul renovated. Once this work on MLK was done, MLK would be off the table for anything to be done around Lower Sproul. Once they do the bracing for Eshleman, Eshleman would be off the table. She asked who was making these decisions. She didn't mean to be yelling at Mr. Permaul, but she was just so frustrated.

Mr. Permaul said he raised all the questions Ms. Davis did. Mr. Zilber's comment about MLK was that there was no intent to stop the planning for the replacement of MLK. Ms. Davis asked if that was the case even if they spent \$13 million. She asked who thought that would be a good idea. Mr. Permaul said he asked that very question, and asked if the campus was prepared to spend that much money to seismically reinforce the building, and still carry on with the Lower Sproul project, and Mr. Zilber's answer was that the campus was prepared to do that. Mr. Permaul said he knew that Cathy Koshland was aware of this.

Ms. Davis said it wouldn't make sense to spend \$13 million and then have to spend another \$30 million to re-do the building, or \$50 million. Mr. Permaul said that one goal in the planning process would certainly be to ensure that any seismic work that was done to the structure would not be lost in new renovations. One could still gut the building, presumably, and even possibly expand it without losing the investment in the bracing of the space that was occupied by Pauley. The roof structure, Tilden, would be reinforced. The construction of the shear walls could possibly get in the way of any other physical planning around the building. But given that the shear walls represented the most serious elements of liability for the building, he'd guess they couldn't get around installing them.

Ms. Davis asked why people didn't know about this before, and asked when it first came out that the shear walls had to be done. Mr. Permaul said it wasn't specifically that the shear walls had to be done, but a decision was made, as he was told, by the Vice Chancellor of Undergraduate Affairs, not to spend more than was absolutely necessary for the seismic reinforcement of the building. Ms. Davis asked if that was Genaro Padilla. Mr. Permaul said it was. Mr. Padilla wrote a letter to the OP indicating that the only work that would be done was Tilden and Pauley. But that wasn't in compliance with the code the OP has for seismic reinforcement of these buildings. So the Budget Office on campus revisited the project when Vice Chancellor Padilla stepped down, and what triggered the reassessment and the delay was the OP telling the campus that it had to be in compliance.

Ms. Davis asked if Capital Projects was taking point on this, or if it was Ms. Koshland's office. Mr. Permaul said he would assume it was Capital Projects, because that was whom the Auxiliary was working with.

Ms. Davis said she found this extremely frustrating. Mr. Permaul said there were a couple of concerns he had about this. One was that it could also potentially delay plans to renovate. Plans to renovate the Convenience Store location would be delayed, where the coffee shop would be. Because the work now had to be done in the late spring and into the fall, it wouldn't make sense for the Auxiliary to possibly bring a vendor in to do renovations in the fall of '08, to open in the spring of '09, only to close two months later. So Mr. Permaul said he and Mr. Spivey had to work on the negotiations with their potential vendors about this. They may be able to use the space that Panda Express was looking at because it wouldn't be impacted by these renovations.

But there was also the area that could be used for technology sales, because the work that would be done with the shear walls would go right through the area the technology section would be located. That could have an impact on timing that Mr. Permaul said he and Mr. Coley had to deal with in their negotiations to bring technology sales to the ASUC. So there were a lot of complexities in this matrix. As soon as they find out more information, he would certainly share it with the Board.

#### Status of the Technology Sales Assessment

Mr. Permaul said he and Mr. Coley will meet very shortly with the Work Group on technology sales. There had been a delay for unanticipated and unexpected reasons, a family emergency. But they'll get together shortly. An analysis was done by IS&T and the ASUC, but they need to sit down with their colleagues and hash out the analysis. As he's told the Board before, Mr. Permaul said he thought the Auxiliary did a good job on the analysis and thought there was a strong case for technology sales coming to Follett at the ASUC. But that was a decision that had to be made in light of the best interests of the campus. So they'll see how this works itself out. This could involve considerable revenue to the ASUC if those sales were to come to Follett.

#### ACTION ITEMS

#### ESI (English Language Institute) Lease, Bear's Lair Vendors, and Daily Californian Leases

Mr. Permaul said the Board would normally go into closed session and he thought they need to entertain a motion on whether or not the Board wanted to invite others to remain.

Mr. Dally asked if next year's EVP was coming to the meeting. Ms. Allbright said she said she was. She had class, but said she'd try and stop by. Mr. Dally said the Board would include her in the motion to remain during closed session, as well as Mr. Spivey and President-elect Winston. Ms. Allbright said that Senators were automatically allowed to remain for executive session.

Mr. Dally called for a motion to meet in executive session, with the above people included. It was so moved and seconded by Mr. Nguyen and Ms. Allbright and passed with no objection. This meeting entered into closed session, to discuss leases.

Back in open session, Mr. Dally asked if Mr. Permaul wanted to consider each letter individually. Mr. Permaul said he thought they had to.

Mr. Dally said the first action item dealt with leases with the Bear's Lair vendors, ESI, and the Daily Californian:

1. Language Authorizing the ASUC Auxiliary to renegotiate and sign leases with the Bear's Lair Vendors, ESI (English Language Institute), and the Daily Californian.

"The Store Operations Board, pursuant to Article 3, Section 3.1 (Establish Standards for ASUC Commercial Operations) delegates to the ASUC Auxiliary the task of completing and executing a third-party vendor leases for the vendors at the Bear's Lair Food Court, and with the Daily Californian. Final drafts of all leases will be sent to Board members prior to signing for their individual comment, and will be reviewed with AVC Ron Coley as the Auxiliary management oversight."

Mr. Dally called for a motion. A motion to approve action item #1 was made and seconded by Mr. Rajan and Mr. Smith. **THE MOTION TO APPROVE ACTION ITEM #1, AUTHORIZING RENEGOTIATED LEASES WITH BEAR'S LAIR VENDORS, THE ENGLISH LANGUAGE INSTITUTE, AND THE DAILY CALIFORNIAN, PASSED UNANIMOUSLY BY VOICE-VOTE.**

#### Letter of Intent for Leases with a Flower Vendor and a Bicycle Vendor

Mr. Dally said the second action item dealt with authorizing leases with a flower vendor and bicycle vendor:

2. Language Authorizing the ASUC Auxiliary to negotiate and sign leases with a flower vendor and a bicycle vendor to provide services at the ASUC.

"The Store Operations Board, pursuant to Article 3, Section 3.1 (Establish Standards for ASUC Commercial Operations) delegates to the ASUC Auxiliary the task of completing and executing third-party vendor leases for flower sales and a bicycle repair operation in ASUC managed space."

Final drafts of all leases will be sent to Board members prior to signing for their individual comment, and will be reviewed with AVC Ron Coley as the Auxiliary management oversight."

Mr. Permaul said he would add a caveat, that they would take into account all the input received at this meeting. Mr. Permaul said it was the language within the quotes that the Board would be authorizing.

Mr. Dally said he would entertain a motion to vote. A motion to approve was made and seconded by Mr. Smith and Mr. Ortega. **THE MOTION TO APPROVE ACTION ITEM #2, AUTHORIZING LEASES WITH THIRD-PARTY VENDORS FOR A FLOWER SALES AND A BICYCLE OPERATION PASSED UNANIMOUSLY BY VOICE-VOTE.**

Letter of Intent for a Lease with Panda Express and a Major Coffee Vendor

Mr. Dally said the next action item dealt with authorizing a lease with Panda Express and a major coffee vendor:

3. Language Authorizing the ASUC Auxiliary to negotiate leases with Panda Express and a major coffee vendor to propose leases for approval at the Store Operations Board.

“The Store Operations Board, pursuant to Article 3, Section 3.1 delegates the negotiation of terms and conditions for leases with Panda Express and a major coffee vendor to the ASUC Auxiliary, to be reviewed by the Board if those terms are available, at its summer 2008 meeting. Then, if deemed ready for approval by the Board, the lease will be signed by authorized agents of the University and implemented by the ASUC Auxiliary.”

Mr. Permaul said he changed the language to be a “major coffee vendor” under the possibility that the Auxiliary might have another vendor come in at some point. These will be brought back to be reviewed by the SOB, and the lease would be signed by the authorized agents of the University.

A motion to approve was made and seconded by Mr. Rajan and Mr. Smith. **THE MOTION TO APPROVE ACTION ITEM #3, AUTHORIZING LEASES WITH PANDA EXPRESS AND A MAJOR COFFEE VENDOR, PASSED UNANIMOUSLY BY VOICE-VOTE.**

Letter of Intent for a Lease with the Coffee Spot for Cart Operations

Mr. Dally said the fourth action item dealt with authorizing lease with the Coffee Spot for cart operations:

4. Language Authorizing the ASUC Auxiliary to negotiate, sign and implement an addendum to the lease with the Coffee Spot to begin coffee cart operations on the ASUC premises at Anthony Hall.

"The Store Operations Board, pursuant to Article 3, Section 3.1 (Establish Standards for ASUC Commercial Operations) delegates to the ASUC Auxiliary the task of completing and executing a third-party vendor addendum with the Coffee Spot, pending review and approval of a cart and satellite service concept by appropriate campus agents, to begin coffee cart operations on the premises of the ASUC's Anthony Hall."

Mr. Permaul said this would be pending the approval of appropriate campus agents.

A motion to approve was made and seconded by Mr. Smith and Mr. Ortega. **THE MOTION TO APPROVE ACTION ITEM #4, AUTHORIZING A LEASE ADDENDUM WITH THE COFFEE SPOT FOR COFFEE CART OPERATIONS, PASSED UNANIMOUSLY BY VOICE-VOTE.**

Mr. Permaul said he would like to thank the Board very much for the approvals.

### SUMMER MEETING

Mr. Dally said that for the summer meeting, he'll be in touch with the new Executives as well as with Mr. Rhoads, and he'd get back to everyone within a week.

Mr. Coley asked if he was going to target a meeting for June. Mr. Dally said he would. Mr. Coley said he thought it was very important to have the summer meeting early in the summer. Mr. Dally said he would try for early June, probably no later than the second week.

Mr. Dally said that at the next meeting the Board will need to elect a vice-chair.

### OTHER ITEMS

Mr. Permaul said he would like to bring up two more points before people left. He wanted to point out that Follett has become part of the Fair Labor Association for the manufacturing of collegiate products. He had a copy of the notice that he'd send around. Follett was the first retailer in the country to have fair labor requirements for all of its vendors. Mr. Permaul said he reported this to the Senate at its last meeting, and said people should be very proud that their vendor was doing this.

Mr. Permaul said the other issue he wanted to let the Board know about was that the University Health Services and RSSP asked the Auxiliary to consider selling over-the-counter drugs, such as aspirin, through Auxiliary vending machines. He asked the Senate if they had concerns about that, and members of the Senate wanted to go ahead with this.

Ms. Davis asked why they wanted to do this. Mr. Permaul said that otherwise, students had to go all the way off-campus to Walgreen's or UHS. UHS and RSSP think it would be more appropriate to make these items available on campus. Ms. Davis asked if this would be money to go to Tang. Mr. Permaul said it would go to the ASUC. Ms. Allbright said it would be like they have at airports.

Ms. Davis said that another point to raise was that she just came from a meeting and there will be attempts to increase mental health services for students. One big drawback was space, and there might be some potential rental money for the Auxiliary. She suggested that people working on this talk to Mr. Permaul about MLK or Eshleman. Mr. Permaul said the Auxiliary actually spoke to the Director of Counseling and Psychological Services and suggested that the Auxiliary would like to have walk-in space. The Senate expressed an interest in having these kinds of services readily available to students. Mr. Permaul said he hasn't heard back from UHS and RSSP, so he was delighted to hear Ms. Davis make that report.

Ms. Davis said money used for this was probably Phase I money, and there was still a question as to whether there was any more. But there was likely to be a fee increase, as students knew. So there will be additional money for mental health. Mr. Permaul said the Auxiliary would be delighted to talk with them. Ms. Davis said someone will give the Auxiliary a call.

Mr. Coley said that if the new Executives were pleased with the Follett initiative with the Fair Labor Association, it would be a good thing to send them a letter. He asked if the ASUC could see to that. Ms. Allbright asked if he was asking that to come from the Executives. Mr. Coley said a letter from ASUC government would go a long way. Ms. Allbright said she would talk to Mr. Nguyen about that.

Ms. Davis asked if everyone was returning for the June meeting. Mr. Smith said he'll probably be working, and probably wouldn't be able to attend. Mr. Dally said he'd be there. The Executives will be changed out. Mr. Ortega said he'd be gone for that meeting. Ms. Allbright said she and Mr. Rhoads were the undergrad members.

Ms. Davis asked if this was Ms. Allbright's last meeting. Ms. Allbright said that would be in June. Ms. Davis asked if Ms. Allbright and Mr. Nguyen will be at the June meeting. Mr. Permaul said they'll have new ASUC Officers.

Ms. Davis said she would ask the record to officially reflect the extraordinary service by Mr. Nguyen and Ms. Allbright during a challenging year for the ASUC Auxiliary Board, and how hard they worked and how much they contributed, and how much the Board was grateful and appreciative of all their energy, effort, and input to the Board's decision-making processes. (Applause)

Ms. Allbright said she'd tell Mr. Nguyen to read the minutes.

Mr. Dally said that on that note, the meeting was adjourned.

This meeting, concluding the Spring Semester, adjourned at 7:19 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.
- 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.

Decisions of the Board

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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

**May '08** **Approved letters of intent to: renegotiate leases with Bear's Lair Food Court vendors, ESI (English Language Institute), the Daily Cal; to negotiate leases with a flower vendor, a bicycle vendor, Panda Express, and a major coffee vendor; and to amend the Coffee Spot lease for coffee cart operations at Anthony Hall.**

December '07 Heard a presentation by CUBS.

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.

Vendors (cont'd)

- 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 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.

Vendors (cont'd)

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.
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.
- 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.

Decisions of the Board (cont'd)

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Budget (cont'd)

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

July 16, 2008

Present: (Members and others)

Scott Armstrong	Victoria Harrison	Dave Rhoads
Ron Coley	Krystle Pasco	Pedro Robin, Brazil Café
Miguel Daal	Nadesan Permaul	Tom Spivey
Matt Dally	Peter Quintin	Bryan Thomas, Daily Cal
Barbara Davis	Nish Rajan	Roxanne Winston
Lynn Ferreira, Brazil Café	Diane Rames, Daily Cal	

### **SUMMARY OF THE MEETING**

This meeting, the Board's summer meeting, was called to order at 5:12 p.m.

#### **NEW BUSINESS**

##### **New Officers Introduced**

By e-mail election, Mr. Smith and Mr. Rhoads were elected Chair and Vice Chair.

Introductions were held.

##### **Presentation by the Daily Californian to Present the Financial Condition of the DC**

Mr. Thomas, Editor-in-Chief, and Ms. Rames, General Manager, were present to give an overview of how the Daily Cal was adapting to changes in the market place. There's been a significant downturn in the economic climate in the last few months, particularly for print media and newspaper advertising. The paper ran entirely based on advertising revenue, with a budget of about \$1 million a year. For the last year they finished down \$158,000. Print advertising was down everywhere. Papers were going out of business or cutting back in size.

The paper was looking at every single item of advertising revenue and was seeking new sources of revenue, with video advertising, a Daily Dining Guide, and the Press Pass. They have also significantly scaled back virtually every job. Staff were almost all UCB students, with five professional staff. Ms. Rames was the only full-time professional staff. About 150 students work at the paper per semester, and the paper will cut that number by about 25%.

Another major change will be to scale back production days in the Fall Semester, through the spring, and to no longer publish a Wednesday paper, starting the second week of school.

Even with these changes, the Daily Cal was in a very risky budget scenario. Their current budget, starting July 1, had the paper in the black by only about \$8,000 for the year. They generally like to budget being

in the black for the year by about \$100,000. If a few advertisers drop off, or they lose just a few single ads, the paper would be in the red.

The paper prints 10,000 copies, down from 38,000. Distribution is audited by day and by location.

The paper will also change the ad-to-print ratio, meaning more ads and a reduction in content. They work aggressively to keep news updated more on the Web site, which will continue to grow.

Other university newspapers were either directly funded through the school or through student government. The Daily Cal has been independent since 1971. The paper's income was just from ads, \$1 million in the last few years, but lower that past year and an even lower amount projected for the coming year.

The Daily Cal's "Rental Agreement Proposal for 08-09 Fiscal Year" was distributed. The paper paid the ASUC \$3,860 a month for rent. Utilities and janitorial was \$1,201, for a total monthly cash outlay of \$5,061, a little under \$61,000 annually. The paper also had a 30-page ad trade with the ASUC, contractually valued at \$34,680. These rates have been steady over the last five and a half years.

The paper was seeking a 20% reduction in the cash amount for the base rent. Total yearly cash outlay would be \$51,468. The ASUC would still get 30 pages of ads, \$45,840, and would get an additional five pages, with the recommendation that they be for promotional efforts to raise funds through MLK, or promote activities there. The cash outlay for the paper would be less, but because of the rate adjustment and the additional five pages, the value to the ASUC was increased by \$9,500. The paper suggested a one-year rental agreement and didn't feel comfortable signing a longer agreement. The paper wanted to aggressively partner with the Student Union in using the additional ad space. If adopted the proposal would add about \$9,000 into the black, to a projected \$17,000 whereas they like that budget \$100K in the black. The paper has survived by aggressively collecting outstanding invoices.

Ms. Rames would work with the students to get the most benefit from the ASUC's pages. Interest was expressed to see a return on investment and whether \$30,000 worth of benefit was received.

It was suggested that that an exchange be explored that involved online advertising.

A question was raised as to whether the paper's financial model was sustainable, or if it needed to get a partner in the private sector. In response, it was noted that any easy answer would have been found by other papers. The paper was trying to increase online revenue, create partnerships, and to figure out the appropriate model. Ninety-five percent of revenue came from the paper. Hopefully the Auxiliary could see opportunities to point businesses to the paper.

It was suggested that the Auxiliary talk with student government to get a sense of what they'd like to do.

#### Presentation from the Brazil Café for a Food Stand

Students have suggested having the Brazil Café come to campus. The location being proposed was a kiosk on the top of the north wall of the Bears Lair food court, for year 'round operation, with seating.

Present for the Café were Ms. Ferreria and Mr. Robin, who have been talking with Mr. Permaul about this for a couple of years. Eighty percent of the people eating at the Brazil Café on University Ave. were students and faculty, and they were excited about TBC coming there.



The kiosk would be 16 X 12. A drawing of a possible design was submitted, with windows in the front and on the side, nice plants, palm trees, tables, chairs, umbrellas. Hours could be extended to 8:00 or 9 p.m. They'd have to determine how much cooking would be done there. Most of their cooking was now done at the second Café location on Shattuck. The menu had a lot of items that didn't require cooking.

The Auxiliary was seeking authorization from the Board to formally investigate this. A PRR would be opened and the proposal would be reviewed by the campus and the Fire Marshall.

As to whether the Café would get the same sort of traffic they normally get with a kiosk on campus, the Café thought they'd have a whole new clientele on campus.

The Café knew about the difficulty of getting campus approval.

The only other open commercial space was where STA Travel had been. The Cal Student Store will also have some space at some point, but wanted high-volume traffic there. But the Auxiliary wanted to develop the western deck and bring more life there.

It was noted that the campus would be extraordinarily conservative for something like this. The Auxiliary realized approval would take a long time and might not be granted.

The Auxiliary has asked the Coffee Spot and Healthy Heavenly Foods to provide plans to improve their sites in order to have their contracts be renewed. Those vendors could be approached about their space.

STA Travel has moved out and owes the Auxiliary about \$46,000. STA has proposed to bring in Kaplan, which was interested in having a site on the campus.

The kiosk on University Ave. would remain open. The Café wasn't certain about retaining its Shattuck location. They believe that the market was there.

By unanimous voice-vote, the Board approved the concept of bringing The Brazil Café to the ASUC.

#### End-of-Year Report from the Outgoing Chair

Mr. Dally submitted a draft of the Year-End Report. Such a report hadn't been done before. It summarized significant events that year. The report would be approved by e-mail.

Recommendations included filling faculty vacancies on the Board, having Board committees operate, as outlined in the Charter; not taking as long to make decisions, which kept people on the hook, could imperil vendor interest, and wasted time for other things; continuing to balance introducing large businesses with numerous smaller ones; a note about expenses going up; continuing to subsidize some operations, which they could do because of profit from more successful businesses; and working on old problems, such as having Bear's Lair merchants pay market rate and dealing with a lot of empty space, which should probably be the focus of the Board's energy.

Mr. Dally was commended and thanked for his service on the Store Operations Board.

#### REPORT FROM THE DIRECTOR

### Flower Vendor RFP

Two proposals for a flower vendor will be brought to the Board electronically. The space had been used by a previous flower vendor. The proposed location will be brought to Capital Projects.

### Closure of STA Travel and Its Proposal for an Alternative Vendor to Assume Its Contract

STA Travel has closed its stores nationally. It owed the Auxiliary \$46,000 and has proposed to bring in Kaplan to pick up its contract and get out of that amount. An option was to have the Brazil Café at that location. This will be discussed with the ASUC.

### Concept by John Martin and the Bear's Lair Pub Expansion

The Pub would like to build a burger bar within its existing space and to re-do the fencing.

The bathrooms in the Pub were inadequate, unattractive and close off the Pub to the outside. As has been mentioned, the Auxiliary was looking to relocate them to the alcove in the Food Court. Design Review will do an evaluation. Until a determination was made, the Auxiliary could not do anything in the Pub.

### Bicycle Maintenance Service

The bicycle people said they could set up anywhere and were excited to come to campus. Possible locations included outside the proposed bathroom by the Food Court, underneath the stairwell across from STA Travel, and by Eshleman. Nighttime storage space would be needed for its equipment. The vendor would like to sell bikes to freshmen during Cal-SO, working with Parking. They'd also help with bike locks, along with the UCPD or Parking, and work on stolen bikes and on a maintenance program. Renderings were distributed for the Eshleman area and for the Food Court.

Students thought this was a good idea.

### Seismic Renovation Project for 2009

It's believed that there will be a two-month window where the Bear's Lair Food Court and the Pub will be closed, probably in the summer. Restroom facilities will also be done that year in Tilden.

Campbell Hall will be seismically renovated and chose to relocate the campus telescope to the ASUC, the roof of the Student Union. That would mean 10,000 students going there. No rent would be paid, but it would be good to have students, particularly on the Northside, come to the Student Union. Campbell Hall would pay for all the additional operating hours and for all the renovations. This wouldn't compromise the use of the Tilden Room. A suggestion was made to propose having visitors' hours, so any student could look at the stars. A question was also raised about having daytime access.

Seismic work on MLK will occur next spring and summer. ASUC student government put aside money to recover from the loss of revenue that will result from that work. Sheer walls will go in all the way to the basement and two sets of bathrooms will be renovated, paid for by the project. The Tilden Room will be seismically renovated and actually attached to the building. The cost for this work was \$8.5-9 million. Banding was being proposed for Eshleman, which could allow students to remain there.

Relocation of Computer Sales to the ASUC from The Scholar's Workstation

By January of 2009, the Cal Student Store will sell individual computers to faculty, staff, students, and the community. Follett was thinking of using the Convenience Store location, and perhaps creating a new entrance to the Store. The Auxiliary was looking at putting a coffee shop at the entrance of the Student Union, in the southeast corner, by the stairwell going up to Pauley.

Coffee Shop at the ASUC

One vendor was extremely interested in Student Union location, and Follett was working with another vendor to see if they were interested. This would be a new commercial space that would bring more life to the Student Union and would give a better entrance to the Multicultural Center.

ACTION ITEMS

Approval Language of the Letter of Intent with Panda Express

The work on the Letter of Intent has been completed with Panda and with Real Estate Services. The Auxiliary would negotiate a contract with Panda and do the buyout that Naia proposed.

By unanimous voice-vote, the Board approved the Letter of Intent with Panda Express.

Miscellaneous Items

A hard copy magazine the Auxiliary was going to launch was distributed, "Student Center(ed)." It was part and having a marketing face for the campus and to let people know what the student governments and operations were doing. It will be sustained by advertising.

It was noted that the Daily Cal had an MOU stating that it was the sole paper advertiser on campus, from the Regents. A copy of this agreement was requested for the Board to look at.

The Auxiliary was working with the Cal Student Store to come up with Cal-specific items and produce for the Auxiliary some high-quality, high-end products, including ties, scarves, historical cards, blankets, etc., some very nice things for the Auxiliary to carve out a niche in the market. People will hear more about this.

USC sent out a package announcing its proposed, new student union.

The Auxiliary received a letter from someone who took pens when they were an employee there in the '90s and enclosed a money order for \$100.

This meeting, the Board's summer meeting, adjourned at 7:21 p.m.

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

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This regular meeting of the Store Operations Board, the Board's summer meeting, was called to order by Dave Rhoads at 5:12 p.m. in the ASUC Senate Chamber.

## NEW BUSINESS

### New Officers Introduced

Mr. Rhoads introduced himself and said he was recently elected by e-mail as the Vice Chair of the SOB. He'd chair the meeting that evening because Mr. Smith, next year's Chair, couldn't attend that evening. Mr. Rhoads said he would give some background about himself. That past year he was an ASUC Senator, which was how he got involved in the Board. He attended most of the SOB meetings last year and he wanted to continue his involvement in the ASUC and in student government. He was an Architecture major and brought a lot of design and environmental design background to the table. He's also taken a couple of real estate classes, so he was familiar with some real estate and rental, things the Board dealt with.

Mr. Rhoads said he would ask people to go around the table and give a brief introduction of themselves to get people acquainted. Introductions were held: Matt Dally, previous Board Chair; Peter Quintin, the new Student Union Director; Tom Spivey, Associate Director, ASUC Auxiliary; Nad Permaul, Director, ASUC Auxiliary; Miguel Daal, President of the Graduate Assembly; Scott Armstrong, member of the GA Executive Board; Brad Thomas, Editor-in-Chief of the Daily Californian; Diane Rames, General Manager, Daily Californian; Barbara Davis, new division of Equity and Inclusion; Roxanne Winston, ASUC President; Crystal Pasco, ASUC Executive Vice President; Vickie Harrison, Chief of Police; Ron Coley, Associate Vice Chancellor for Business and Administrative Services; Pedro Robin, Brazil Café; Lynn Ferreira, Brazil Café.

Mr. Rhoads said he would like to thank them for the introductions. He said people should have a copy of the agenda that evening.

## APPROVAL OF THE MINUTES

Mr. Rhoads said the previous minutes were sent out some weeks ago. A motion to approve the minutes from the May meeting was made and seconded. **THE MOTION TO APPROVE THE MINUTES OF THE MAY 6, 2008 BOARD MEETING PASSED UNANIMOUSLY BY VOICE-VOTE.**

## APPROVAL OF THE AGENDA

A motion to approve the agenda for the evening was made and seconded by Mr. Rhoads and Ms. Winston. **THE MOTION TO ADOPT THE AGENDA PASSED WITH NO OBJECTION.**

## NEW BUSINESS

### Presentation by the Daily Californian to Present the Financial Condition of the DC

Mr. Permaul said that to introduce this topic, Ms. Rames approached the ASUC Auxiliary with a request to come to the Store Operations Board and make a presentation on the current fiscal standing of the Daily Californian, the challenges it faced, and to make a proposal to the Board to consider not just for the Daily Californian, but for the ASUC as well.

Ms. Rames that Mr. Thomas, their Editor-in-Chief, would give an overview of what was going on and how the Daily Cal was adapting to the changes occurring in the market place.

Mr. Thomas said that by way of introduction, he was relatively new to this. He took over in May and will be the Editor-in-Chief through next May; so he hoped to get to know all of them better in that time. The paper has been in its budgeting process for the last several months, taking a look at all of their revenue and expense projections. There's been a pretty significant downturn in the economic climate in the last few months, particularly for print media and for advertising in newspapers.

The Daily Cal is run entirely based on its advertising revenue. They average about \$1 million a year for their budget. Throughout last year they saw a huge dip, especially in the latter part of the year. Ms. Rames said they finished down \$158,000 for the year. Mr. Thomas said that was based on their budgeting projections. They finished quite low.

Mr. Thomas said the paper has been looking at the market and looking at what they could do to make sure the Daily Cal could survive in both the short-term, over this next year, and looking at what long-term planning they could do, looking out several years in the future.

To give the Board some background, Mr. Thomas said he could imagine that everyone knew that generally, newspapers were in a troubled financial state. Print advertising was down all over the place, affecting the big newspapers, such as *The New York Times* and *The Wall Street Journal*, right down to local papers. *The East Bay Daily News*, a daily paper that serviced primarily Berkeley, has gone out of business. *The Daily Planet*, which came out twice a week, has dropped down to publishing one day a week. Other newspapers were either going out of business entirely or were cutting back the size of their papers. *The Chronicle* has shrunk a great deal in terms of its physical size and has also scaled back a huge amount in circulation. So this was something happening nationwide, and the Daily Cal was not immune to these factors.

Mr. Thomas said the paper was trying to adjust. The first stab at their budgeting process showed them about \$180,000 down from the year. That was where they were a couple of months ago. The paper was scrupulously going through line items in its budget, looking at every single item of revenue, which was their advertising. They're seeking out new sources of revenue and they've started video advertising and a Daily Dining Guide. They also have the Press Pass they're launching again next month. They're also looking at all of their expense areas. They have significantly scaled back virtually every department, every job, every role. They've taken hard looks at what was going on. They've been able to make up a bit of ground that way, but not enough.

Mr. Thomas said that as for other changes they're in the process of implementing, they're going to decrease the size of their staff by 25%. Their staff was primarily students, almost all UC Berkeley students. They have five professional staff, with Ms. Rames as their only full-time professional staff. They also have a finance team and a production team.

Mr. Coley asked if they have five staff who receive compensation. Mr. Thomas said that everyone received compensation. They average about 150 students who work at the paper, and were slightly over that last year. Ms. Rames said that was per semester. Mr. Thomas said they're going to cut that number down by about 25%. The good news was that they didn't have to make that cut by firing anybody or having any lay-offs. They had enough turnover where they could do that naturally, and they'll simply not rehire positions. But it was going to mean a massive increase in the workload for the people they keep.

Mr. Thomas said there was another major change they were making. It hasn't become totally public yet, but they were starting to let outside people know, as well as their own staff know, that the paper will scale back its production days starting in the Fall Semester, through the spring. Beginning the second week of school, they will no longer publish a printed version of the Wednesday paper, and the paper will only be online on Wednesdays. Obviously, that was a massive change, and was really painful. The paper was in the process of figuring out what they could do to keep their product the absolute best they could with the online version. They're in the process of letting their staff know about this, and adjusting to it.

Mr. Thomas said that even with all these changes, the Daily Cal was in a very risky budget scenario. Their current budget, which the paper approved and under which they were operating, since the start of their fiscal year, July 1, had the paper operating in the black at about \$8,000 for the year. That was much less than they were really comfortable with. Ms. Rames could give a better sense of what that meant, but essentially, it gave the paper a really difficult situation throughout the year. They generally like to budget up about \$100,000 for the year, to make sure they can cover all those critical problems, as well as cover market fluctuations.

Mr. Thomas said that at that point, given their budget, if even a few advertisers drop off, or even just a few single ads, the paper would be in the red. So they're still in a tough spot. That's where they were at this time with their budget. They're still looking at things the paper could do to increase revenue and decrease expenses. But that was the paper's situation as it stood that day.

Mr. Coley asked if the paper was reducing the number of papers it prints. Mr. Thomas said they weren't at that time. They print 10,000, which was down from 38,000. Ms. Rames said they had printed 38,000. That went down to 17,000, and now it was pretty stable at 10,000. They audit their distribution by day and by location and keep pretty good track of pick-ups and things like that. Their agreement with the printer was really for 10,000. If they dropped below 10,000 they'd kind of be at a point where current rates no longer made sense and the rate would go up. Mr. Thomas said they were trying to get the 10,000 issues to the right spots on campus and in the City. Their goal was for every distribution rack to have one paper in it at the end of the day so they're really meeting the demand adequately.

Ms. Rames said that in addition to cutting back on the number of distribution days, one other thing they'll do is to change the ad-to-print ratio. So unfortunately, people will see more ads in each issue. In other words, the paper will be a lot lighter, with a reduction in the total volume of content in print. They've been working aggressively to keep news updated more frequently on the Web site, and that will continue to grow. Even so, salaried student positions would still all taking a 20% pay cut, there will be a 25% headcount reduction, and their days of publication will be cut one day, a 20% reduction.

Mr. Coley asked if compensation that individual students will receive will be 20% less than they would have received a year ago. Ms. Rames said that was correct.

Mr. Coley asked what was happening with other university newspapers. Other major newspapers were mentioned previously, but he would ask about other university papers. Mr. Thomas said the Daily Cal was a little bit unique in that they're an independent publication. Other university newspapers were either directly funded through the university or through the student government. The Daily Cal was independent and has been since 1971. So the paper really didn't have that kind of safety net to fall back on. Other college papers certainly were feeling a massive drop in national advertising revenue. Ms. Rames could talk more about that as she was in contact with her equivalents at other papers. They're all seeing drops in national advertising. That drop was being made up by increased work from the universities, from the Daily Cal's understanding. Ms. Rames said that was the situation. In most cases with student media, students participate in the media as part of a class. So they sign up to take an advertising class, e.g., and they sell ads into the publication. All the staff were professional staff, with compensation picked up by the university. And in editorial, again, that was part of a class; photography was part of a class. Obviously, that was not the case at Berkeley because of the separation that exists with the campus.

Mr. Daal asked about the total cost of student compensation and what distribution and publishing costs were. Ms. Rames said she didn't bring all that detail with her. She wanted to focus that day on their rental agreement, which she believed has been expired for about a year. So while she could provide that information, she didn't want to give it off the top of her head. Mr. Thomas said they could get that information for Mr. Daal. Ms. Rames said she kept track of the cost of newsprint by ton, and frequently went down and had a lot of experience negotiating on major print jobs. The paper has negotiated an extremely aggressive printing cost. They've also had the same printer for 40 years, and the company totally understood what was happening with the paper. The paper and the printer have actually partnered together. So she uses her resources, her network, to direct other print clients to the printer. And they use that as kind of an exchange. So the paper wasn't impacted to the same extent that the printer's other clients were.

Mr. Thomas said he didn't mention that the paper's expenses were actually on the rise for some things that they couldn't control, including simple paper costs, which have gone up quite a large amount because of the general economy and gas prices increasing. And the paper could only expect those prices to increase.

Mr. Daal said it was mentioned that the paper's sources of income were just the ads. Ms. Rames said that was correct. Mr. Daal asked if that was the source of the \$1 million. Ms. Rames said it was. That revenue was produced by 12 student ad team members. Mr. Thomas said that number has been \$1 million in the last few years, but has been below that for the past year; and they're projecting a lower amount for this upcoming year.

Ms. Davis said she understood that some campus newspapers have been purchased. Ms. Rames said that was correct. Actually, Gannett has purchased a couple of campus publications. Gannett just took a \$3.5 billion stock cut, a paper write-off, in the value of the corporation. She had been in final negotiations with them to completely underwrite the cost of plasma screens, including installation and software. But the company pulled the plug on that due to the performance of the entire corporation. The overall corporation was really very much struggling at that time.

Ms. Rames called for any other questions before she went over the proposed rental agreement.

Ms. Rames said that copies of the "Rental Agreement Proposal for 08-09 Fiscal Year" were distributed. It was a re-cap of the current situation. The paper currently paid in cash, \$3,860 a month to the ASUC for rent. To cover utilities and janitorial, they pay the UC Regents \$1,201. So the total cash outlay on a monthly basis was \$5,061. Annually, the cash outlay was a little under \$61,000.

The paper also has a 30-page ad trade, which was written into the paper's 2003 rental agreement, which was the last time she was down in the Senate Chamber. That base amount, based on those number of pages, was valued in the current contract at \$34,680. And then, over the last five and a half years, of course, the paper was holding all of those rates steady. So while every other category had rate increases, the paper didn't really apply those increases since that were operating under a written contract.

Ms. Rames said that looking ahead at what the paper was suggesting, they were actually looking at a 20% reduction in the cash amount of the base rent part of the agreement. The paper felt that if it had that reduction, they could balance things and work things out. They would still pay the same amount for utilities and janitorial. The total cash outlay for the year would be \$51,468. The ASUC would still get the 30 pages of advertising. At today's rate, that was \$45,840.

In addition, the paper would put in an additional five pages; and her recommendation for those additional five pages was very specific. She thought those pages would be utilized, hopefully, to help support some of the promotional efforts to raise additional funds through MLK, and to promote some of the activities that Mr. Quintin was working on over there. So those pages could perhaps become a resource to promote activities at MLK and help them be more successful.

So the ASUC would continue to have its 30 full pages, one full-page per week during the 30 weeks of the academic year, plus these additional five pages. That was a variance in additional value of basically \$9,500. So while the cash outlay was less for the paper, the value part of it, because of the rate adjustment, and also because of the additional five pages, was increased.

Ms. Rames said the paper would like to suggest that they implement this as a one-year rental agreement at that time, due to fluctuations of the market and of advertising rates and revenue projections. The paper didn't feel comfortable signing an agreement that was a longer term than that.

Ms. Rames said they want to very aggressively partner and work with Mr. Spivey and Mr. Quintin on how they could collaborate and work together. The paper could also really use the support of the Store Operations Board to help fulfill and fully implement the contract that the Daily Cal has with the UC Regents. That contract was upgraded in April of 2007. The paper had asked them to refer people back to the Daily Cal for advertising and marketing when those opportunities and connections arose out in the marketplace. And that was not just for the print publications, but for the paper's Web site and its distribution on campus.

Ms. Rames said that was the paper's proposal, and its request.

Mr. Daal asked how much in the black it would put the paper in 08-09 if the proposal was adopted. Ms. Rames said it would only add just a little over an additional \$9,000 into the black. Right now, the paper was scheduled to be about \$8,000 in the black, total. As she has observed over the last five and a half years, unless the Daily Cal budgeted \$100,000 or more in revenue than they budgeted for expenses, they couldn't maintain their cash flow over the five weeks of Winter Break, and particularly over the whole



summer. They have a revenue stream from two days a week throughout the summer, even though core prices stay the same, such as rent every month, and other core expenses that were consistent. So it was a challenge to make the net capital they needed.

Ms. Rames said people might question how the paper could live on such a negative, without a cash flow, and how could they have such a budget and still be solvent. It was because the paper was aggressively collecting outstanding invoices from over the past five years. They have a team of students working with one of the paper's finance folks, and they were just being very tenacious. So their survival was happening from old invoices at that time, and that's what was keeping the paper afloat.

Mr. Coley said he would like to know to what extent the 30 free pages were used over the last several years, and if the paper could assess the quality of that benefit. Ms. Rames said that for the first couple of years of the contract, she worked very closely with the students in the ASUC. That was because there had been some friction in 2003. There was a full-page every week, and at that time they actually had a little workshop on how to create effective advertising. They were also very lucky because the ASUC had one lead student who stayed year over year. Ms. Rames said the paper has already met with current ASUC leadership and talked about setting something up so she would get back involved, and could make sure the same effective ad standards held true for this next fiscal year. Over the last years, she's seen a few situations where perhaps what was given to the paper wasn't as effective as it possibly could be. So Ms. Rames said she would make herself available. She's already had one meeting with the ASUC, and as soon as more people return in the fall, they'll probably schedule the next one.

Mr. Coley asked if Ms. Rames would be prepared to put that commitment into an agreement the students would sign, in terms of Ms. Rames being available to help them to get beneficial use out of the pages. Ms. Rames said she absolutely would be.

Mr. Coley said that one concern he had, even with signing this contract, was that the pages wouldn't be effectively utilized. Ms. Rames said that for the first two years of contract, she personally, every single week, met with the students and went over the ad they wanted to place. She recalled about three times actually in 2003, when Ms. Harrison, Mr. Coley, and Ms. Davis were there, when they had a situation where there were some problem areas, where the paper received two things that could literally fit in her hand, not anything that might be perceived as having good ad standards. But the modifications were simple and easy and were agreed to very quickly. Ads were important to the paper, not only the ads the ASUC places for those 30 pages, and those five pages, but for all advertisers. If advertising in the paper wasn't effective, people wouldn't get results. And if they didn't get results, they wouldn't come back.

Mr. Coley asked how they know if an ad was effective. Ms. Rames said that it might sound kind of hokey, but they actually created a document that she set up as a grading system. It was to help students she was trying to teach to create an effective ad that followed national and international standards. These are key elements, and following the guidelines in a certain way has, over time, resulted in the creation of effective ads. The document she set up would give a value for an effective headline. Other elements included having a dominant illustration, having a call to action, and what that meant, how many fonts were in an ad to make it confusing or not, running a lot of reverse type, which was hard to read, things like that. When she worked with the ASUC team, they'd go through the same little workshop that the paper did with its advertising team.

Mr. Coley said that if a decision was made to do something like this, with the ad pages, he would be very interested in seeing a return on investment and seeing if \$30,000 worth of benefit was received.

Mr. Daal said he would also consider ads such as using the Night Escort during finals. He wouldn't, out of first principles, know how to assess values to that. Ms. Rames said that usually there were so many entities that want to give some kind of common ad on a weekly basis, having that in a master ad. The paper would go over how to lay out such an ad effectively, so the points that were urgent and needed to get some attention were essentially represented, while still promoting other areas so that they also had their day in the sun and could get some recognition as well. So there were some tangible things to make cash registers ring, and that was the primary focus of the workshop on effective ads. But the paper also wanted more utilization of services. And so the effectiveness of a lot of those types of ads wasn't measured it, such as a return on coupon dates or increased service use, and was just reminding people of a brand or service that was available.

Mr. Rhoads asked if she thought that the additional five pages could be broken up so that there could be half a page one week, and maybe more the next week, or if that didn't really work with the paper's rate schedule. Ms. Rames said they didn't really work for the paper. They had to be mindful of balancing their paper, especially now that they're going to need to run a higher ad-to-edit ratio. So keeping things in full units was important. In the second year of the agreement, she believed, she worked out a deal where they tried to split the pages for a while. But it really got hard to track. And a few times the paper actually bent its own rules and jumped the paper. So they didn't really have any opportunity to be able to do that at this time.

Mr. Rhoads said that for the five additional pages, he asked if that was being proposed with the anticipation of working on this with the ASUC Office of the President, in conjunction with the Bookstore or some of the other commercial activities, perhaps in the Student Union area, or Mr. Permaul, or anyone who had events they wanted to promote, to bring in more revenue to the paper, the Auxiliary, and to student government, which was a big part of this. Ms. Rames said she didn't know if there was an easy way for her to answer that question. She perceived that 30 pages were under the umbrella of the ASUC and that the paper was kind of the gatekeeper of how that worked. Her suggestion was that in taking the additional five pages and making them available at that time, such as when the Student Union was expanding its firepower, with the work Mr. Quintin was doing, then maybe he could utilize those. And maybe someone could consider signing a contract with Mr. Quintin that would give him the flexibility to put a full-page ad in the Daily Cal. Maybe that would tip it so that the party would agree to sign the contract. Their event will be marketed in another avenue, that was how she could perceive those really being maximized.

Mr. Dally asked how likely it would be that the paper would be able to fill the five additional pages to the ASUC with ads from outside advertisers if the paper didn't give them to the ASUC. Ms. Rames said the newspaper didn't work that way, and they would either not run those pages or they'd have to, happily, jump the paper because they had too many paid advertisements. She could tell them that the national budget the Daily Cal had in place was extremely aggressive. And she thought some of that revenue was at risk. It only took the loss of two national ads to equal the paper's rent for the month. So she didn't know that they'd be able to replace that with other ads. If she thought they could replace those pages with ads from someone else, she probably wouldn't have before the Board suggesting that the paper reduce the cash outlay portion fee rent.

Mr. Permaul said he understood that the paper's ad pages were \$1,500-\$1,600 on average. He asked how the cost for online pages were set. Ms. Rames said that online rates vary depending on what position and what sub-page it's on. The main home page was worth more, and there's a rate sheet for ads that are placed for just a short time, or the whole semester, or the whole year. So there were a lot of variables.

Mr. Permaul said that in response to Mr. Coley's interest in seeing a return on investment, the Auxiliary has been doing a pretty aggressive job of tracking the hits on the Auxiliary Web page and the locations. He thought they understand that students were moving more and more towards obtaining their information online. It might be worthwhile perhaps to look at an exchange that involved online advertising. Ms. Rames said she would be very happy to do that. In fact, she's already talked to the ASUC and the Bookstore about a concept they were not able to get funding for, since the Store lost the contract with Cal Athletics. She had suggested an online campaign off the paper's sports page on the Web site, or about getting Cal gear. She would be more than happy to talk about those types of things where there was a specific objective. Again, going back to what somebody said, if they have a Cal gear promotion that pushes people to come to the Student Store to get their Cal gear, the Store would be able to see how that changed sales.

Mr. Permaul said he would like to propose to Ms. Winston and Ms. Pasco that they have a conversation about the concept of the additional five pages. Since they already have 30 pages in print, he would propose that they might want to think about having the balance of those pages be online. It might be worth their while to have a conversation about that, see if there was some ground to work on there, and to make a proposal to the paper. Ms. Rames said that if they were to look at that, she would suggest that they revisit the whole 30 pages and look at the difference between print and online, and the possibility of reducing 30 pages to come up with a way that would strategically utilize the Web site presence. An example would be a Cal gear campaign. Mr. Permaul said online pages could also be used for student activities. Ms. Rames said that was correct. She had suggested the additional five pages specifically based on previous conversations she had, knowing some of the good things she's heard about what was going on with the Student Union. For example, she thought that in the next couple of days they'd be able to sign a contract with the Berkeley Chamber of Commerce to rent Pauley Ballroom in November, for a Sunday event.

Mr. Permaul said the Auxiliary and the paper were working on a number of projects together. They still have the plasma screen project which hopefully won't die on the economy's vine. Rather than having the Board make a decision that evening, he'd like to have a conversation about the ASUC's ad pages with Ms. Winston and Ms. Pasco. He would suggest he and student government take this proposal in hand, weigh it, and come back to it. In the meantime, the Daily Cal would still continue to run on the current contract. The Auxiliary understood completely the challenges the paper faced.

Mr. Permaul said the other question he wanted to ask, which he'd rather do over a beer in the Bear's Lair, was whether the paper's financial model was sustainable, or if they needed to go out and get a partner in the private sector, in the news industry, to help sustain the Daily Cal, just as the Auxiliary has gone out and gotten private sector partners to help sustain Auxiliary businesses. In some ways, the paper was the Naia of this year. Naia went out and got Panda Express. He asked if there was somebody out there that the paper could find that would be able to support the paper and help with the long-term cash flow issue.

Mr. Thomas said the paper was doing two things. First, they're trying to come up with a strategy to survive over the next year. Very much everything they were doing at this time was to look at what they could get done over that next year. But that didn't mean their financial planning would stop by any means. But basically, that was all he and Ms. Rames were doing these days. As he discussed at the beginning, they recognize that the financial model was completely changing. If there was an easy answer, other newspapers would have found it by that time. It was about getting the online revenue up and figuring out the appropriate model. And it was about seeking out different partnerships and different ideas for

revenue. He couldn't begin to tell the Board about the different ideas that pop up that he and Ms. Rames bounce off each other about what they could do. Getting through the next year will really be their main focus, and they're trying to do a ten-year plan and looking out at the future. They're already working on a number of different ideas for partnerships. They're also looking at what sort of financial backing the paper could give itself in the future. The paper had a branch, a sister organization, the Daily Californian Education Foundation, the paper's fundraising group. But that backing hasn't really provided operational support and sort of helped different projects along the way, different scholarships or new technology, occasionally. The paper was looking at really revamping that and hoping to get enough money to get an endowment going that would provide the paper some financial security in the long term. That's just one thing they're looking at. The paper recognized that the model was changing completely for newspapers. Ms. Rames has been at this for many, many years, at many, many papers, and knew how the model has changed over time. The paper was looking at what their model was going to be.

Mr. Coley asked about the distribution between the revenue from print and from online. Mr. Thomas said that 95% of the revenue was still from the paper. That was actually not too far off from what other newspapers experience. Even though the Web has grown hugely, revenue hasn't grown hugely. Newspaper Web sites, whether the *New York Times*, *SF Chronicle*, and others, were still subsidized based off of the print product and the print advertising. But the paper was aggressively looking at that. Ms. Rames said the paper had an amazing opportunity in working more effectively with the ASUC and Auxiliary. Speaking from the business side of the newspaper, if they work more closely, they should be able to create more effective ads and create connections for Pauley Ballroom rentals and events, and then maybe the Auxiliary could see opportunities for pointing businesses to the paper, which the paper could then close. She met with Cal Athletics last week and they talked about converting some of the things Athletics was doing to the Web site so Athletics could actually promote a broader, more diverse group of teams rather than just a core few. So they're creating a synergy there whereby Athletics would share with the paper its corporate partners list. The paper will be able to help Athletics as well as the paper itself by creating more attendance at a broader range of athletic events.

Mr. Coley asked if this was a new collaborative attitude with the newspaper or if it was just a new focus. Ms. Rames said they've actually worked with Cal Athletics very, very closely for the last four years. Mr. Coley asked about all the other entities she talked about. Ms. Rames said the entity they haven't connected strongly with was the ASUC. The paper has been building exceptional relationships with Mr. Permaul and Mr. Spivey, which has been a great breath of fresh air. Every time they sat down for coffee they have more opportunities for ideas that come up.

Mr. Permaul said he would recommend that the Board not take any action that evening. Now that they've been educated to the issues, he thought they should take some time to talk with student government and get a sense of where they'd like to go, because really, this arrangement benefited student government. They would then come back with a proposal for the Board as a whole to consider.

Ms. Winston said a sister organization was mentioned about donors and scholarships. She asked if the paper had connections with the Alumni Association and alumni donors, and possibly received donations from them. Ms. Rames said that hopefully in their meeting next week with the Chancellor, they'll have some doors opened, and perhaps get included in the capital campaign. But the paper was a separate organization. The Daily Cal Education Foundation last year raised \$30,000. And while that was great, it also enabled the paper to negotiate a deal with corporate Apple for new computers and software, enabling them to get rid of the 1997 computers that the paper was keeping for a museum. So the paper would love to have that connection.

Mr. Permaul said they were able to launch their fundraising page on the ASUC Auxiliary Web site. They've been patiently putting it together for some time and they should be able to talk about how they could collaborate. They have six different categories that they're going to specifically raise funds for. Out of the ASUC's 120th celebration, they're working with University Relations and the campus to establish this, and maybe they could have some synergy with the Daily Cal with the ASUC's core group of alumni and potential donors. Ms. Rames said the paper will soon start a donate page on the Daily Cal's home page as well. The paper has been hashing things out to set up with the bank.

Mr. Permaul said he would like to thank Ms. Rames and Mr. Thomas for attending and said the Board appreciated it. Ms. Rames as a she would like to thank them, and said that if help was needed about the difference between print and online, they should give her a call. Mr. Thomas said he wanted to thank them very much.

#### Presentation by the Brazil Café

Mr. Permaul said that when he first arrived at the ASUC, they were looking for potential businesses to come to the ASUC. Students at Senate meetings, perhaps Ms. Allbright, asked him about the Brazil Café. The previous student government had also expressed some interest in the Brazil Café coming to campus. Mr. Permaul said he went back and found material that had been delivered to the ASUC President two or three years before. But for whatever reason, it never went anywhere. Then when he called Ms. Ferreira and Mr. Robin, they said they could set up the next day and be open for business in a week. Since then, they've been very patient. They've been talking, and the Brazil Café has now made a formal proposal to the Auxiliary about the possibility of coming there.

The location being proposed was on the top of the north wall of the Bears Lair food court, a kiosk that would serve as the home of the Brazil Café. Pictures were available. Mr. Permaul said they brought the campus' Assistant Landscape Architect to the site and walked through it. She thought it was a great idea. Although she wasn't speaking for Design Review or for the campus, she did not reject the concept and thought it was an excellent location, with the notion of bringing life to the western deck of the Student Union, which has been dead for some period of time. He told Ms. Ferreria and Mr. Robin that the Auxiliary wanted to come up with a conservative look for a proposal, and they came up with a very conservative look, kind of like a log cabin. It was just a concept.

Mr. Permaul said the concept was to build a food service area on the top of the site, something that would be visible from both Sproul Plaza and the Student Union Plaza and would serve food year 'round, with seating. He thought it would be a wonderful addition to the Student Union. He would let Ms. Ferreria and Mr. Robin speak on the concept, and would pass around the drawings.

Ms. Ferreria said they've been talking with Mr. Permaul for a couple of years. There was a student vote a couple of years ago on who to bring on to campus. Eighty percent of the people the Brazil Café serves on University Ave. are students and faculty of Cal. That part of the campus has been closed off due to construction, making the Brazil Café out of the way for people to get to. There's been a lot of excitement from students about the Café coming to campus. *The Californian* ran a story about two months ago that created a lot of excitement, and people were glad the Brazil Café was coming there. People said it

wouldn't be such a far walk and said that they needed something new on campus. So the Café came up with the idea in the drawing, which was a kind of cheery Brazilian concept, bringing a little culture on campus. Everybody loved the Brazilian culture. Their food was fresh, and they use fresh bread and fresh produce every day. They have a nice vegetarian menu and a lot of specials, student specials and daily specials. They'd also offer a lot of different types of smoothies and fresh juices.

Ms. Ferreria said that in talking with Mr. Permaul over the last couple of years, they've looked at some other spots. That hasn't worked out, so they thought that a kiosk would work. The one in the drawing was 16 X 12, serving students and faculty. There would be a handicapped service window. As they could see from the drawings, there would be three windows in the front and a window on the side to serve the handicapped.

Ms. Ferreria said they'd like to have some nice plants, palm trees, tables, chairs, umbrellas. Like Mr. Permaul said, they'd like to make it a comfortable, lively look up there, since right now, it was kind of dull and nothing was going on up there at that time. It wasn't really being used for anything, and the Brazil Café would really love to bring its business to campus. That was something they've been looking forward to. She called for any questions.

Mr. Permaul said he pass around a menu for people to look at.

Ms. Winston asked what hours the Brazil Café would be open if it came to campus. Her experience in going to the Brazil Café on University Ave. was that people seemed to work there most of the time. She asked how large the staff was. Ms. Ferreria said they'd have a whole, new staff. They're open from about 11:00 to 8:30 or 9:00. They'd figure out with the ASUC what good hours would be. She didn't know what restaurants' current hours were or if there was a lot of activity there in the evenings. Mr. Permaul said the Auxiliary was very excited about the prospect of extending the time of food service into the evening. Ms. Ferreria said that would be fine, and the Brazil Café did that anyway. They were also thinking about Cal games. Since there was no way to do tailgates, they'd like to do some sort of special things on game days, basketball and football, and perhaps do a special barbecue or something, and be a place for people to go to, since there weren't really that many places for people to go for a tailgate. So that was also an idea they had. The Brazil Café would be able to extend the hours to anywhere between 8:00 and 9 o'clock, especially during the summer. For Daylight Savings Time, they'd like to be open until at least 9 o'clock. And for winter hours, maybe it would be open a little less.

Ms. Davis asked if they would do the cooking at the campus location or if they'd bring in cooked food. Ms. Ferreria said she talked to Patrick, the person who does the food service on campus. Mr. Coley asked who that was. Mr. Permaul said it was Patrick Goff, in EH&S.

Ms. Ferreria said that since the kiosk would be a brand new building, they have some options. They'll have a meeting with Patrick shortly to decide how much of the cooking would be done at the campus location. Currently, most of their cooking was done at their second location. They bring a lot of their food from that second location. But being that the kiosk was a new building, Patrick suggested that they do a floor plan with him so that they'd actually be able to do most of the cooking at the kiosk. They do sandwiches and a lot of fresh vegetarian salads, and have a lot of smoothies and juices, things that don't require cooking. They'd like to be able to have the kiosk be self-serving, if possible. As she said, she and Patrick spoke last week, and he was going to speak to the fire chief about the possibilities for actually doing all of the cooking at the campus location. They haven't quite gotten an answer to that yet.

Mr. Permaul said that what he hoped to get out of the discussion that evening was authorization from the Board to formally investigate this. The Auxiliary would have to open up a PRR and take the proposal from Ms. Ferreria and Mr. Robin and have it reviewed by the Fire Marshall, EH&S, and the whole systematic series of things the Auxiliary would have to do for this to move forward. If the Board approved the concept, then he could formally initiate it and they could start building from there.

Mr. Rajan said he understood the Brazil Café has two locations, on Shattuck and on a corner by University Ave. Ms. Ferreria said their Shattuck Avenue location was more of a dining, evening type of restaurant. They got a lot of people from the Berkeley/Oakland area and the crowd was a lot older. Their University location was absolutely a Cal hangout, and customers were almost all students and faculty. It's been hard for them to reach that area because of the way construction has closed things off, for several years now. They've placed a lot of ads in the paper and for Caltopia. People ask when they're going to be on campus and say they need something new on campus. So the Brazil Café was excited when Mr. Permaul came to them, because this has been something their customers have always asked for, since their customers don't like to walk so far to get there and in order to have something new.

Mr. Rajan said it was very heartening to hear that. He had mostly been concerned because the demographics were the same. The Brazil Café was on his walk home, and he noticed a lot of people who live in the North Berkeley area went to the Café, as did people who lived close to downtown Berkeley, or were on the way to BART. He asked if they thought if they would get that same sort of traffic, the clientele they normally get, folks on their way home or on the way to downtown Berkeley, if the Brazil Café was up on campus, by the ASUC, which was much more central location. Ms. Ferreria said she and Mr. Robin have talked about this quite a bit. She really felt that being on campus, they'd have a whole new clientele with the students. The Café advertised in student books and in the Daily Cal, but if people didn't live over there, now that the walkway was basically down Center St., people weren't really using University the way they were before. She was hoping, because this would be an investment for the Brazil Café, that they'd be able to serve a lot more students and faculty, being right on campus. It would be so much more convenient when someone was five or ten minutes away, versus having to go all the way off-campus and then come back for classes or work.

Mr. Rajan said the one concern he had was that while he wouldn't say that felt clientele on that end of campus was mature, but he felt they were slightly older, and more conservative in the sense that it wasn't necessarily downtown Berkeley, but sort of at the edge of North Berkeley, which was much quieter, with more like sit-down restaurants, and not necessarily a rowdier or raucous place where people might see more energy from the Telegraph Ave. crowd. Ms. Ferreria said that's what they love, the whole Brazilian thing. She thought that would be a really good Brazilian concept. She loved the music, the decorations, the culture.

Mr. Rajan said the same logic might have been applied to Gelateria Naia, which wasn't necessarily right where the Brazil Café would be, but was at a close enough location. It did extremely well off campus and still did extremely well, as he could see walking by it, as did the downtown Brazil Café. But he wondered whether the Café has fully internalized what the demographic change would be on campus. Ms. Ferreria said they have. They've talked a lot about it. They were really excited to be able to be on this side of the campus and hoped it turned out well.

Mr. Coley asked if they've already figured out a budget and what they could afford to invest in this. Ms. Ferreria said they've covered the costs for building, contracting, and plumbing, but not everything, of

course, since they haven't gotten that far yet. Mr. Coley said they haven't worked with the campus. Ms. Ferreria said they haven't. Mr. Coley said it wasn't a pretty creature. He asked if they've heard reports of how tough it was for people to get approvals, and the costs involved. He didn't want to discourage them, but it was difficult. Ms. Ferreria said they discussed some of that with Mr. Permaul and Mr. Spivey, including funding and electricity.

Mr. Coley said that when Mr. Spivey and Mr. Permaul talk about this, they shouldn't sugarcoat things. Mr. Spivey said they haven't. Mr. Permaul said they've been very negative. Ms. Ferreria said they've talked about how difficult it was. And obviously, the Brazil Café has been working on this for a couple of years. They're taking it step-by-step, seeing what everybody's feelings were on this, and if it would be a good investment. Mr. Permaul said the Auxiliary even discouraged the Café from investing too much money on the drawings, and everything else, until people had a sense of what the costs would be. The Auxiliary didn't want the Café to jump off a cliff there in terms of expenditure, before people knew if it was realistic to do.

Mr. Coley asked if the Brazil Café knew the people at Naia. Ms. Ferreria said they did, and have talked to them. Mr. Coley asked if they've talked to Naia about Naia's experience there. Ms. Ferreria said they did. They actually had a meeting because the Gelateria had a huge space and didn't have enough volume to fill the space. They had a lot of issues.

Mr. Coley asked why the Brazil Café thought its experience on campus would be different from Naia's. Ms. Ferreria said she thought a small kiosk building, as the drawings showed, and the Café's type of clientele, would help. They have a great number of people they currently serve at their spot. They serve probably 200 kids a day, and it was way off the beaten path. She felt that on campus, the Café would have such a big volume of people and that it would be a great spot, out in the sun, with a nice atmosphere. She really felt they could do it up there. The kiosk wasn't a huge building and was basically a kitchen. It's not like they would be like Naia and have a huge indoor space that they would have to fill up.

Mr. Coley said he didn't want his comments to be discouraging by any stretch of the imagination, but it was just that all things were not what they seemed at this place, a lot of times. He would hate for the Brazil Café to jump off into a very expensive investment and not have the students respond. He would like to think that this could be very successful, as long as people had their eyes wide open.

Ms. Winston asked if there was another location they could look into if the campus didn't approve the kiosk going on MLK. She asked if the Café could be placed elsewhere. Mr. Permaul said the only commercial space they currently had available, which he'd talk about later, was the site STA Travel previously occupied. That was the only open commercial space that the ASUC had. They could also talk to the Cal Student Store which would have some space, at some point. But the Store was looking at bringing in some high-volume traffic and revenue to that space. It was the Store's space, as part of the contract. But the Auxiliary could talk about that. The Auxiliary wanted to be very careful. They want this to be a success. They feel that the western deck was a place that absolutely needed to develop and have more life brought to it. So the Auxiliary wanted to work with the campus very patiently to make sure this idea had a high chance for success. The Auxiliary has been working in the background, on its own, to make sure they could bring utilities there and do a variety of things, and get costs and estimates.

Ms. Davis asked if they've talked to Design Review. She thought approval would be easier inside the building than the outside of the building. Mr. Permaul said the Auxiliary's position on that was that the



campus was toying with the idea of tearing down these buildings. That went against the notion of protecting the historic position of the Student Union. He didn't think the seismic condition would have any effect. The campus also had a point of view about the exterior view of buildings on campus. The Auxiliary was fully prepared for that and knew they'd have to deal with Design Review. They're also going to have to do that when they look at the Bear's Lair expansion.

Mr. Rhoads said he recalled from a previous meeting that it being said that campus planners understood this was a different part of campus, and that their standards would be different in this area in terms of visual and aesthetic qualities of the buildings in the Student Union area. He thought getting the blessing of an individual on the Design Review Committee would be a step in the right direction.

Mr. Coley said he really wanted to encourage everyone to temper their enthusiasm. He thought it was wonderful, and thought this was a wonderful idea, and a wonderful concept. But for something like this, the campus was extraordinarily conservative. It was correct that this corner of the campus was different from the rest of the campus, but there was a wave going around the campus and this was the next wave. But as to whether or not the campus would approve these plans and the building, or any building on top of MLK, with the vantage point that location had, he really wanted everyone to be cautious in their enthusiasm.

Ms. Winston said she understood that, but she was also very confident in the ability of the Brazil Café to sell itself. She thought students would buy it. It was well priced. If another space could be found for the Café to be located, she thought that would really be a good option for the Auxiliary to look into.

Mr. Coley asked how big a footprint was needed. Ms. Ferreria said at that time they need a space of at least 15 X 20, in order to have the equipment that was needed. At one point Mr. Permaul mentioned the Credit Union area in the corner. The Brazil Café looked at that. They don't need a whole lot of space. They just need what the Health Department requires as far as having tables far enough away from sinks and those types of things. Their little place on University Ave. was 12 X 14, and they make that work fine. They don't need a huge amount of space. But the idea that Mr. Spivey and Mr. Permaul came up with was to brighten up that corner and to get something up that looked nice, with trees and plants, and just utilizing that area.

Mr. Coley said the landscape architect alone was not sufficient. Mr. Permaul said they didn't expect approval right at this time. They were just testing the temperature for the possibility and they realize this will be a long process. It may not be successful. He thought Ms. Winston's point about other options they need to have in the background was well taken.

Mr. Rhoads asked how permanent the kiosk would be and asked how much they've looked into the costs for the kiosk, specifically, how much it would cost to get a project approved for that specific location versus another location. Ms. Ferreria said they haven't, really done the specifics and were really now just considering this building. It would be semi-permanent, not permanent. It could be made either way. There were a lot of options for flooring, slabs, those kinds of thing; but they haven't looked at exact costs. If they were located inside the campus somewhere versus the MLK location, it would be a lot less expensive. All she knew was what she spent for her indoor location and for the outdoor kiosk location. Her kiosk location did a lot better. It's a fun spot, and people enjoy that it. That's where they came up with this whole idea.

Mr. Permaul said another question for student government was dealt with the Bear's Lair Food Court, where they have an expired contract. Previously, student government has not wanted to trade existing vendors for new vendors. But if people thought this was a more popular food option, then one of the vendors in the food court might be an option. Ms. Winston asked which vendor that was. Mr. Permaul said that actually, three were potentially available. The Taqueria has been very successful and it's never been an issue in terms of its presentation or its business. But the Auxiliary was actually putting stipulations on both the Coffee Spot and Healthy Heavenly Foods, that if they don't come to the Auxiliary for plans for improvements on their site, make an investment within a year, then the Auxiliary would not recommend to the Board that their contracts be renewed. So if student government would like, the Auxiliary could approach either one of those vendors.

Ms. Winston asked about STA Travel, which just moved out. Mr. Permaul said that STA Travel owed the Auxiliary about \$46,000, from their contract. STA has come with a proposal to bring a vendor in, which was mentioned to Ms. Winston, since the Auxiliary wanted her take on it. Kaplan was interested in opening up a site on the campus. People have asked the Auxiliary to look at diversity and different kinds of services students would like. The Auxiliary has made no commitment. If student government was more interested in having a restaurant at that site, that would be another option. The problem was that these were all small businesses, and the ASUC's overall financial picture had to find a way to generate substantially more cash flow in order to sustain themselves across time. So the Auxiliary was just trying to look at ways to leverage those spaces for the best flow of cash that they could.

Mr. Coley asked if there was more information the Board should have for the Brazil Café. Mr. Permaul said he didn't think so. What he wanted was approval to look at how to bring the Brazil Café to the campus. The Board has not formally taken any action on the concept, although they've discussed it in the past.

Mr. Rajan said he liked the idea mostly because it was outside and was in the sun. He asked what they thought of an indoor location, since it was mentioned that it didn't get as much business as the kiosk. Ms. Ferreria said that was during the day. They actually talked to Mr. Permaul about several spots on campus, and it's actually only in the last few months that they've talked about this site. They really would love to be on campus in whatever way they could. If it ended up being inside, with a small indoor space, they could deal with that as well. They like the outside environment, if that would be possible. She knew there was outside seating. They also talked about that whole area being remodeled, although she didn't know if that was something that would happen soon.

Mr. Permaul said that potentially they'd have an action item that evening, moving in this direction. Ms. Ferreria said they were pretty much open to whatever space in this area, Sproul Plaza, that would be open.

Mr. Rajan asked if cash flow projections and profit projections wouldn't change based on whether the location was outside or not. Ms. Ferreria said it wouldn't, not really. They've done really well in Berkeley. There wasn't a lot of Brazilian food there and it's something that was really unique and different. They have fresh baked bread, fresh produce, and a very different type of menu that wasn't seen very much around Berkeley. So they feel they would do great on campus.

Mr. Rajan asked if they would close their other kiosk on University Ave. Ms. Ferreria said that as of now, they wouldn't. Mr. Rajan asked if she felt there was a market that would sustain all three businesses. Ms. Ferreria said there was. They weren't sure about the Shattuck location, but as of this time, the one on University would be there as long as Mike's Bikes was there. So they'd be there for a while.

Mr. Permaul said he would appreciate a motion from the Board to approve the concept of investigating bringing the Brazil Café to the ASUC. It was so moved and seconded by Mr. Rajan. Mr. Permaul said approval would lead to further discussions with the Brazil Café for a location in the ASUC Student Union area. The motion was seconded by Mr. Rhoads. THE MOTION TO APPROVE THE CONCEPT OF BRINGING THE BRAZIL CAFÉ TO THE ASUC PASSED UNANIMOUSLY BY VOICE-VOTE.

Mr. Permaul said he would like to thank Ms. Ferreria and Mr. Robin very much. Ms. Ferreria said she would like to thank them. She said they appreciated it.

Mr. Rajan said that as a slight sidebar, he asked if Mr. Coley or Mr. Permaul could provide an idea of what the campus was looking for. It was mentioned that the campus was really conservative. To him, the Brazil Café plan seemed conservative. He asked what level of “conservatism” the Board should be wary of when proposing something different to the campus. Mr. Coley said the biggest issue was what it will look like from the exterior, from the outside. When they think in terms of setting in a building or restaurant on top of what was essentially the roof, when they're on the deck, and it looks like and feels like a deck, that's one perspective. But when you're sitting here and people were the going to Zellerbach, and they look, and it looks like a log cabin or hut sitting on top of Martin Luther King, if it didn't have a very particular aesthetics or design that would allow it to blend in with everything, it was just something that was stuck there, that would be dead on arrival. In fact, he was having a hard time understanding who the “assistant” was that was mentioned, the person.

Mr. Permaul said he didn't think they should use the drawings. The Café was trying to get an idea, and the Auxiliary told them to be conservative. Mr. Coley said he wasn't focusing on the drawings, but was responding to the Mr. Rajan's question. His response was about the concept. It wouldn't matter what the building was, but if they think the building just looks like an extension of the wall that is there, the fact that it's an appendage on top of and changes the architectural line. Campus staff look at these things. They're very professional, specific, and protective about the aesthetics. They've been less so here, because they just haven't gotten here yet. But in looking at the rest of the campus, when people go to classes, they see what has taken place there. These staff are not going to be inclined to endorse or accept something here that takes the campus further away from that vision.

Mr. Rajan asked if it was just a question, then, of matching colors. Mr. Permaul said it was more than that.

Mr. Rhoads said the problem was that it's a deck, a roof. A building on that would look significantly different. He definitely could see where there would be problems. He asked if anybody knew if there was a way if you're going for approvals on campus before the Design Review Committee, or they had to go through all the different parts of the campus approvals. But when they're working with campus architect per se, Mr. Rhoads said he would say that he would assume the campus architect had a good idea of what generally got approved. He asked if there was any way they could get just a gist, maybe, from the campus architect. Mr. Permaul said that's why they just approved the concept, so they could go to an architect. They have their own in-house discussions. If the Vice Chancellor for Capital Projects or Facilities Services said this was dead on arrival, then it was dead.

Mr. Rhoads asked if they would know before the Brazil Café invested any money. Mr. Permaul said that was correct. That's why they wanted to start on a very low key. Mr. Coley was correct, and has seen

things die before they get to Design Review. But if they think there was a potential to bring life to the deck, there was a possibility for this. Otherwise, the Board might have to come back to Ms. Pasco and Ms. Winston and tell them their options. If they really want the restaurant there, where would they like to see it? And then have the students on the Board provide some direction on what the options were. Because we clearly, if the Brazil Café was a very popular restaurant, they know that they could exchange it for one of the restaurants that they already have. But the Auxiliary was reluctant to do those things.

Mr. Coley said the Auxiliary's best hope of success on this was, he thought, was not to provide a rendering or a drawing, but to allow the designers and architects in Capital Projects to use their imagination. If they could see in their mind's eye what a structure could look like on top of this space, that would blend with and work with everything else, so there was a functionality of a restaurant. But if they give them a vision that he was seeing there, in the drawings that were passed around, his general sense was that staff would not take the project much further and wouldn't spend much time on it.

Mr. Permaul said that was correct. What they really wanted from the Brazil Café was the size and equipment requirements, and that was all that would be given to Capital Projects. They wouldn't be given any drawings. Mr. Coley said he thought they might give them a chance, because he could imagine something like that possibly working. If they look at it from the deck site, there was no problem. But looking up at the site from across the Plaza, they don't want to have high rollers coming to Zellerbach and sending e-mails to the Chancellor, asking him what was going on "over there." Mr. Permaul said he would like to thank Mr. Coley for the good advice.

#### End-of-Year Report from the Outgoing Chair

Mr. Dally said he submitted a draft of the Year-End Report. [See attached.] This report hasn't been done for as long as he remembered, so this was the first attempt. It wasn't extremely insightful and was a summary from the minutes on significant events that occurred that year. He wouldn't go through each line at that time, but he would ask Board members to please read it over. If there was anything he missed that should be included, he would ask them to please let him know. What they'll do in about ten working days is approve the report. Mr. Smith or Mr. Rhoads will conduct that. The report included his recommendations so far. He would like to get input on that as well.

Mr. Dally said he would go through the recommendations. As for faculty vacancies on the Board, those have kind of piled up in the past year or two. Not having those members made it very difficult to reach quorum because they're automatically missing two people. So he would recommend getting some new members. That request would go to the Academic Senate, which has a procedure for this. Mr. Permaul said he actually had a faculty member who might be interested, but they need to come up with another one.

Mr. Rajan asked if it was particularly hard to get faculty engaged on the Board, or if they were just experiencing a natural rate of turnover. Mr. Permaul said they've had faculty who have been on the Board for a number of years, but finally rotated off. They've tried to get people from the Business School, and he thought that's been their difficulty in that they haven't been able to engage with or get it touch with some of the younger faculty at the School; but they're going to try. He had an idea he wanted to run by

Mr. Coley, something that hopefully he could help with. There was also a professor in Political Science, Darren Zook, who might be interested in sitting on the Board.

Mr. Dally said his next recommendation dealt with Board committees. The Charter outlined these committees and their uses, but the Board hasn't really used them for a while. The last subcommittee report the Board heard was about two years ago. This was something that probably should have been addressed sooner, but he felt it will be more and more important as the Board took on more business, as it looked like it would. Again that would get the Board over the hurdle of getting things done.

Mr. Dally said his third recommendation concerned his feeling that it took a little too long to make decisions. He hasn't necessarily seen it hurt the Board yet, but it had that potential, such as, e.g., with a business like the Brazil Café. People were very involved in the day-to-day operation of their business and couldn't really be kept on the hook forever. Eventually, they could lose interest. He didn't think speeding up decision making would necessarily lead to worse decisions. He thought the Board usually knew within a few months what was a good idea or a bad idea. The other problem with keeping something going for say a year and then rejecting it was that the Board wastes a few months when they could have been looking for alternatives. So he thought this was something the Board could consider.

Mr. Dally said his next recommendation was to continue to balance the introduction of large businesses with numerous smaller ones. They want to keep a balance, he thought, and to keep the Berkeley atmosphere. He felt like they've done a pretty good job that year, with The Local being introduced and with the RFPs for the flower stand and the bike stand. Again, that approach kept small businesses in the Bear's Lair.

The next point was something the Board heard about from the Daily Cal: expenses going up. Costs increase, other things happen, and revenue might not follow. But there were a lot of things they want to do. They want to pursue green initiatives, which was really big that year, and they want to continue putting money towards the ASUC.

Mr. Dally said the next recommendation was on a gloomier note. This was a tough time for business. STA Travel was gone and they've already heard from CUBS and Naia that business wasn't going so well for them either. So there was a possibility that the ASUC mall could be empty, and a lot of revenue the Auxiliary would lose out on. MLK will also be closing for seismic renovation. So there were a lot of things the Board wanted to do and they couldn't just let the status quo continue forever. As they've seen, things could change pretty quickly. Prof. Williamson would be upset to hear him say this, but the ASUC wanted to subsidize some desirable operations, which they couldn't do without enough profit from the more successful businesses.

Mr. Dally said his last point was that there were a lot of new opportunities the Board should pursue. There were also a number of old problems. For instance, they'd like all the merchants in the Bear's Lair to pay rent that was market rate, but that wasn't going to happen anytime soon. There was also a lot of empty space that was kind of a blank slate at that time that the Board could go forward with, and he thought that should probably be the focus of the Board's energy. He thought their other problems would be resolved as the rest of the ASUC became more popular for students.

Mr. Dally said those were all the points he had, and he could take input at that time to consider over the next two weeks.

Mr. Rajan said he didn't know what general level of input Mr. Dally wanted, but in some sense Prof. Williamson viewed things correctly. He thought that what the professor did was to quantify the level of subsidy the Auxiliary was actually paying. So for instance, the Daily Cal was, in effect, asking for an \$18,000 subsidy. However, it's never "sold" that way. It was fine if it was sold that way, and if it was worth \$18,000 to the Board to have a really good campus newspaper there. He hasn't seen that concern much, especially early on, from the Board. He knew administrators think a lot in that way, and if the students could start thinking about the level of subsidy more it would benefit the Board in making the decisions it needed to make.

Mr. Coley said he was happy to hear Mr. Rajan say that, and would like to thank him for it. Mr. Rajan said people learn.

Mr. Dally said people should send him an e-mail if they come up with anything detailed, and the recommendations will be submitted to a vote. That would be his last vote there.

Mr. Permaul said he wanted to commend Mr. Dally, who has tried diligently to follow the rules and regulations the SOB had and to actually do the things that were called for. Mr. Dally submitted action reports to the Vice Chancellor, as required, and has come up with a year-end report, which the Board hasn't done in several years. Mr. Permaul said he wanted to thank Mr. Dally very much for his service on the Store Operations Board. (Applause) Mr. Dally said it's been a pleasure.

Mr. Coley asked Mr. Dally how he was different from this experience, having sat on the Board now for two years. Mr. Dally said it was difficult to quantify. A lot dealt with Prof. Williamson always bringing up things about subsidies. Mr. Dally said he wouldn't have necessarily thought of that. His initial thought was that they would definitely want the school newspaper, but there were always two sides to things. They may keep the newspaper, but the question was what that did to the ASUC Auxiliary and to the students thereafter. There was a lot of micromanagement stuff, like trying to find a time that worked for everyone, which was more difficult than he ever imagined.

Mr. Permaul said Mr. Dally has had the wonderful experience of being an administrator. Mr. Dally said he definitely learned a lot, and in time, he thought he'd understand more about what he did learn. Mr. Coley said he thought that was true, and thought Mr. Dally did a good job.

Ms. Winston asked Mr. Dally what he was doing after his Board membership. Mr. Dally said he'd be at school, and didn't really have anything lined up.

Mr. Permaul said he originally met Mr. Dally as an ASUC rep on the Cal 1 Committee. Mr. Dally worked in the Cal 1 office and has been a driving force behind much of what the Auxiliary has been doing with the 1 Card. So now that he had a little more time, Mr. Permaul said he might prevail on Mr. Dally to work with him as a volunteer as they move ahead with the 1 Card proposal. Mr. Dally said he definitely had more time to waste next year besides on school and work. Mr. Permaul said he thought Mr. Dally was looking for a little free time as a senior.

## REPORT FROM THE DIRECTOR

### Flower Vendor

- Closure of STA Travel and Its Proposal for an Alternative Vendor
- Bear's Lair Pub Expansion

Mr. Permaul said they have a flower vendor RFP, which Mr. Quintin, the new Student Union Director, brought to pass. There are two proposals that will be brought to the Board electronically. He'd ask Board members to take a look at them, give their best recommendations. These weren't huge contracts, but they'd change the quality of life in the way the Plaza looked and the way the Student Union operated. The Auxiliary was really pleased to get two proposals.

Mr. Coley asked to what extent the Auxiliary has engaged and informed the campus that this was being considered, particularly because these would be outside operations. Mr. Permaul said it would actually be within an existing structure, and a cage currently exists on the building. The Auxiliary in the past has been told that as long as it modified space in the building, there was no action for the Auxiliary to take. He wasn't sure whom he would go to.

Mr. Coley asked if it could be seen from the outside. Mr. Permaul said it could be. So perhaps he should go to Bonnie. But he wasn't sure. Mr. Spivey said the space had been modified by a previous flower vendor. Mr. Coley asked when that was. Mr. Quintin said the person who submitted the bid was the flower vendor at the time, but he didn't get the date she was there. Mr. Coley said they should not make any assumptions. One thing about flowers that concerned him was cleanup. Mr. Permaul said they'd find out what they'd have to do. Mr. Coley said that if they had a hard time finding out, they should talk to him. But a flower stand wasn't something they could keep isolated inside this space. Mr. Permaul said he'd probably start with Emily Marthinsen and go from there. Mr. Coley said that would be a good idea.

#### Closure of STA Travel and Its Proposal for an Alternative Vendor to Assume Its Contract

Mr. Permaul said that STA Travel has closed its stores nationally, including the store on Telegraph Ave. and the one on campus. The company owed the Auxiliary money and has come back to the Auxiliary with a proposal to bring in Kaplan and have it pick up the contract so STA Travel could get out of the \$46,000 it owed to the Auxiliary. Mr. Permaul said they have shared this information with Ms. Winston and asked for her opinion. Given the conversation that evening, he thought there should be more conversation about alternatives and options. What they might be able to do was to send the Brazil Café to STA. If student government would prefer that option, they could have that opportunity. The Auxiliary was looking for ways to put in more commercial space, not less. They just need to talk more with student government and see where they'd like to go.

Ms. Winston said she thought the idea of more businesses was good. Mr. Permaul said they wanted, however, a back-up position in order to have options.

Mr. Rajan said he didn't think the back-up was as attractive as the first option. He thought that was one problem Naia was having.

#### Concept by John Martin and the Bear's Lair Pub Expansion

Mr. Permaul said they met with John Martin and took a look at the concept he was proposing. Mr. Permaul said he distributed a rough concept of what the Bear's Lair Pub would like to do. The Pub would

like to build a burger bar inside its existing space. The Pub would also like to re-do the fences that exist outside the Bear's Lair Food Court and around the Pub itself.

Mr. Permaul said the Auxiliary has opened up a PRR with Physical Resources, Facilities Services, to look at the bathroom relocation, which was really the critical factor. The bathrooms inside the Pub were not only inadequate, but were not attractive and close off the Pub to the outside. The Auxiliary was looking to relocate them at the location he showed the Board earlier. The concept was to take the last alcoves inside the Bear's Lair Food Court and the two outside seats that go out, close that in, and put the restrooms there. These would be larger than the restrooms they currently have and would serve both the Bear's Lair Food Court and the Pub. Again, this was something that Design Review would evaluate. The Auxiliary initiated the PRR to start the process. As they get more information from the campus, that would be brought back to the Board. This had to be resolved first before anything could be done with the Bear's Lair Pub. There had to be restrooms, they had to be disabled accessible, and they had to adequately serve the needs of both the Bear's Lair Food Court and the Pub. So until this was determined, the Auxiliary effectively could not do anything in the Pub. The Auxiliary has talked to Mr. Martin about having any renovations done at the same time work would be done in the Bear's Lair Food Court and the Pub as a result seismic renovations since there will be a period of time when the Pub and the Food Court will be closed next year due to seismic renovations. That would happen in 2009, and the Auxiliary was trying to start now to see if they could first deal with the restrooms.

For the Tilden Room, they're going to be tear down the restrooms that year, before the seismic work was done in the Tilden Room next year. The Auxiliary was trying to follow that same strategy and see how far it could take them.

Mr. Dally said the Pub had different hours than the Food Court, and asked if this would be accessible after the Food Court was closed. Mr. Permaul said it would be. They'd change the way in which they operate the Pub and how they use that space. They want to bring more life to it. So it was good to do this. They don't have a study area after-hours on the lower level of the Union, and Naia has served as that study area. But again, it's varied. But they're looking at other options.

Mr. Coley asked if this deals with the activity under the stairway. Mr. Permaul said it did, and they would enclose that stairwell with a fence. The flower boxes would be put over there. It has worked temporarily to keep that area from being a site where people either defecate or urinate. The Auxiliary was still struggling with the area by the entrance of the Cal Student Store. It was their hope that the presence of a flower stand and life over there would help a little with that as well. But the Auxiliary continued to have issues with folks in the Lower Plaza.

### Bicycle Maintenance Service

Mr. Spivey said that week he walked with the recycled bicycle people, and they offered the Auxiliary a proposal. They were first looking at the flower area, underneath the stairs. They actually thought about putting them in the vacant, unused stairwell in the breezeway, but if Panda had to put up its hood, they'd have to close that off. But the bicycle people came by that week and said they could set up anywhere and were very excited to come to campus. They want to work with Parking and actually advanced a concept



that Mr. Spivey said shocked him, selling bikes to freshmen during Cal-SO, working with Parking to have students' bikes ready for them in lockable cages on campus. They went down and actually looked at the bike cage, which actually had one bike in it. There were a bunch of cages on campus for students to lock their bike in, that hardly anybody used. So the bicycle folks wanted to work with Parking to provide bikes for students.

Mr. Coley asked about the cages. Mr. Permaul said the Bay Area Air Quality District paid to have cages installed, for people to rent space on campus and park their bikes. They have not been effectively utilized.

Mr. Rhoads asked where they were located. Mr. Permaul said there was one in the basement of the Student Union, at Hearst, and at various locations around campus.

Mr. Spivey said the concept the Auxiliary was advancing was a way to work with incoming freshmen and to sell them recycled bicycles and have the bikes ready for them on the first day of school. The bicycle folks saw a Cal-SO group show up in front of the Cal 1 office to get their IDs and saw customers walking by, and they advanced this concept.

Mr. Spivey said the sketches he passed around showed the places where the bicycle folks could set up operations. One location was right outside where the bathroom Mr. Permaul talked about. The group asked for a rendering, so he had renderings done for the Board to either set up there or right behind the Senate Chamber. The bicycle operation would need a nighttime storage space for its equipment to put back each day.

Mr. Permaul said they were working on finding a location for this if they couldn't use the space in the breezeway. Mr. Spivey said one possibility was space underneath the stairwell across from STA Travel. The bicycle operation would need a place to put its tents. They have a workbench. They would also work with the UCPD or Parking to improve bicycle locks, which seemed to be an issue on the campus, as well as also work on stolen bikes and on a maintenance program that was centrally located in the Student Union area.

Mr. Coley said he would be interested in hearing students' opinions about the bicycle initiative.

Ms. Winston said she liked the idea. She's talked to people about a bicycle repair and recycling service on campus and people thought it was a good idea. She thought it could be of interest to students.

Mr. Spivey said there were two renderings, one for the Eshleman area and one by the Food Court.

Ms. Winston asked about closing down at night. Mr. Permaul said people could ride bikes through the Student Union Plaza. He had Parking and the landscape architect bring the campus bicycle plan, and students can ride through the Plaza.

Ms. Winston said she thought the location by Eshleman would be cluttered. Ms. Pasco said she agreed. Ms. Winston said she preferred the location by the stairs.

Mr. Spivey said he and Mr. Permaul had a meeting with Parking and they talked about the bike locks. Current racks weren't being used and they're talking about putting S-racks in, next to the bike

maintenance tent that would be put up each day. Students could bring in their bikes to have a flat tire fixed, e.g., lock it to the racks, and it would be there for repair the next day. Mr. Permaul said Director Pinto was favorable to this idea.

Mr. Rajan said that grad students tend to live a little further away, but he thought this idea generated a lot of interest among them. A lot of people on last year's Executive Board rode bikes and were interested in this concept. And in his conversations with some Delegates, a lot of people were interested in this. But he was a little worried about a "Sanford & Son" type of thing going on, especially after seeing the renderings. It was just the idea of having junk around. But he thought it was a great, central location. A lot of people, especially on their way to the RSF or downtown, go through this location. He thought they'd need a place where this wouldn't be an eyesore, and he was sure that the Auxiliary could come up with one. Mr. Spivey said the tent would be taken down every night and stored away. Mr. Permaul said the bike operation would have to clean up every day. Mr. Spivey said they'd also need a 8 X 8 storage area to store their equipment. They'd put up the tent for the hours the operation was open, from 10:00 to 5:00, or 11:00 to 6:00. He couldn't imagine it being open past 6 o'clock, because traffic slowed down.

Mr. Rajan asked if it was possible to cut off half the breezeway, and have this away from the Plaza. He didn't think a bike store wouldn't require a great deal of advertising, people would know it was there. Mr. Permaul said he thought the Fire Marshall would have something to say about blocking the breezeway. But the Auxiliary would look at everything. Mr. Spivey said there was an earlier thought of opening up the middle area cage for the bike shop. But the Fire Marshall has made a request for that area to be closed off for Panda's hood to go there. So that would eliminate the possibility for storage and working out of there. Mr. Rajan asked if there were no back-up plans for where else the hood could go. Mr. Spivey said there weren't.

Mr. Rhoads said he thought the concept of a bike shop in general was good. He didn't know where the tent should go, but thought this should definitely be explored, and there should be talks with the campus for the best location. He knew several undergraduates who bike who would definitely take advantage of such a service. He also knew several faculty who bike to campus, other potential clientele.

Mr. Coley said he hated feeling like "Dr. No," but they really need to be very sensitive about these things. He also liked the concept. He left Chicago last evening, and apparently Chicago is the friendliest city in the nation for bicyclists. He thought the campus could learn a lot from what Chicago was doing, which was to be very aggressive about accommodating bicycles. He didn't know how aggressive the campus has been. He knew EH&S and Parking have done things to try and accommodate bikes, but there might be other ideas friendly to their biking population. But again, he was being sensitive. So when they talk to people in Capital Projects and others, if there was a possibility to have it indoors in some way, it would probably not be a problem at all.

Mr. Permaul said they actually walked it with Kira, from Parking, and the assistant landscape architect reviewed the site. They talked about where they'd put the bicycle "ribbon" racks, how they'd pull out the current racks, where the tent would be, etc. And they felt it would work. Storage space was needed because the bicycle operation would be expected to break down every day. The Auxiliary didn't want to create a location where things would accumulate. That was the whole point of having this location. They kind of liked the visibility of the location. Mr. Permaul said they'll continue to massage this and keep the Board abreast of exactly what was being done. And they'll go through the process. For everything they're doing, the Auxiliary was going through Capital Projects, which got to review everything.

Seismic Renovation Project for 2009

Mr. Permaul said they have a new project manager for seismic renovations, and the Auxiliary was very pleased with him. He “got” it, that the Auxiliary didn't want to close down its revenue sources. The Auxiliary made it very clear that if the project closed the Food Court and the Cal Student Store, there was a question of what their alternative was for business interruption, and who could cover the revenue losses. And immediately, the whole approach they were taking changed, and they were now looking aggressively at how to minimize the impact of the construction so that the Auxiliary didn't lose revenue. So the Auxiliary was very pleased with that. The Auxiliary believed there will be a two-month window where they'll see the Bear's Lair Food Court and the Pub closed. That will probably coincide with the summer, probably late May, early June, the beginning of July. The goal was to have work done before people get back to school to have the Cal Student Store, the Pub, and the stores in the Food Court all operating when students return. Mr. Permaul said he was still waiting to see a final report. Mr. Spivey was working very closely with the project manager, as was Mr. Quintin. Mr. Permaul said they'll also do the restroom facilities in the Tilden Room that year.

Mr. Permaul said that starting next week Campbell Hall will be seismically renovated, and they chose to relocate the campus telescope to the ASUC. When that's done, about 10,000 students may come to the Student Union with the telescope relocated upstairs, in essence, going to the roof to look at the stars. Some of prep work to relocate the telescope might be done during the seismic renovation.

Mr. Daal asked where the telescope was currently located. Mr. Permaul said it was at the top of Campbell Hall.

Mr. Rhoads asked if the Auxiliary would get any rent for the telescope being on its building, or if that was appropriate. Mr. Permaul said the Auxiliary looked at this as a quid pro quo. If 10,000 students currently on the Northside of campus come to the Student Union, that would be very good. Campbell Hall would pay for all the additional operating hours and for all the renovations. And if anything had to be done to the Tilden level to accommodate the telescope, that would be paid for as well. So the Auxiliary thought this was a good idea.

Mr. Coley asked if access to anything would be lost as a result of this move. Mr. Permaul said there wouldn't be. Mr. Coley asked how access to the Tilden Room wouldn't be lost. Mr. Permaul said it wouldn't compromise the use of the Tilden Room.

Ms. Winston asked if the telescope would be open to everyone. Mr. Permaul said it wasn't for anybody, but for classes. So access would be supervised.

Mr. Coley said he would assume the area would be secured as well. Mr. Permaul said the way it would be constructed would secure the telescope.

Mr. Permaul asked if Ms. Winston was interested in providing students with an opportunity to use the telescope, and thought that was an interesting idea. Perhaps the Auxiliary could propose to have visitors' hours, so students could also take a look at the stars. Mr. Coley said he thought that was a wonderful suggestion that would feed directly into Mr. Rhoads' comment, and spoke to their educational environment. He thought astronomers would be very much in favor of utilizing this as an opportunity. This

- Relocation of Computer Sales to the ASUC from TSW
- Coffee Shop at the ASUC

would be a whole new neighborhood for astronomers to do their work and he thought they'd have to find a way to do that.

Mr. Daal asked if Mr. Permaul could also ask about daytime access.

Mr. Rhoads asked about the seismic work on MLK, the retrofit. Mr. Permaul said that will occur next spring and summer. ASUC student government put aside money to recover from the loss of revenue that will occur from that work. Sheer walls will go in all the way to the basement. Two sets of bathrooms will be renovated for the Auxiliary, paid for by the project, because they'll have to go through those for the work. For ADA purposes, the bathrooms will have to be completely renovated. The bathrooms will be "green" and will be much better for the environment when they're completed. In addition, all the glass in Pauley Ballroom will be replaced with shatterproof glass and bracing will be installed. The Tilden Room will be seismically renovated and will be attached to the building. It was currently not attached, which meant that in an earthquake it would move differently than the rest of the building. Bracing will also be installed. All this would be done at a cost of \$8.5-9 million.

Mr. Permaul said they were also looking at Eshleman and what might be done in order to allow students to remain there. While it wouldn't be upgraded to the highest level, it's believed that banding could be done with the pillars outside Eshleman that could sustain the building and allow it to remain. He knew Ms. Davis was very skeptical because she's been through this before. But this was something people were looking at.

#### Relocation of Computer Sales to the ASUC from The Scholar's Workstation

Mr. Permaul said he was happy to announce that by January of 2009, the Cal Student Store will be selling individual computers to faculty, staff, students, and the community. They're working with The Scholar's Workstation for an MOU to make that logistic plan come into place. And they're working with Follett to actually renovate the space. Follett had been interested in seeing a coffee shop go into the Convenience Store location, but was now thinking that it would like to put computer sales there, and create perhaps a new entrance to the Student Store as well. As a result, the Auxiliary has looked at putting the coffee shop where the green café was going to be, upstairs, at the entrance of the Student Union, in the southeast corner, by the stairwell that goes up to Pauley.

Mr. Rhoads asked if that would be where the ASUC desk was. Mr. Permaul said that was correct, and it would move to the other side.

#### Coffee Shop at the ASUC

Mr. Permaul said that one vendor was extremely interested in the location at the entrance of the Student Union, and Follett was working with another vendor to see if they were interested. The Auxiliary will come back to the Board with plans on how this can be developed. This would be a new commercial space

that would bring more life to the Student Union and would give a better entrance to the Multicultural Center as well.

Ms. Winston asked if this was the same area he spoke about at the last SOB meeting, where a coffee cart would be located. Mr. Permaul said it was.

### ACTION ITEMS

#### Approval Language of the Letter of Intent with Panda Express

Mr. Permaul said the only action item was the Letter of Intent with Panda Express. The work on the LOI has been completed with Panda and with Helen Levay, of Real Estate Services. The Auxiliary was prepared to move forward with formal negotiations on a contract with Panda and to do the buyout that Naia has proposed. A motion from the Board would allow the Auxiliary to move forward with these negotiations.

A motion to approve the Letter of Intent and move forward what Panda Express was made and seconded by Mr. Rajan and Mr. Rhoads. THE MOTION TO APPROVE THE LETTER OF INTENT WITH PANDA EXPRESS PASSED UNANIMOUSLY BY VOICE-VOTE. There were two abstentions.

Mr. Coley asked if the problem with the hood has been solved. Mr. Permaul said it has been.

#### Miscellaneous Items

Mr. Permaul said he wanted to share a few things. He had some examples of the third leg of their promotion and marketing of the ASUC, a hard copy magazine they're going to launch, "Student Center(ed)," that will also be online. The GA and ASUC Presidents submitted their introductions for the magazine. He'd pass it around so people could see the concept. He was extremely pleased with it. It was part and parcel of filling in a commercial and marketing face to the campus and letting people know what the students, their governments and operations, were doing.

Ms. Winston asked how much it cost. Mr. Permaul said it was actually rather modest. The cost to the Auxiliary was about \$3,500, with the rest sustained by advertising. It will eventually be fully sustained by advertising.

Mr. Coley said that regarding "advertising," the Daily Cal was petitioning to be the only advertising on paper on campus. Mr. Permaul said that if that was the case, the Auxiliary would work closely with the paper. The Auxiliary had a number of relationships with the paper, not the least of which was with rent. The Auxiliary was willing to work with them and understood why the paper was attempting to do work on the ad policy.

Mr. Spivey said the Auxiliary has been working with the paper to distribute the magazine to freshmen the first few days of school. Mr. Permaul said the paper knew about this and the Auxiliary has been working with the paper on it. Mr. Coley asked if they didn't oppose having advertising in the magazine. Mr. Permaul said they didn't.

Mr. Daal said the way it was explained to him, the paper had an MOU saying that it was the sole advertiser on campus. Mr. Coley asked whom that was from. Mr. Permaul said it was from the Regents. Mr. Coley asked if Mr. Permaul has seen that. Mr. Permaul said he has, and said it was like many of the agreements the University has signed. After being signing, nobody enforces it and there's very little discussion. Mr. Coley asked if he could receive a copy. Mr. Permaul said he would ask for one.

Mr. Daal said the concern with the ad policy was that advertising revenues were being lost, which was pretty troubling to him. When other parties advertise in print media, the Daily Cal loses that business. Mr. Permaul said they were having that same discussion with the Law School, which puts editions of its paper outside its building, which was in violation of the contract with the campus.

Mr. Coley said he would like to see the Daily Cal agreement that excluded other print advertising. Mr. Permaul said the paper has presented it a couple of times. Mr. Coley asked to whom they presented it. Mr. Permaul said they brought it to the Auxiliary's attention, and it was part of the Auxiliary's plasma screen presentation to the ECPC. The paper provided written information that was included in the report and he'd make sure the Board had that as well. Mr. Coley said he didn't recall that being in the report or in any presentation. Mr. Permaul said the paper had a separate contract with the Regents for the production of the campus newspaper, which was independent of the campus. He'd ask the paper if that could be distributed to the Board.

Mr. Daal said he thought the biggest concern in terms of advertising was the magazine produced by the RSF. It has classes and services the RSF provides, and advertising.

Mr. Permaul said he's mentioned that the Auxiliary has been working with the Cal Student Store to come up with Cal-specific items. They're about to produce for the Auxiliary some very high-quality, high-end products. One will be a tie with a rendering of the Campanile that faded into dark blue. There will be a scarf, historical cards, blankets, a variety of some very nice things the Auxiliary thought would carve out its niche in the market. People will hear more about this in the fall.

Mr. Permaul said he also wanted to show something from USC, an unbelievable package put together to announce its proposed, new student union. It included a gift of some of the tile to be used.

Mr. Rhoads asked if it was for fundraising. Mr. Permaul said USC already had a \$30 million budget for this and took the money to build this off the top of its capital campaign. They also had a \$30 million gift from an alumnus.

Mr. Daal asked about the overall cost for USC's Student Union. Mr. Permaul said he didn't have that but would find out. He believed it was \$50-60 million.

Mr. Permaul said he brought a letter the Auxiliary received that day that was humorous. Someone wrote that they took pens when they were an employee there in the '90s and enclosed a money order for \$100, which was more than what they believed they took.

A motion to adjourn was made and seconded by Ms. Winston and Mr. Rajan and passed unanimously by voice-vote.

This meeting adjourned at 7:21 p.m.

These minutes respectfully submitted by,

Steven I. Litwak  
Recording Secretary

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Begin Year-End Report from the Chair

## YEAR-END REPORT

July 16, 2008

### Significant Events:

- June '07: Feasibility study for Starbucks cafe; Auxiliary fully solvent, with \$50,000 transfer to the maintenance contingency, although a carry-forward was not expected for the next year due to increased costs and flat revenues; Naia reports that it is struggling.
- August: CUBS and STA Travel may move in order to accommodate potential new leases; "The Local" natural produce considers new location outside MLK; Follett sales are at \$17 million, just short of the \$17.5 million threshold for increased payments to the ASUC; the Cal Lodge is running, and the ASUC Art Studio broke even.
- September: the ASUC made a presentation to Vice Chancellor Brostrom on the ASUC's role in providing services to the campus; Peet's considers space for coffee shop in Bookstore; concept of re-developed Bear's Lair Pub presented.
- October: Peet's withdraws from consideration for Follett's space; RFP discussion on Panda Express.
- November: preliminary interest from Haas in moving an academic program to MLK; Bear's Lair vendors are on month-to-month leases, with most rents around \$2.50 per sq. foot; Naia officially proposes Panda Express as a partner to share their space.
- December: presentation from Panda Express; Board votes to approve concept of Panda pursuing a lease buyout with Naia, and will continue discussions with Panda; presentation by CUBS on their financial difficulties; discussion on opportunity cost of subsidizing poorly-performing merchants; "Roadmap to Redevelopment at the ASUC" presentation states that the residual returned to students will decrease from \$409,000 in '07 to \$45,000 in '08; 1,400 sq. feet of vacant space currently.
- January: technical review shows that it is possible to install a vent for restaurant operations in the current Naia space; Follett proposes to remodel first floor of Student Union if they receive the campus technology sales contract.
- February: Panda Express would help relocate STA Travel and CUBS; first meeting of the Commercial Services Task Force to better manage commercial development on the campus; Auxiliary is preparing to cut budget by 10%; Tully's Coffee expresses interest in the Follett space.
- March: Leases in Bear's Lair being renewed on two- or four-year terms, contingent on whether they renovate their spaces; Daily Cal lease up for renewal, to increase by changes in the CPI; RFP for commercial Cal I Card partner may be issued soon; faculty are encouraged to increase the textbook adoption rate to save money for students.



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Year-End Report from the Chair (cont'd)

- April: Presentation by Tully's Coffee; Panda Express may be interested in an additional partner to share the 3,000 sq. feet of space in a renovated ASUC Mall; bicycle shop and flower stand proposed for Sproul Plazas; proposal to expand the Coffee Spot to a satellite location.
- May: MLK Seismic renovation project delayed and costs have increased to at least \$12 million; Board authorizes the Auxiliary to renegotiate leases with Bear's Lair merchants, English Language Institute, and Daily Cal; authorization for a Letter of Intent with bicycle and flower vendors, Panda Express, major coffee vendor, and Coffee Spot cart; STA Travel closed between meetings.

Recommendations

- Fill the two recent faculty vacancies through the Academic Senate.
- Implement committees for important issues. This will help ensure that progress is made between meetings.
- Reduce the amount of time that elapses between a new proposal and a final decision. It does not benefit either party for more than a year to go by before deciding for or against a deal.
- Continue to balance the introduction of larger businesses with numerous smaller ones.
- Keep in mind that expenses will always go up, but revenue might not. In order to pay decent wages to our employees, pursue green initiatives, and maintain a residual profit for the ASUC, the Board must be proactive in seeking out new business opportunities.
- The Board needs to prepare for a downturn in business; the ASUC Mall has lost one vendor this year, while CUBS and Naia have already stated their struggles -- there is a real possibility that the Mall could be empty if we stay on our present course. The rising cost of food could also put pressure on Bear's Lair merchants, forcing some to leave. Revenue in MLK will drop as seismic renovations take place. These factors could make it increasingly difficult for the ASUC to subsidize desirable operations, fund necessary improvements, and carry a residual profit for the students.
- Despite the gloomy tone of the previous point, the Board should spend more time pursuing new opportunities rather than worrying about old problems. The ASUC Mall and Student Union remain a prime, if underutilized, location to offer services to the campus.

End Year-End Report from the Chair  
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## **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.
- 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.

Procedures (cont'd)

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.
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

<b>June '08</b>	<b>Approved the concept of bringing the Brazil Café to the ASUC .</b>
<b>June '08</b>	<b>Approved a Letter of Intent to negotiate with Panda Express.</b>
May '08	Approved Letters of Intent to: renegotiate leases with Bear's Lair Food Court vendors, ESI (English Language Institute), the Daily Cal; to negotiate leases with a flower vendor, a bicycle vendor, Panda Express, and a major coffee vendor; and to amend the Coffee Spot lease for coffee cart operations at Anthony Hall.
December '07	Heard a presentation by CUBS.

Vendors (cont'd)

- 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.
- 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.

Vendors (cont'd)

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.
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.
- 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.

Budget (cont'd)

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|--------------|--|
| 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

September 23, 2008

Present: (Members and others)

Adi Afek (ASUC EVP)	Arturo Ortega	Claudia Rodriguez (ASUC Senator)
Ron Coley	Eddie Nahabet (ASUC Senator)	Will Smelko (ASUC Senator)
Matt Dally	Nadesan Permaul	Jordan Smith
Barbara Davis	Tara Raffi (ASUC Senator)	Tom Spivey
Meghana Dhar (ASUC Senator)	Nish Rajan	Bryan Thomas (Daily Cal)
Patrick Hoge (Daily Cal)	Diane Rames (Daily Cal)	Roxanne Winston
Allen Matthews (Daily Cal)	Dave Rhoads	Stephanie Yang (ASUC Senator)
Christina Oatfield (ASUC Senator)		

### **SUMMARY OF THE MEETING**

The meeting, commencing the Spring Semester, was called to order at 6:14 in the 4th floor conference room, Eshleman Hall. Introductions were held.

#### **Daily Cal Proposal**

The Daily Cal submitted a proposal to defer all of October's rent, with a future repayment of \$1,000 per month TBD, and reduce rent 50% for the remainder of this academic year. Rent would go from \$3,860 per month to \$1,930 cash per month. The paper's wish was to get financially healthy and in May 2009, negotiate a new rental agreement.

Diane Rames, Daily Cal General Manager, introduced Allen Matthews, Chairman of the Daily Cal Board; Bryan Thomas, the Editor-in-Chief and President of the Daily Californian; and Patrick Hoge, a Board member and member of the paper's Finance Committee.

The paper has had a big trend downward in advertising revenue, particularly national advertising, which was the single largest revenue source. The paper has cut across the organization in people and salaries and also cut the Wednesday publication. They're also considering to cut pay for student employees, for the rest of the year, at minimum.

Mr. Matthews introduced himself, Assistant Managing Editor of the San Francisco Chronicle. He went to Cal and was an Editor of the Daily Cal. Newspapers across the country were in very serious trouble.

People on the paper's Board were seriously concerned about the survival of the paper.

The paper was working on an endowment The Berkeley Group, out of the Business School. But that was a longer-term solution. It would be used to fund student compensation.



The Daily Cal has a very serious cash flow issue. The paper's General Manager chose not to get paid for the last paycheck. The paper asked for the October rent and utilities to be deferred, with the expectation of paying that back. Additionally, the paper was asking to cut rent in half through May, dropping rent to the ASUC from \$3,860 a month to \$1,930 a month. The full-page advertising agreement would remain.

October is a strong month for advertising, but ads they sell at that time wouldn't be collected for a few weeks, so they wouldn't have the cash to pay rent in October.

As for whether they'd still have this problem for the next fiscal year as well, the 18-to-24-year old market was vibrant and extremely desirable to advertisers and would bounce back.

As to deferring rent rather than eliminating 50%, the paper would need to stick to its proposal.

The paper was open to adding more pages for ASUC advertising, but wanted to have the flexibility to schedule non-paid so they don't incur extra costs.

Revenue from the Web site was a fraction of print ads.

The paper has met with the Chancellor, who said the campus was in its own bind, but could help in other ways, to promote the paper and possibly help in the start-up of the paper's endowment.

The paper actually saw this coming and in the last fiscal year negotiated with vendors, re-forecast, and dramatically cut expenses. This was the absolute worst overall economic conditions people have ever seen, for newspapers and the whole economy. The credit crunch was devastating.

The Board recessed and moved to the Senate Chamber.

#### Executive Session

The meeting entered into closed session to discuss the Daily Cal proposal and the letters of intent to Tully's and to Kaplan Testing.

In open session, by a vote of 7-0-0, the Board agreed to the Daily Cal's terms as stated in the paper's e-mail, but the provision that there be more ad space for the ASUC, online and in print, to be negotiated; that there be some acknowledgement of ASUC support, in a form to be negotiated; and that deferred rent be considered a loan, with a repayment plan to be negotiated, and with 2% interest on deferred rent, compounded monthly.

A motion to extend the meeting by a half hour unanimously by voice-vote.

The meeting entered into executive session to discuss the letter of intent to Tully's Coffee.

Back in open session, the Board approved the letter of intent to Tully's Coffee by a vote of 7-0-0.

A motion to extend the meeting by a half hour passed unanimously by voice-vote.

The meeting entered into executive session to discuss the letter of intent to Kaplan Test Prep.

Back in open session, by unanimous voice-vote, the Board approved proceeding with Kaplan Test Prep.

Panda Letter of Intent

The LOI with Panda had an agreement for ten years and two five-year options. It would be relocated in the event of Lower Sproul renovation. Rent would be \$45,000 a year with a 10% increase every five years. There would be a commission of 6% for sales of \$600,000 a year; 8% for \$6-900,000; and 12% above \$900,000. It was noted that commissions were expected.

Panda will contribute up to \$25,000 to relocate existing tenants, CUBS and the STA Travel space. The Auxiliary will invest up to \$50,000 to investigate egress, questions of the campus Fire Marshall, and utility infrastructure. The idea was to open the doors from the Cal Student Store to the Art Studio.

After 36 months, if tenant's gross sales were less than \$800,000 for two consecutive years, tenant may terminate the lease upon 90-days notice.

Panda will spend between \$750,000 and \$1 million to renovate the space.

The goal was to have it open by fall 2009. The Auxiliary was investigating the infrastructure and had a lot of things to work through with the Fire Marshall. Based on the length of the lease, it had to go to the Regents

Mr. Permaul said what he would like to do was go through quickly the other items and report to them some of these things.

The status of the Bear's Lair vendors and renewal of their lease

Healthy Heavenly Foods came within two days of being shut down by the campus for health and safety reasons. The Auxiliary got them an extension and the vendor had to invest \$4-5,000 to fix the problem. This vendor and the Coffee Spot will be given one-year extensions and would have to meet terms the Auxiliary has laid out for them, or a recommendation would be made that their contracts not be renewed. The Taqueria, a model tenant, would have a four-year lease.

Status of the MLK, Jr. Union Seismic Project.

An \$8 million seismic project will happen that coming summer. The Auxiliary was working to limit the impacts. They'll have to close the Bear's Lair Food Court, the Pub, and a portion of the Cal Student Store. Work will go to the basement of MLK and will include Pauley, the 4th floor, and the Tilden Room. Work will start at the end of May and run through August and September. Work on Pauley will take the longest. Most of the construction will happen over the summer, when the vendors weren't open.

It was suggested that the Auxiliary create a lease-space Web site for the SOB.

Update of Technology Sales at the Student Union

The aim was to have technology sales up and running no later than the end of January, 2009. This could be a \$4-5 million market per year that was commissionable.

Current Status of the Naia Gelateria

The Naia Gelateria has closed. The vendor was stalling to not open until Panda opened. The Director may ask the Board to negotiate an end to the contract.

Current Status of CUBS Credit Union

The relocation is moving forward. The ASUC will get a finished space that can serve as a full-service bank. If the campus goes to a 1 Card or a full-service bank, it would take over that space.

Current Status of the Brazil Café

The campus rejected the Auxiliary's concept of putting restrooms in the Bear's Lair Food Court, which would have allowed water to run to the roof. Another location they're looking at was the roof of the Bear's Lair Pub. He had a floor plan.

Current Status of the Pub

The Auxiliary was persuading the Pub to talk to a major pizza vendor. A request was made to make vegetarian and vegan options available.

Environmental Sustainability

The Student Union Director was working with the campus and local agencies to green the Union, and to particularly get rid of plastic.

Work was completed on the solar array, which now generates 13% more power. It only cost the Auxiliary the amount of inspection fees. An energy reduction partnership was also signed with the UC Energy Efficient Partnership Program, to reduce energy use in the Union. It involves a huge PG&E rebate program and a very attractive long-term payment plan. The Auxiliary was also working to support sustainable food service practices Systemwide.

There was a campaign, to "Fill the Bus" on Saturday with food, to go to the Alameda County Food Bank.

Bike Garage

All parties on campus were brought together to advance biking to and on campus. They're looking for a home for a bike shop.

The meeting adjourned at 9:01 p.m.

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

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This regular meeting of the Store Operations Board, commencing Spring Semester, was called to order by Jordan Smith at 6:14 in the 4th floor conference room, Eshleman Hall. Mr. Smith asked people to introduce themselves and to indicate if they were a guest or a member. Mr. Smith introduced himself and said he was Chair of the Store Operations Board, a fourth-year Business major. Roxanne Winston said she was a fourth-year American Studies major, Education minor, and was the ASUC President. Claudia Rodriguez said she was a fourth-year, a Poli.Sci. major, and was in the ASUC Senate that year, and was a guest. Ron Coley said he was Associate Vice Chancellor for Business and Administrative Services. The ASUC was one of the departments at the University for which he was responsible. Adi Afek said she was a third-year in Anthropology, and was a guest, sitting in for Ms. Pasco. Tara Raffi said she was a second-year, an intended Business major. She's an ASUC Senator and was there because she was interested. Nish Rajan said he was one of the representatives from the GA to the Board. He's a fourth-year Business PhD student. Alberto Ortega said he was also a GA representative, a second-year PhD student in Public Health. Nad Permaul was he was a 42nd-year student, with the ASUC Auxiliary. Tom Spivey said he was Associate Director of the ASUC Auxiliary and has been there 22 years. Eddie Nahabet said he was a third-year, majoring in Molecular and Cell Biology with an emphasis in Immunology, and was an ASUC Senator. Bill Smelko said he was a Political Science major, a third-year. Meghana Dhar said she was a third-year in Business and PEIS, and an ASUC Senator. Dave Rhoads said he was a Board member, the Vice Chair, and a former Senator, Architecture major and was graduating soon. Christina Oatfield said she was an ASUC Senator.

### Daily Cal Proposal

Mr. Permaul said that a copy was distributed of the proposal the Daily Cal was making. The Daily Cal is in a position where it needs to renew its lease with the ASUC and will make a proposal.

The following was distributed:

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Begin Daily Cal proposal e-mail

From: Diane Rames  
To: Nad Permaul

Hello Nad,

I wanted to give you a heads-up that Bryan and I have met with the chairperson of our finance committee, Helen Marcus, and our Chairman of the Board, Allen Matthews, extensively over the past week.

After careful review and much discussion with the finance committee, what have gained agreement on the following, which we will discuss tomorrow evening.

We shall be asking to defer all of October's rent with a future repayment of \$1,000 per month TBD. We shall also be asking for a 50% reduction in rent for the remainder of this academic year. This will move the rent from \$3,860 per month to \$1,930 cash per month.

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Daily Cal proposal e-mail (cont'd)

Our primary wish is to again get financially healthy so that come May 2009, we will be in a place to negotiate a new rental agreement.

We understand how important our monthly rent payments are to the ASUC. We also understand how important the new cooperative efforts between the ASUC and The Daily Cal business side have been towards bringing in new revenue to the ASUC. We looked forward to continuing to work together to build strong and stable businesses for both of our operations.

Thank you,  
Diane Rames  
General Manager, The Daily Californian

End Daily Cal proposal e-mail  
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Diane Rames, General Manager of the Daily Cal, introduced Allen Matthews, Chairman of the Daily Cal Board; Bryan Thomas, the Editor-in-Chief and President of the Daily Californian; and Patrick Hoge, a Board member and member of the paper's Finance Committee.

Mr. Thomas said he and Ms. Rames talked to the Board on June 30 about the paper's current situation. Unfortunately, it hasn't gotten better, and in some ways has gotten worse. He'd give an overview for those who weren't at the last meeting.

Mr. Thomas said the paper noticed a big trend downward in advertising revenue, particularly dips in their national advertising revenue, which was the single largest chunk of where the paper got its money. The paper has made a lot of cuts across the organization in people and salaries, and were operating more tightly than they ever have before; and that was saying something, because they're a non-profit on a slim budget. They've also cut the Wednesday publication, which has been effective. Unfortunately, their revenue in the summer was not strong and entering September, wasn't looking good.

Mr. Thomas said one big thing they're considering was to cut pay for many if not most of their student employees. It was also on the table to discuss piecework and shift work pay, so the pay of people who report, shoot photos, and do copy editing, was on the table, to possibly cut within the next two weeks. And that cut would be outright for the rest of the year, at minimum.

Mr. Thomas said he could talk a lot about the situation and how they got to this point. It was a tough economic situation and the paper was feeling it, like many, many other organizations.

Mr. Matthews said he was the Assistant Managing Editor of the San Francisco Chronicle, went to Cal, and was an Editor of the Daily Cal. It's well known that across the nation, newspapers were in very serious trouble. There's been a lot of cost cutting and a lot of jobs have been eliminated. The Chronicle has gotten rid of about 120 jobs, over 25% in the last year. Obviously, the Daily Cal was not immune to the trend of decreasing advertising. What the Daily Cal didn't have was a corporation backing it, like, fortunately, the S.F. Chronicle did.

Mr. Matthews said the Daily Cal provides an invaluable training ground for student journalists. There are numerous Pulitzer Prize winners who worked on the Daily Cal, and lots of people at major newspapers, like The Chronicle, the NY Times, the LA Times, and the Washington Post, and these provide a very valuable network for the University.

Mr. Hoge said there are people on the paper's Board who were seriously concerned about the survival of the paper at this point. The numbers were pretty stark, and weren't encouraging. He thought the Daily Cal was an important part of the campus. He went to Cal and was the City Editor on the paper. He hoped that the ASUC wanted to keep the paper and hoped the ASUC will realize that the paper was at stake at that time.

Mr. Matthews said he would talk about the endowment. Earlier that year, being worried about the paper's long-term financial health, they began working on an endowment fund. They're working with the Berkeley Group, out of the Business School. There will be an all-day meeting next week with various alumni to try and get this launched, with the hope that proceeds from the endowment would be able to fund student salaries as a form of scholarships.

Ms. Rames said the endowment was a longer-term solution. The Berkeley Group has a selection process and selected the Daily Cal Education Foundation. The paper was so happy to work with them and to really get their perspective of what the paper needed to do in order to create the endowment program and fund student compensation in the future, and hopefully insulate students from market fluctuations.

Ms. Rames said the Finance Committee of the Daily Cal's Board meets on a very regular basis with staff in the Daily Cal's offices and receives every Friday flash reports that keep them very much in the loop as far as what was going on. They're in constant communication and were constantly looking at best practices everywhere, as well as seeing where they have new opportunity. For instance, they're growing revenue by partnering with the Auxiliary, such as with Peter Quintin. Mr. Quintin forwards a lead to the paper, she sells them, an ad is purchased in the Daily Cal, and the Student Union gets the full rate for the tabling outside. Or, for instance, Mr. Quintin sold Blackberry a two-day program for \$200, and Ms. Rames said she sold them a two-day program where the Student Union will get \$1,000. That was a good step in how they're strategically looking at other types of revenue that could be mutually beneficial.

Unfortunately, the Daily Cal had a very serious cash flow issue. Ms. Rames said that she herself chose not to get paid that last paycheck. They need to ask the Store Operations Board to defer the paper's October 1st rent and utilities payment. The paper's expectation is that in the future, at some point, when cash flow improves, the paper will pay that back at an additional \$1,000 a month.

Ms. Rames said that October was traditionally one of the paper's stronger advertising months. She was handling herself all of the national advertising sales at that point, and was taking that out of the hands of one of their student ad team members and was really aggressively and directly working that whole category, tapping into her resources to try and bring in as many national ad dollars as possible.

Realistically, looking at the future, the paper needed to ask the Board, at least today, to cut the paper's rent in half from now until the end of the academic year, through May. That would drop the ASUC's portion of the rent from \$3,860 a month down to \$1,930 a month. It still completely retains intact the full-page advertising program the paper has with the ASUC. The paper has been successful in working with the ASUC on that. Mr. Rames said that was the paper's request that evening, and they welcomed the Board's thoughts.

Ms. Winston asked if they honestly believed they'll be able to pay back the \$1,000 additionally per month after the October deferment. Ms. Rames said she believed they will. She didn't know when. But from her almost 30 years in media, she knew there were cycles. And there was certainly a dramatic sea change occurring in media overall. The paper was addressing those issues. When they could do that, she wasn't sure, but that was completely their intent.

Mr. Thomas said that part of their issue was that ads they sell at that time wouldn't be collected for a few weeks, at least. So advertising was while they were strong in September and October, they weren't collect that money at that time. That's why they wouldn't have the cash to pay rent in October.

Ms. Rames said that in looking at their first quarter profit and loss statement they have aggressively been working to cut, even before their fiscal year started on July 1, said the University cut expenses that would occurred in this fiscal year. So they now net out now at just about \$5,000 in the red for the first three months of the year. But they still have one pay period left to go in September, the second pay period at the end of the month. That's why they know they'd either have to not pay their rent or not pay a whole bunch of people.

Mr. Permaul said he had to ask the tough question, and asked if the Daily Cal felt that this was a temporary sea change or if they thought, given the way the national trend was going, if they believed that they may be facing a situation at the beginning of the next fiscal year where not only will they have missed the revenues for half the rent for this year, and perhaps not being about to recover that, but that they'll start the new fiscal year having a problem as well. Ms. Rames said her perception was that the 18-to-24-year old market was incredibly vibrant and will bounce back. And certainly, student publications across the country have been impacted by the downturn in the market. So while an economic downturn began quite some time ago for major media, that did not happen for the Daily Cal. And it did not happen for the majority of the paper's counterparts across the country. She really saw that in the future, when the economy improves, that they'll bounce back, because this was such a desirable target audience and the paper had a captured audience, so to speak.

Mr. Permaul said that if she felt there was a chance to recover that market and be stronger, and asked if it would make sense for the ASUC to defer the paper's payment and collect on it in the future as opposed to eliminating it. The way the proposal read, it sounded like the paper was asking the ASUC to forego the revenue for the rest of the year.

Ms. Rames said the paper was asking for a deferment of October and a reduction of 50% for the rest of the academic year. Mr. Permaul asked if the Daily Cal, instead of considering a reduction, would consider a deferment to the next fiscal year, with a chance that students would regain the funds that were lost. He was asking whether or not the Daily Cal would consider deferring as opposed to reducing the revenue so the students would recover these monies, perhaps in the next fiscal year, rather than lose them permanently, which was what the proposal stated.

Ms. Rames said that her sense was that they need to stick with what they were doing for that evening. They've given this a lot of thought from a lot of folks on their Board, and on multiple boards, and really put their best thinking into what would be the strongest win-win. No doubt, the paper knows that the ASUC depends on its revenue stream. So the paper was trying to do something that hopefully would have as minimal an impact as possible. And the paper intended to keep the ASUC updated.

Mr. Smith asked about the paper's long-term plan if the newspaper market continued in the current trend. He asked if there was a plan of action to decrease the paper to twice a week, or to decrease the page size. He asked what the long-term worst-case scenario was. Ms. Rames said that for the easiest part, the paper changed its page size last year so that they'd get a lower unit cost. They were actually a little bit smaller before, and by making it a little bit bigger, they were able to add their newsprint buy to other companies' buy, and get a lower unit cost. They intend to stay the current size. It was a common size and it gave them the maximum negotiating room with paper mills and the marketplace. As far as looking at the possibility of future reductions, that was the kind of thing that the paper had to consider if things didn't turn around. But she could say with a lot of confidence that the 18-to-24-year old marketplace was extremely desirable in the eyes of advertisers. Mr. Matthews said the paper also had to aggressively pursue its endowment fund.

Mr. Thomas said everything they've tried to do with their first round of cuts was aimed at giving them a first-year fix, and giving them some buffer room to give them some time to do some long-term planning. They were entering into a period now where they were doing long-term planning for the Daily Cal, looking at what the future model was, and whether they'll always be in print. Everything was certainly on the table. But coming into this over the summer and into the beginning of the fall, and they were not a position to completely change their model without thinking it through. So the paper was aimed at stopgap measures, and now they were entering into, with their Board, and with as many people as they could, with those long-term questions. Ms. Rames said that were coming up with a strategic, in-depth business plan.

Mr. Rajan said the last time the paper spoke to the Board, in June, there was some discussion of perhaps doing some sort of trade. He asked if there could be more pages dedicated towards ASUC advertising. That hasn't been mentioned, and he asked if it was because adding more pages would add to the paper's costs significantly compared to the benefit of having reduced rent. He asked if the paper would be open to adding more pages for ASUC advertising, or if that would be too costly. Ms. Rames said she thought the paper would be open to looking at things like that. The paper's main concern was to continue to have the flexibility to schedule non-paid ads when they don't have to "jump," or increase the page count of the paper to be able to accommodate that; so that they don't incur extra costs to run an ad that they receive no revenue for. If they have an eight-page paper, which they frequently have, and it's on the border of whether to jump it to 12 pages or not, if they add a half-page of extra, free space, they're going up. It was hard to forecast the page count because there were so many variables involved.

Mr. Rajan said that it seemed that there was no easy trade work. The paper required a lot of flexibility so the Auxiliary couldn't really put down on paper that for a rent reduction, they'd get such and such things. Ms. Rames said they could talk about that, absolutely. Maybe they could have another five pages. Mr. Rajan said that would really increase the paper's costs. Ms. Rames said it all depended on when the pages run.

Ms. Winston said that earlier there was a proposal to the SOB to reduce the rent for the Daily Cal, and also an additional five pages a year of advertising. She asked if that was still on the table, or if that was too constricting for the paper. Ms. Rames said the rent reduction portion, was not, based on market conditions, but they would be totally willing to talk about the possibility of adding additional space. Mr. Thomas said there was online space as well. Ms. Rames said the paper just needed to maintain the flexibility to not jump the paper to run free ads.



Ms. Afek asked what efforts have been made to amp up the online paper and to seek out online advertisers. Ms. Rames every morning from 6:00 to 7:30, she's on the phone to New York, to agencies, and works national agencies not only about in-paper, but also online avenues. They just gained an agreement with Microsoft Corp. on Monday to do a beta test for a new product to help monetize some of the paper's blogs. So the paper was really stretching and looking forward to new and alternative ways to produce revenue in addition to the sales pressure they're putting on. Mr. Thomas said that as for the editorial side of things with the Web site, they did a full redesign of the site five months ago, and it's already started to win awards; and they're also expanding multimedia content online. That was actually one area they're not cutting back because they knew it was part of their future. So they're trying new things, and their traffic was building a lot on a weekly basis online. So that was a shining point at that time.

Mr. Smith asked about the daily views on the Web site and how revenue from the Web site compared relative to the paper. Ms. Rames it was a fraction. Mr. Matthews said that was common for newspaper Web sites. The advertising model for online newspaper advertising wasn't quite there yet.

Mr. Permaul said he thought the Auxiliary came back the first time with a counter proposal to what the paper offered that had to do with online advertising because in essence, it's a fraction of what they had in print. But they were looking to expand ASUC advertising on the online portion of the paper. Secondly, since everything was on the table, he asked if it was reasonable to assume that the Daily Cal will go to the campus and tell the Chancellor that there was a vested interest in having a student newspaper on campus, and ask the campus to help underwrite the cost of the paper.

Mr. Thomas said that from an historical perspective, there have been times when the Daily Cal and the campus have worked together. The campus has supported the paper, as has the ASUC. When the paper moved back on campus, there were long negotiations and a lot of cooperation, in '93-94. He thought that was what the paper was looking for, cooperation and a little bit of help. Certainly, they're not currently in a position to make that change with the campus. Everything was on the table for the long-term, but in the short-term, they're going to the campus and asking for help and also coming to the SOB asking for a bit of help to get them through this particularly tough patch.

Mr. Permaul said the paper has, then, gone to the Chancellor and asked for help. Mr. Matthews said they met with the Chancellor. Mr. Permaul asked what the response was. Mr. Thomas said it was the same that probably every student group got, that the campus was in its own bind for money, but was willing to help in other ways, and could help to promote the Daily Cal and direct advertising towards the paper, and also assist, hopefully, in the start-up of the paper's endowment.

Ms. Rames said she'd give one example of how the campus was reaching out to the paper to try and help. On October 15 in Pauley Ballroom, the "Diversity Vendor Fair" will be held, where department will make an effort to have people "buy local." The Daily Cal was part of that effort. They'll have a presence in the outside foyer. That has been amazing and was very positive. Another example was what the paper was doing with Peter Quintin, for example.

Ms. Winston said she understood that the Daily Cal was coming with this request specifically because the paper was interested maintaining its autonomy. She asked if that was a long-term goal, and a compromise the paper was not willing to make. Mr. Thomas said that "everything" was on the table. If the question was going out of business or making a different choice, that would be a difficult choice to make. The paper's independence and autonomy was of utmost importance and has been for the last 37

years. They were trying to maintain that, and certainly for anything they'd did, they'd never compromise their editorial autonomy, and no one in the organization would ever do that. In terms of their finances, they had to make sure they survive as a non-profit. If they can't survive as an independent, non-profit organization without outside assistance, he didn't think there would be a lot of discussion among Board members and staffmembers about whether they'd hold to their principles in favor of death or what else they'd do. These were obviously big decisions. But they're trying to come up with a strategic business plan for the long term. They don't want to be backed into making certain decisions. Mr. Matthews said that both Boards consist of a number of media and other professionals who believe in the Daily Cal. They wouldn't be investing the kind of time they were if they didn't believe in the long-term future of the paper. Ms. Rames said the paper's Board members have been awesome and have given so much time.

Ms. Raffi said that the plan covered the coming year, and asked if the paper will come back to the SOB next year if they find themselves in the same declining state of newspaper revenue. Mr. Thomas said they have no idea of where they'll be. They need the time to figure it out. Ms. Rames said they'll be keeping Mr. Permaul and the Board in the loop. She expected to be in closer communication so there weren't any surprises.

Mr. Rajan asked how they didn't see this coming and whether it will be fixed in the future. Ms. Rames said they actually did see things coming, and aggressively started working before Mr. Thomas was even elected Editor-in-Chief. They negotiated with vendors, re-forecast, and dramatically cut expenses. That was in the last fiscal year. They really came to that point when oil prices sky-rocketed and they saw a real tightening of credit to small businesses. That was when, almost overnight, they really noticed a real dip in revenue. They see a very direct correlation back to the economy. She was hoping that after the election in November, they'll have a new song to sing.

Mr. Rajan asked if this particular economy was unique, or if this was seen in every sort of recession, a dip causing the paper to need a bailout, or a bigger organization to help out. Mr. Matthews said he hoped this was unique. Mr. Rajan asked if they expect the endowment fund to take care of these kinds of issues. Mr. Matthews said he's been in newspapers for 28 years and this was the absolute worst overall economic conditions he's ever seen; for newspapers and the whole economy. Ms. Rames said the situation with credit was devastating for small businesses that need bridge loans and operating capital. There was a complete crunch.

Ms. Winston said that early in the year the paper spoke about correlation between alumni, and people who were in the Alumni Association and used to work on the Daily Cal. She asked if the paper was tapping into alumni from the Daily Cal or those who were fans of the paper, and what response they've received. Mr. Matthews said the Daily Cal Alumni Association is a chartered club of the overall Alumni Association, and the paper has been tapping into them. They will be a source for some of the contributions of the endowment. The paper hoped to get some good seed money from some of the heavier hitters in the Alumni Association. These are people who were newspaper publishers or worked with broadcast networks. People who were reporters and photographers make the kind of money that allowed for \$100 contributions, which was valuable; but the paper needed to get more from other sources. They also want to find a way to tap the general Alumni Association.

Mr. Thomas said one thing the paper was working on, and was slipping a little behind on, was an online subscriptions program, with the paper or a list of the headlines delivered to people. That tied back to something Ms. Rames mentioned at the last meeting, the high correlation between alumni reading the

student newspaper and then giving back to the Cal campus in general. So the Alumni Association was interested in helping general UC Berkeley alumni read the Daily Cal and feel a better connection with the campus. So the paper was having those conversations. That's something they hope to launch, but it's a little more difficult than they had hoped.

Ms. Afek asked if online subscriptions would be for students as well. Mr. Thomas said they would be, and would be free. But they'd have a donation link. Ms. Rames called for any other questions and said she would like to thank them very much. (Applause)

Mr. Permaul said the Board might go into closed session to discuss contractual terms and they'd get back to the paper on Wednesday. Ms. Rames said they should contact the paper if there were any questions.

Mr. Permaul said the Senate Chamber was available and they could move the meeting down there. He suggested a five-minute pause. This meeting was recessed.

#### APPROVAL OF THE MINUTES

Back in session, having reconvened in the Senate Chamber, Mr. Smith called for a motion to approve the minutes. A motion to approve the minutes from the summer meeting was made and seconded by Mr. Rhoads and Ms. Winston. THE MOTION TO ADOPT THE MINUTES FROM THE JULY 16, 2008 MEETING UNANIMOUSLY BY VOICE-VOTE.

#### APPROVAL OF THE AGENDA

Mr. Rajan moved to amend the agenda to discuss the Daily Cal first, and letters of intent to Tully's and to Kaplan. The motion was seconded by Ms. Winston and passed unanimously by voice-vote.

#### Executive Session

Mr. Rajan moved to meet in closed session to discuss the Daily Cal proposal and the letters of intent to Tully's and to Kaplan, and to include the attendance of Mr. Spivey and Ms. Afek in executive session. The motion was seconded by Mr. Rhoads and passed unanimously by voice-vote.

Back in open session, Mr. Rajan moved to recess for five minutes. The motion was seconded by Ms. Winston and passed with no objection. This meeting was recessed.

Back in session, the meeting returned to closed session.

Back in open session, Mr. Rajan moved to agree to the Daily Cal's terms as stated in the paper's e-mail, but with certain provisions. The provisions were to have more ad space for the ASUC, online and in print, to be negotiated at a later date; that there be some acknowledgement of ASUC support, in a form to

be negotiated; and that deferred rent be considered a loan, with a repayment plan, to be negotiated, but with 2% interest on deferred rent, compounded monthly.

Mr. Smith noted that the October rent was the only month to be totally deferred, and in other months, half the rent would be paid and half would be deferred. Mr. Rajan said that's what he was referring to.

The motion was seconded by Mr. Ortega.

Ms. Winston asked if they could reconsider this in May. Mr. Rajan said he thought that would happen anyway. All the terms, other than the 2% interest rate, were negotiable. Ms. Winston said she thought they should re-evaluate this in May. Mr. Permaul said the Auxiliary could help craft the language.

A motion to call the question was made and seconded. **THE MOTION TO APPROVE THE TERMS TO THE DAILY CAL PROPOSAL PASSED BY HAND-VOTE 7-0-0.**

Mr. Rajan moved to extend the meeting by a half hour. The motion was seconded by Mr. Ortega and passed unanimously by voice-vote.

#### Letter of Intent for Tully's Coffee

Mr. Ortega moved to meet in closed session to discuss the letter of intent for Tully's Coffee. The motion was seconded by Mr. Rhoads and passed unanimously by voice-vote.

This meeting entered into closed session to discuss the letter of intent with Tully's Coffee.

Back in open session, Mr. Smith moved to extend the meeting by a half hour. The motion was seconded by Mr. Rhoads and passed unanimously by voice-vote.

**THE MOTION TO APPROVE THE LETTER OF INTENT FOR TULLY'S COFFEE PASSED BY HAND-VOTE 7-0-0.**

Mr. Smith moved to return to closed session to discuss the letter of intent with Kaplan Test Prep. The motion was seconded by Mr. Ortega and passed with no objection.

Back in open session, a motion to proceed with Kaplan and negotiate was made and seconded. **THE MOTION TO PROCEED WITH KAPLAN TEST PREP. PASSED UNANIMOUSLY BY VOICE-VOTE.**

Mr. Permaul said that was the last actionable item that evening.

#### Panda Express Letter of Intent

Mr. Permaul said he wanted to show the Board the terms and conditions of the Panda letter of intent. This was what the Board already approved in the summer. It was what they were negotiating with Panda in terms of the contract.

The agreement will be for ten years from rent commencement date plus two five-year options. Capital Projects has asked the Auxiliary to make sure that the Auxiliary will have the ability to relocate Panda in the Union should Lower Sproul be renovated. So that language will be built into the contract.

Rent shall commence 135 days from the opening of business. Tenant will pay a guaranteed minimum of \$45,000 a year, with a 10% increase every five years. The Auxiliary will ask for various levels of revenue as sales increase. At \$600,000 a year, the Auxiliary wanted a commission of 6%. Between \$6-900,000, the commission would be 8%. Above \$900,000 a year, the commission would be 12%.

Mr. Permaul said that Panda does about \$1.5 million a year at UCLA. So the Auxiliary fully expected to get commissions.

Mr. Smith said that Panda did an average of \$1.1 million in sales across all stores, not just at college campuses.

Mr. Permaul said that Panda will contribute up to \$25,000 to relocate existing tenants to new locations within University spaces. That would deal with both the CUBS Credit Union and whoever relocated into the STA Travel space. In this case, the benefit could go to Kaplan. These are background improvements in MLK, such as for electrical and other things.

The landlord will invest up to \$50,000 to investigate egress questions, the campus Fire Marshall, and utility infrastructure. They want to open the doors from the Cal Student Store all the way down the mall to the Art Studio, so it was one open mall, rather than closed off with the doors. Kaplan is willing to invest to help the Auxiliary do that.

At the end of 36 months, after relocating into the Food Court, if tenant's gross sales were less than \$800,000 for two consecutive years, tenant may terminate the lease upon 90-days notice. That was an opt out.

Ms. Raffi asked about the typical percentage Panda would get charged in a strip mall or other places. Mr. Permaul said it was a flat rate. The Auxiliary was actually reviewing leases from UC Riverside and UC San Francisco. They had Panda's leases that were in the possession of the Regents. The Auxiliary was able to look at models of how this would operate.

Ms. Raffi asked if the rate Panda was charged, even if it was a flat rate, was higher or lower than what the Auxiliary would charge. Mr. Smith said it's higher, but there's no increase in revenue. Mr. Permaul said the best marketing situation for the Auxiliary is a combination flat rate and commission. That's what they get from Follett and what they'd expect to get from Tully's. The Student Union hasn't done this in the past, and in the past has only gotten flat rates. That's what they get from the businesses currently in the ASUC Food Court. That's one reason their revenue was limited.

Mr. Ortega asked if Panda was also thinking of renovating the space. Mr. Permaul said the whole space will be renovated. Mr. Spivey said Panda will spend between \$750,000 and \$1 million for that. Panda had to recover that money, and that was why the lease was so long.

Mr. Nahabet asked about the estimated opening. Mr. Permaul said the goal was to have it open by fall 2009. Mr. Spivey said that once they sign the letter of intent they'd work the lease. The Auxiliary was doing an investigation on all the infrastructure. For instance, they had to bring in gas. They had a lot of things to work past with the Fire Marshall. When they can proceed, they'll actually write the lease. Based on the length of the lease, it had to go to the Regents for approval, and it only met once a month. So the process could take literally two, three, or four months at best to get the lease sign.

Mr. Permaul said what he would like to do was go through quickly the other items and report to them some of these things.

#### Status of Bear's Lair Vendors and Renewal of their Leases

Mr. Permaul said a Bear's Lair vendor came within two days of being shut down by the campus for health and safety reasons. The vendor was fortunate that at the last moment, the Auxiliary was able to get them an extension. The vendor had to make a \$4-5,000 investment to clear up its problem. The vendor was Healthy Heavenly Foods. The vendor kept avoiding the issue until the very end. He wanted to point out that the Auxiliary was being very strict. Both Healthy Heavenly Foods and the Coffee Spot were going to be given one-year extensions. If they didn't meet the strictest terms the Auxiliary laid out for them, he would not recommend to the Board that their contracts be renewed. These vendors were not either model tenants or tenants who have been very cooperative in developing their spaces. And they were in most prime space in the Union. The Auxiliary could have lots of tenants who would be willing to operate in those spaces. He was just letting the Board know that at the end of the year, these vendors would be given one-year extensions.

Mr. Permaul said that wasn't the case with the Taqueria, which has been a model tenant. The Auxiliary intended to give them a four-year lease and was very pleased with the Taqueria's service and its product.

#### Status of the MLK, Jr. Union Seismic Project.

Mr. Permaul said they have an \$8 million seismic project coming next summer. The Board will see the entire timeline at its next meeting. The Auxiliary was working overtime with the campus to limit the impact, but there will be a substantial impact on the building. They'll have to close the Bear's Lair Food Court, the Pub, and a portion of the Cal Student Store. Work will go all the way to the basement of MLK. Work will be done in Pauley Ballroom, on the 4th floor, and to the Tilden Room. So this was a major, substantial project. All the glass in Pauley Ballroom will be replaced with tempered glass that wouldn't shatter in an earthquake. A tremendous amount of work will go on. But the Auxiliary was aiming to try and limit it.

Mr. Spivey said work will start at the end of May of next year and run through August and September. Work on Pauley will take the longest. The Auxiliary was trying to minimize affect on work in the

Status of the MLK, Jr. Union Seismic Project (cont'd)  
Update on Technology Sales at the Student Union  
Current Status of Naia Gelateria  
Current Status of the CUBS Credit Union

- 16 -

basement, which would somewhat affect the Bookstore. They're trying to minimize affect on the vendors, so most of the construction there will happen over the summer, when the vendors weren't open. Work was supposed to have started in March, which would have lost vendors substantial revenue. Mr. Permaul said that more importantly the students would have been locked out of the Ballroom. Now they'll have an opportunity to give students access to it. Mr. Spivey said the completion of the project will be February of next year.

Mr. Rajan suggested setting up a lease-space Web site for the SOB. Mr. Permaul said he would be happy to do that.

#### Update of Technology Sales at the Student Union

Mr. Permaul said the Auxiliary was moving very expeditiously to bring technology sales to the ASUC. This could be a \$4-5 million market per year that was commissionable. But the campus had to be very cautious in how it moved forward with this, for a variety of reasons. He couldn't go into detail, but Mr. Permaul said he could assure the Board that the Auxiliary's aim was to have technology sales up and running no later than the end of January, 2009. This would also become the preferred vendor for the City of Berkeley because there were no other computer shops in the City. The facility would sell to the public as well.

#### Current Status of the Naia Gelateria

Mr. Permaul said the Naia Gelateria was closed. The vendor has not returned and says they want to do renovations. The Auxiliary believes they're basically stalling so they don't have to open until Panda opens. That wasn't acceptable because students have access to Naia. Mr. Permaul said he may come back to the Board and to ask to negotiate an end to the contract. He had another suitor who was already pounding on the door to get into that space and look into bringing different food options into the ASUC if Naia didn't shape up very quickly. He asked Board members to please keep that information within the room because they didn't want to create issues that end up in the Daily Cal or hurt their opportunities to negotiate with vendors.

#### Current Status of the CUBS Credit Union

Mr. Permaul said the CUBS Credit Union relocation was moving forward. The ASUC will get a finished space that can serve as a full-service bank, either for CUBS or for anybody else that went in there. The Auxiliary will negotiate a contract with CUBS so that if the campus goes to a 1 Card with a full-service bank on the campus, it would be able to take over that space. He had a copy of the design.

Mr. Rajan asked if CUBS was still solvent. Mr. Permaul said it was. They were taken over by a new Credit Union that which was working with the Auxiliary to make the investment into the space. The Credit Union was actually investing \$60,000. Mr. Spivey said he questioned the CEO about the Credit Union's solvency, and they're doing very well during this financial crisis because its base is member-driven in base and their exposure to the sub-prime market was very limited.

#### Current Status of the Brazil Café

Mr. Permaul said the campus rejected the Auxiliary's concept of putting restrooms in the Bear's Lair Food Court. That had an impact on the location of the Brazil Café because water needed to be run to the Café's location on the roof. The Auxiliary was now looking to move the Brazil Café to the roof of the Bear's Lair Pub. He had a floor plan. Water at that location would be available because restrooms are already there. The Auxiliary was also talking with the campus about punching out the wall underneath the staircase, to expand and improve the restroom for the Pub, and then they'll work with them to redevelop the interior. The Auxiliary wants to make a glass face where the wall is so people could see into the Pub. This would make the Pub a much more inviting location.

Mr. Rajan said he thought the Brazil Café has already begun to subtly advertise its ASUC location. Mr. Permaul said he would like to thank Mr. Rajan for that information, and said the Brazil Café was terribly enthusiastic.

#### Current Status of the Pub

Mr. Permaul said the Auxiliary was persuading the Pub to talk to a major pizza vendor in the area that the Auxiliary thought would really be attractive to students and would probably fill the Pub every night of the week. The Auxiliary was keeping its fingers crossed that the pizza vendor will want to partner with the Bear's Lair Pub and make what was already a very successful and popular Pub even more so.

Mr. Ortega asked who the pizza operator was. Mr. Permaul said he wanted to keep that quiet just because he didn't want to ruin the negotiations between the pizza operator and the Pub. It was in the quiet phase.

Mr. Ortega asked if he could request that there be vegetarian and vegan options for pizza. Mr. Permaul said they already put that in. Mr. Ortega said that especially for the pizza, he would request soy cheese, The Brazil Café also didn't have a vegan option. Mr. Permaul said they'd talk to both of them. He couldn't promise anything, but the Auxiliary would stress that.

Ms. Davis asked if any of the current vendors were vegan. Mr. Permaul said they weren't.

Mr. Permaul said there were two other items on the agenda that students included.



### Environmental Sustainability

Mr. Spivey said the Student Union Director was working really hard with the campus and local agencies to green the Union. They had a big meeting with Coca-Cola and with Lisa Bauer, and the Auxiliary really put it to them about getting rid of plastic and making sure what came on campus went off the campus. Ms. Bauer was very clear that they're using metrics to check people and check the claims of vendors that they're doing these things. And since they measure plastic going off the campus they're looking forward to working with Coke to measure what was coming on the campus and talk about how much was being dealt with.

### Solar Array Work

Mr. Spivey said work was completed on the solar array, which was generating 13% more power; and it didn't cost the Auxiliary anything, except for inspection fees.

Mr. Spivey said the Auxiliary signed an energy reduction partnership with the UC Energy Efficient Partnership Program for 2009 - 2011. They're currently working with that group to reduce the energy within the Union. There's a huge rebate program through PG&E that gives a whole bunch of money and gives the Auxiliary a long-term payment plan, which was quite attractive. So with the solar roof generating more and the building using less, they should see some nice returns over the next 10 to 15 years.

The Auxiliary continues to support The Local, which was still operating. The Auxiliary was also partnering with the Systemwide UC Sustainable Foods Work Group. The Auxiliary was working with Cal Dining and others, including the Sustainability Team, to support sustainable food service practices Systemwide.

The new TGIF Coordinator, Nicole Leung, who was just hired, sat in on that conference call. So things were going along well. Cal Dining was involved as well.

Mr. Spivey said they're going to "Fill the Bus" on Saturday with food. So he would ask people to please bring food to put on the bus. Mr. Quintin has worked with the Daily Cal and Diane Rames, AC Transit, the City of Berkeley, the Berkeley BID, and one of the Berkeley food banks. All of the proceeds generated on Upper and Lower Sproul on Saturday will go directly to the City of Berkeley, the Emergency Food Project. The bus, which will be in Lower Sproul, will be filled with food and will go to the Alameda County Food Bank. He would ask people to please bring cans of food and to tell everybody about this. They just got some really nice i-Pods that they'll give away to people who bring the most food to the bus. They'll weigh the food and give prizes.

Mr. Permaul said the game doesn't start until 3:00 on Saturday and there was more than an opportunity to get lots of people there to donate food. If people read The Chronicle that morning, the S.F. Food Bank made a really strong case about how difficult it now was to get food to people who need it. So the campus needed to help.

Ms. Davis asked if there was an e-mail version of the flier she could send around. Mr. Permaul said they asked Nathan Brostrom to send it to all faculty and staff.

### Bike Garage

Mr. Spivey said he brought together all parties, Bicycling, UCPD, Parking and Transportation, the ASUC, Campus Life and Leadership, Zellerbach, Big Ideas, Green Bike Share, and Recycled Bicycles, to work on a program to further advance biking to and on campus. Discussion topics were locations, insurance issues, and logistics. This coincides with last year's request to bring a bicycle company to the Union. Two programs, Recycled Bicycles and Green Bike Share, can help each other tackle the problems and enhance the bicycle program on campus. Location was the biggest hurdle. Leadership from the ASUC was needed, as well as cooperation and assistance from all parties. They're looking for a home for a bike shop. They looked at proposed locations at the ASUC last year. There was worry about a permanent tent on Sproul. Mr. Permaul said they found some permanent locations.

Mr. Owens asked about locating by the bike racks by Cesar Chavez and the Alumni House. Mr. Permaul said that area would be enclosed. Ms. Davis said the campus was very protective of the creek area. Mr. Permaul said it would face the Alumni House. Mr. Spivey said everybody in the group said that would be the best location for a bike shop.

Ms. Oatfield said there was a huge issue with bike parking, and asked if the bike racks there would be replaced. Mr. Permaul said they'd work with Parking and Transportation so bicycle parking wouldn't be lost.

Ms. Oatfield said a group talked to her that wanted a more permanent space, perhaps in the MLK garage for the year. Mr. Permaul said they've already obtained that and have access to the caged area where the bicycles were. Mr. Spivey said the idea was to involve the cages more. People at the bike meeting were disappointed that the bike cages were all stuffed in the corner of a dark parking lot. Bike racks need to be in front of the buildings that everybody rides to.

Ms. Davis moved to adjourn. The motion was seconded by Mr. Rajan and passed unanimously by voice-vote.

This meeting adjourned at 9:01 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.
- 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.

Procedures (cont'd)

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.
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

<b>Sept. '08</b>	<b>Agreed to Daily Cal terms for deferment and reduction of rent.</b>
<b>Sept. '08</b>	<b>Approved a letter of intent to Tully's Coffee.</b>
<b>Sept. '08</b>	<b>Approved moving forward with Kaplan Test Prep.</b>
<b>Sept. '08</b>	<b>Heard the terms of a possible Panda Express contract.</b>
June '08	Approved the concept of bringing the Brazil Café to the ASUC .
June '08	Approved a Letter of Intent to negotiate with Panda Express.

Vendors (cont'd)

- May '08 Approved Letters of Intent to: renegotiate leases with Bear's Lair Food Court vendors, ESI (English Language Institute), the Daily Cal; to negotiate leases with a flower vendor, a bicycle vendor, Panda Express, and a major coffee vendor; and to amend the Coffee Spot lease for coffee cart operations at Anthony Hall.
- December '07 Heard a presentation by CUBS.
- 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.
- 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.

Vendors (cont'd)

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.
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.
- 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

Budget (cont'd)

- 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

October 14, 2008

### Present: (Members and others)

James Carruthers (Brailsford  
& Dunlavey)  
Ron Coley  
Miguel Daal  
Barbara Davis  
Jeff Deutsch (Store Director)

Eddie Nahabet (ASUC Senator)  
Christina Oatfield (ASUC Senator)  
Arturo Ortega  
Krystle Pasco  
Nadesan Permaul  
Tara Raffi (ASUC Senator)

Nish Rajan  
Dave Rhoads  
Shaleen Shanbhag  
Mike Sinanian  
Jordan Smith  
Tom Spivey  
Noah Stern (Student)

### **SUMMARY OF THE MEETING**

The meeting was called to order at 6:10 p.m. in ASUC Senate Chamber.

#### REPORT FROM THE DIRECTOR

##### Public Comment on Panda Express

An information session for students was held last week on Panda Express, organized by student Board members. The goal was to clear misinformation and provide some background into the Board's decision. About 10 or 15 people showed up, including a couple of Senators.

It was noted that there wasn't even a 24-hour notice about the meeting.

Opposition to Panda involved Berkeley's cultural concerns and the fact that very few fast-food chains are there. Environmental sustainability was also a concern.

##### ASUC Physical Improvement Projects

The fireplace in the Bear's Lair Pub will be re-built. Seismic work will begin the last week of May, starting in the Bear's Lair Food Court, the Pub, and the textbook area. The schedule was aggressive in order to be able to operate at the start of school. Pauley won't be available in the fall.

Work was being done to increase pottery space for the Art Studio. The work was being done by the Auxiliary. The entrance and its lighting were improved.

Work on moving the Open Computing Facility to the Eshleman basement was moving along.

There is talk on campus of centralizing servers. They're all over campus and require controlled conditions and involve energy costs. The Auxiliary was moving its servers to the campus data center. The GA, the ASUC, and the OCF are independent.

Regarding the Cal Lodge, the ASUC's lawyer produced a two-year management agreement for the current manager, Daniel Borge. The Lodge is subsidized by the ASUC. It was supposed to lose \$30,000 last year but lost \$15,000. ASUC groups that go to Lake Tahoe rather than to the Cal Lodge could be able to fully fund it. More student involvement in managing the Lodge was requested. Running a bus there was very expensive.

#### Panda Express Update

The campus was doing a physical assessment of the site. No problems with the contract were anticipated.

#### Daily Cal's Response to the Proposed Contract

The Board proposed having the paper pay half its rent in cash and the other half a loan. The paper's response was to forego the loan and offer \$2,000 a month in ad space on the paper's Web site. The Auxiliary doesn't believe the value the paper computed for its ad space was accurate. Either way it's a loss and it would be better to have it listed as a loan. Other vendors owe the Auxiliary money, including Naia, CampusLink, and STA Travel. The Auxiliary was not forgiving those debts.

With no objection, the Board agreed to forgive the paper's October rent and to have the Auxiliary compare proposals, and for the Board to make a decision in November.

#### CUBS Relocation

CUBS' plans to move to the Photo Cell location depended on Panda's location. CUBS was hopeful to do renovation and relocate by Christmas.

#### Kaplan Proposal

Kaplan proposed moving, instead into the old Postal Annex, to take the alcove in the northwest corner of the Food Court for an office. After discussion, that proposal was declined.

#### Brazil Café

The campus turned down relocating the Pub's restrooms, so the Brazil Café could not be placed at the northwest corner of the Union since there would be no water service. The Auxiliary was proposing a kiosk above the roof of the Pub.

A question was raised about potentially replacing one of the current tenants in the Bear's Lair with the Brazil Café. Vendors in the Food Court have expired leases. The Taqueria will be offered a four-year extension. The Coffee Spot and Healthy Heavenly Foods will be offered a one-year extension.

Doubt was expressed about having the Café located on the Pub roof.

#### Lower Sproul Redevelopment

Beth Piatnitza, Physical and Environmental Planning, and Jim Carruthers, from Brailsford & Dunlavey, were present to talk about and get feedback on Lower Sproul redevelopment. The company does

planning and research for campuses all over the country. They're starting a retail study and will hold a series of interviews with different stakeholders

The firm will consider how many square feet of retail was needed. They hope to finish their work in January. One question was predicted revenue stream. They're not assessing current retail other than how much space was currently being used for retail now.

Telegraph presented them with an opportunity. Their brand was pretty important, the Store, the ASUC, and the campus, and how they project that. The firm has done a lot of campus edge development. If they do the redevelopment well, Telegraph would only get better.

All the firm was doing at this first stage was determine the amount of square footage they thought was possible in the larger-scale development of Lower Sproul. The next step would be how to define that development, which included satisfying the needs of students.

Mr. Carruthers asked what they thought was the best retail concept on campus. The GBC and the Free Speech Movement Café were noted.

As for what people thought didn't work, all the businesses in the Bear's Lair were noted.

Good off-campus destination points were Jupiter, Strada, and Café Milano.

It was noted that there except for a few cafés on Telegraph, there really was no comfortable place to go, relax, study, and eat in a place with a good atmosphere. Staff and faculty were an untapped population for eating on campus. Zellerbach performances was another opportunity for a nice place to eat.

It was noted that there was no single culture on campus. People felt they played a role in different cultures, with no one single theme. It was felt that there was a culture of intelligence there.

As for what people were looking for in terms of retail, People were looking for bohemian atmosphere, not too upscale or too downscale. Crossroads operated well.

The Food Court closed at 6:00 and students were looking for places to eat late at night.

Mr. Carruthers said the message was that retail, including services, was okay if done in a relatively conforming fashion to the values of the University. Hours were important. Students could tolerate higher prices for quality and genuineness. Lower Sproul stuff didn't work very well. But Upper Sproul, the Bookstore, seemed to be doing well.

As for the priority the campus held this project, there was a perception among the student body that Lower Sproul didn't work. There's a clear understanding that there was something else out there. Brailsford & Dunlavey will give the Board an update.

#### The Green Bike Share and Recycle Bicycle Update

The preferred location for the bicycle operation was under the deck below the stairs going toward to the Alumni House, where bicycle racks were now located. Capital Projects would decide.

Building Security Issues

The Auxiliary will get an estimate from the UCPD to upgrade the video cameras in Eshleman. The elevator card key works. They'll get an estimate for Trilogy Locks for interior doors and stairwells in Eshleman. A previous estimate was \$60,000. Replacing the exterior door keys for MLK and Eshleman was another possible \$24,000 project.

Bear's Lair Pub

For the Pub, expanding under the exterior stairwell from the upper deck will hopefully expand the restrooms there.

CampusLink Update

CampusLink will be given terms and conditions for leaving the Student Union and restoring the space.

Naia Lounge

Naia has not been open since the beginning of the semester and was basically waiting for Panda to move in. It's in technical violation of the contract. The Auxiliary will offer an opportunity Naia to step out. Other businesses would be interested in the space. It's cheaper for Naia to just pay rent and not pay to be open. Real Estate Services said the Auxiliary could pursue a default. But they still might lose after the tenant told a jury how they were mistreated. Naia has said it had too much invested to walk away. It could be a year before Panda opens, and Naia was optimistic that would happen.

The Auxiliary will try and find a happy resolution, so students could use the space.

The meeting adjourned at 8:11 p.m.

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

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This regular meeting of the Store Operations Board was called to order by Jordan Smith at 6:10 p.m. in ASUC Senate Chamber.

APPROVAL OF THE MINUTES

Mr. Smith called for a motion to approve the minutes from the September meeting. It was so moved and seconded by Mr. Rhoads and Mr. Ortega. **THE MOTION TO APPROVE THE MINUTES OF THE SEPTEMBER 23, 2008 BOARD MEETING PASSED UNANIMOUSLY BY VOICE-VOTE.**

### APPROVAL OF THE AGENDA

Mr. Smith moved to adopt the agenda. The motion was seconded. THE MOTION TO APPROVE THE AGENDA PASSED UNANIMOUSLY BY VOICE-VOTE.

### REPORT FROM THE DIRECTOR

#### Public Comment on Panda Express

Mr. Permaul asked if there was any public comment on Panda Express. Mr. Smith said he could report on the information session that he and Mr. Rhoads held last week about Panda for some of the students who sent e-mails to them. The turnout was okay. Mr. Rhoads said the goal was to try and clear up some misinformation that was out there and to also raise some of the background on how the Board got to this position, and at what stage in the process they were in. About 10 or 15 people showed up, including a couple of Senators.

Mr. Rajan asked if the opposition viewpoint was represented at the info session, and if they were able to resolve anything, or if there was a sticking point the Board should be aware of. Mr. Rhoads said there were definitely some fundamental sticking points, and there are different opinions on everything. People asked questions that the Board itself brought up, such as about environmental sustainability, food practices and food options. It was a productive meeting in the sense that it was informative.

Mr. Rajan said the Board made a tough choice about Panda, and he hoped the benefits of the choice were clear to everybody. Mr. Rhoads said he thought it was, although not everybody left the meeting in agreement.

Ms. Raffi said one purpose of the meeting was to make information available if people wanted to find out more. She was personally disappointed with the turnout. About eight students were there who weren't Senators, despite the loud voice of opposition. And at the last Senate meeting, when this issue came up, there weren't many students who came out to speak on something.

Ms. Oatfield said she was the primary author of the bill opposing Panda Express. She wanted to thank the people who put the information session together. A lot of issues were discussed. But there wasn't even 24-hours notice about the meeting. She personally spoke to eight students who would have liked to have attended but had lab or class at the time, and didn't know about it until the morning of.

Ms. Oatfield said she wanted to apologize if her bill took anyone by surprise. She didn't mean it as a personal offense to anyone. She still stood by every word in the bill, which has been tabled in the Senate. She'd be happy to discuss it further with anyone else, or answer questions about her concerns about the global food crisis and what it meant that the campus was in a financial situation and had a fast-food restaurant to help out.

Mr. Rajan said he couldn't find the bill online and asked if he could get a copy. Ms. Oatfield said they haven't had a Web master for a while. The bill raised cultural concerns in that there are very few fast

food chains in Berkeley, something about their culture she was really proud of. They're known throughout the country, and maybe even worldwide, for having a very creative and innovative culture there.

The bill also raised a point about environmental sustainability. She deeply respected that Panda would use biodegradable containers and have a vegetarian option, which she knew was abnormal for them. She just felt that this was Berkeley and that they should go above and beyond. Even though restaurants in the Bear's Lair weren't on top of a lot of sustainable stuff, the bill brought in her political ideology. She felt that it was fair to hold to higher standards.

#### ASUC Physical Improvement Projects

Regarding the seismic retrofit project, Mr. Spivey said that they've been meeting with Capital Projects almost every couple of weeks. The fireplace in the Bear's Lair Pub will be re-built. Maybe they could have a kick-off, and invite Old Blues back to inaugurate it.

Mr. Spivey said they've worked the schedule to start work the last week of May. The schedule was very aggressive in the Bear's Lair Food Court and Pub, and then into the textbook area, with a foundation that will run up the face of Pauley Ballroom on the north side. The schedule was aggressive in the summer in order to restore the textbook Store and the Bear's Lair Food Court back in operation at the start of school. They will then work into Pauley and the 4th floor above Pauley. Pauley won't be available in the fall. Mr. Spivey said he and Peter Quintin were working to make other rooms available to students.

Mr. Permaul said the good news was that they wouldn't lose Pauley in March of '09 and it will be available through graduation. The bad news was that in September of '09, they won't have the Ballroom and the other rooms.

Regarding the ASUC Art Studio, Mr. Spivey said work was moving along there for additional pottery space. Juan Milano, the Auxiliary's all-around go-to guy, built a beautiful entrance to the Studio that was actually lit up. The sign will be redone. But the Studio will actually be visible to people.

Mr. Coley asked if they have before-and-after pictures. Mr. Spivey said he'd make sure they have the before pictures.

Mr. Permaul said he would encourage people to look at the Art Studio. Twice that week he's seen students stop and stare into it because they didn't know it existed before. People were actually taking brochures, which he's never seen before, because it wasn't visible before.

Regarding the relocation of the Open Computing Facility to Eshleman, Mr. Spivey said the work was moving along. The OCF will move to the basement of Eshleman. An equipment room next to it is prone to leaks. Hot water circulates throughout the building to heat it and once in a while the seals on the pumps fail. So new pumps are on order and were expected any day.

Mr. Permaul said he hoped people go down to the OCF. It was really lovely, and will include a food area. The old OCF space will not be available to the Multicultural Center until after the seismic project is done.

because the space will be used for surge space for other programs that are dislocated during construction. When work is done, the room will be turned over to the MCC.

Ms. Davis asked if it was possible for the OCF to use servers managed by the University instead of being close by. She was in another meeting where they discussed centralizing servers around campus, all of which require air conditioning and special temperatures, and involve energy costs. It may well be that given advances in technology, servers didn't necessarily have to be right next to where they are used. Maybe Shel Waggener could be contacted.

Mr. Permaul said the ASUC Auxiliary was moving to the campus data center and they'll get rid of all their servers. The GA and the ASUC both maintain independent servers and they'd have to make up their minds up about this. The OCF was also independent. Ms. Davis said she was just raising this issue. It was an issue of energy use, of sustainability, and of the environment. Ms. Pasco said she could look into it.

Ms. Oatfield asked how the Art Studio was funded. Mr. Spivey said it was self-funded. It's been losing money the last couple of years. The new Manager, Kate Wees, has asked for more space. That's why a room there was being built, for more pottery work, which was the most popular part of the Studio. It should break even in a year or so. Ms. Oatfield asked if the ASUC has been subsidizing it. Mr. Spivey said that was correct. Mr. Permaul said it was an commercial activity at the discretion of the SOB.

Ms. Davis asked when the seismic work would start. Mr. Spivey said May 25 was the tentative date. Ms. Davis asked when they'll need the OCF space. Mr. Permaul said it will be after that period of time. When they get to the 4th floor, the English Language Institute in particular will have to be relocated and will probably occupy that space in the summer and fall of 2009. Ms. Davis asked if the work then would be June 1 through December 31. Mr. Permaul said they could use those dates, but they hope it will be done much sooner.

Mr. Spivey said funding was approved by the students to proceed on the electrical wiring, and that project will be finished.

Regarding the Cal Lodge, Mr. Spivey said that Mark Himmelstein, the lawyer for the students, has produced a management agreement for the current manager, Daniel Borge, who runs the Lodge. They'll have a two-year agreement with Mr. Borge to continue his services. There were a couple of changes, such as when Mr. Borge reports his numbers and a sales clause, if the students decide to sell the Lodge.

Mr. Smith asked if the Lodge ended up making money last year. Mr. Spivey it has not made money, and the Lodge was subsidized directly by the students. It wasn't a commercial activity. But it generated much more revenue last year compared to what it's lost before. It was supposed to lose \$30,000 but only lost \$15,000. that was a result of Mr. Borge having some events over the summer and also because they had a lot of snow last year. Mr. Permaul said Mr. Borge also did a considerable amount of physical improvements.

Ms. Shanbhag asked if the increase was due to more students going there. Mr. Spivey said that wasn't the case. He believed Mr. Borge got most of his business through local churches as well as from UC Davis. Mr. Borge has been hustling for business, but it wasn't used often by students.

Mr. Permaul said that if one looked at ASUC expenses for student organizations, the groups the ASUC sponsors could entirely fund the Cal Lodge if they'd go to the Lodge rather than to Lake Tahoe. That was a policy issue for student government.

Mr. Rhoads said he actually went to the Cal Lodge over the summer, he and his grandparents. They actually got a tour and walked around. If people are in the Donner Lake area they should check it out. The place looked pretty good.

Mr. Permaul said that at the next meeting they could show the before-and-after pictures of the improvements, including the kitchen, which was a key way to generate revenue. They haven't been able to use the kitchen commercially for all these years, although they've talked about doing so.

Mr. Smith said that while it lost \$15,000 last year, in previous years it would lose \$30,000 just by sitting there. Mr. Spivey said that if it was closed, it would cost the ASUC more.

Mr. Spivey said he would like to see more student involvement managing the Lodge and would like student government to learn about it. Executives went up there and took a great interest in Mr. Borge's business that summer. He would like to work with a group of students as a kind of oversight group for the Lodge, help Mr. Borge market, watch expenses, give advice. Mr. Borge wants to put in a big-screen TV with cable. But they did get Internet access, which proved fruitful in landing a movie contract, which needed that communication. Mr. Spivey said that if people would like to formalize this in a group, he'd like to give all the information he had about this. It would be nice if student government took an interest in its property.

Ms. Shanbhag asked if there was a reason students weren't going up there, and if it was because of awareness. Last year there were a lot of fliers about the Lodge. Mr. Spivey said it could be that it's a hostel, and he thought students liked amenities, like television and a casino. It was country living. But it's a nice place to build community. It had a great kitchen and living room and people could walk across the road to Sugar Bowl.

Mr. Spivey said that one problem was the cost to run a bus there was very expensive. Buses had to make two separate round trips to drop people off and pick them up. But it was a beautiful place.

#### Panda Express Update

Mr. Permaul said they were continuing their work with Panda Express. The campus was continuing to do its physical assessment of the site. They'll work on the contract and make sure all the terms that were part of the Letter of Intent were laid out. Panda has agreed to those terms, so the Auxiliary didn't believe there will be a problem with the contract.

#### Daily Cal's Response to the Proposed Contract



Mr. Permaul said the Auxiliary received a copy of the Daily Cal's response and he forwarded that to the Board Chair and Vice Chair.

Mr. Smith said he'd send out the paper's response. The Board proposed adjusting things such that they'd have half the rent paid in cash, with the other half as a loan, to be repaid at 2%. The paper's response was to forego the loan and instead, to offer \$2,000 a month in ad space on the paper's Web site.

Mr. Smith said that he and Mr. Daal met with the paper that morning and were told about the paper's financial situation, which isn't good. Mr. Smith said it was his opinion that if the Board didn't think it would ever to get the loan repaid, then it might not be too bad to have more ad space. But if they were more optimistic, then the contract the Board proposed was clearly more beneficial to the ASUC.

Mr. Rajan asked if the paper was aware that this was already going to be renegotiated in May and it was, he thought, perhaps implicit that the loan could conceivably be forgiven in May if the paper couldn't make the payment. Mr. Smith said he didn't think the paper was aware of that. That was more an idea of the Board's. Mr. Rajan said he thought it would be good to have a loan on the Auxiliary's balance sheet, which would look good for the ASUC. Maybe the paper was concerned about having a payable on its balance sheet. He didn't know if the ASUC needed another \$2,000 more in ad space. Mr. Smith said he didn't think they'd utilize the space very well, and he also didn't see how they'd get \$2,000 worth of value from the paper's online ad space.

Mr. Permaul said the Auxiliary did an analysis of the paper's proposal and did not believe the value the paper computed for its ad space was accurate. The paper was using external business advertising dollars to provide a value for the space it was offering to the Auxiliary when the vast majority of the advertising being offered was internal. And in terms of transparency, student government would lose \$40,000 either way, and it would be better to have it listed as a loan that the Daily Cal was obligated to pay back. That would allow student government and the Board to make a decision at some point in the future whether or not to forgive the loan. But to simply give it away, especially given the concern over ASUC spending that was expressed in the Daily Cal that day, didn't seem to something the Auxiliary or the ASUC would want to do.

Mr. Daal asked if the loss would be \$40,000 or \$20,000. Mr. Smith said it was about \$24,000 less that the Auxiliary would be getting in cash. The paper paid just under \$4,000 a month in rent, and half of that was \$24,000.

Mr. Ortega said that in negotiating this, they're just not saying it's okay to forgive what's owed. Mr. Permaul said they're negotiating with other vendors that owe the Auxiliary money, including Naia Lounge, Bill Haener, of CampusLink, and STA Travel, which owed the Auxiliary \$40,000. The Auxiliary was not at all forgiving those debts.

Mr. Permaul said he would imagine that at some point they'll have to respond to the Daily Cal, so at some point the Board will need to take an action.

Ms. Raffi asked what the total was that the ASUC received from all its businesses. Mr. Permaul said they generate about \$3 million a year out of all of the businesses. Ms. Raffi asked if they also get \$1.7 million in student fees. Mr. Permaul said that was correct, although student fees were separate.

Mr. Rajan said he would assume there was no rush in responding to the Daily Cal. He asked if they were waiting for more information. Mr. Permaul it was already October. In theory, the paper requested to have its rent forgiven for the entire month of October. In the proposal, the Board turned that into a loan, at 2%, and the rest of it the paper asks to be forgiven. So the Board should respond before the end of October.

Mr. Rajan asked why they shouldn't respond at that time.

Mr. Smith said he just e-mailed out the contract.

Mr. Rhoads said he didn't know how they could deal with this before the end of the month because the Board didn't plan to have another meeting before then. Mr. Permaul said the Auxiliary could communicate to the Daily Cal and maybe the Board should instruct the Auxiliary to let the paper go ahead and not pay rent for October, and then, at the November meeting of the Board, or by e-mail a decision before that, make a decision. But it was probably better to meet in person and talk about this directly.

Mr. Rajan said he didn't want to jump the gun before everybody has seen the contract, but from what has been said, he was open to moving forward.

Mr. Permaul said he would entertain a motion from the Board to tell the Auxiliary to remain in deliberations and to not make a decision until November, and that they wouldn't expect the paper to pay rent for the month of October.

Mr. Rajan said that without framing a motion, he was thinking maybe they could just go back and lay their cards completely on the table, which the Board didn't do last time, and tell the paper there seemed to be two choices. The paper could directly ask for a \$24,000 gift and the Board could give it to them, with the balance sheet showing it was a gift to the paper, or the Auxiliary could put it down as a loan and see how the paper felt in May. The consequences were the same and in May the Board could decide on repayment or forgive it. In May the Board will have the same membership. They could state this explicitly to the paper, but not in writing, and see what the paper responds with. The only other thing he could think of was to say this was a take it or leave it offer. The Board knew the paper had nowhere else to go. So if the Board were to say this was the way it was, he felt the Board would be in charge.

Mr. Smith said he didn't think the Auxiliary's offer was unreasonable. The Board gave the paper a loan. He didn't think the Board should tell the paper what its feelings on this were. If the Daily Cal is able to recover, the Auxiliary should get that money back. So he thought it should still be a loan. If the paper couldn't sustain itself, then it couldn't. He didn't think the counter-offer made sense for what the Board was trying to offer. There was no major difference in the two offers and the paper would pay the same amount any way.

Mr. Permaul said the Auxiliary asked for advertising space as well. So it wasn't as if the Auxiliary was not going to get advertising.

Mr. Rajan said they might not have enough information to move forward. Mr. Permaul said it was up to the Board. It probably would be good to go back and compare the paper's proposal to what the Auxiliary submitted to the paper, and then make a decision in November. In the meantime, he would entertain a motion to authorize them to forgive the paper's rent for the month of October.

Mr. Smith said both contracts will be e-mailed.

Mr. Permaul asked if they could ask for consensus, since the Board wasn't necessarily voting. Mr. Smith asked if this made sense to everyone, moving forward in that fashion, and seeing no objection, he said they would move forward with that.

#### CUBS Relocation

Mr. Spivey said he had a conversation with the CUBS Board. The CUBS Credit Union is owned by its members, which meets. He was called by the CEO, Gary Bell, in the middle of a CUBS Board meeting. Mr. Spivey said he filled them in on what was going on in the area around CUBS' location. CUBS is anxiously awaiting the Panda study because it would have an impact on CUBS' relocation. CUBS was hopeful for a Christmas relocation and was very optimistic. CUBS has plans drafted but hasn't done harder plans to move into the Photo Cell, across from the Postal Annex. CUBS was on hold, waiting for the feasibility of relocating and building out the space. They've been briefed and are waiting, anxious to proceed with a renovation once the Panda study was complete.

#### Kaplan Proposal

Mr. Permaul said that Kaplan came back to the Auxiliary and countered the proposal for Kaplan to move into the old Postal Annex. Instead, Kaplan would like to take interior space in the Bear's Lair Food Court, the alcove in the northwest corner of the Food Court. Kaplan would like to turn that into an office that would open out to the fenced-in eating area in the Bear's Lair Food Court. Mr. Permaul said he wasn't even sure the campus would approve that. It would mean a transformation of the Food Court space. The campus wouldn't let the Auxiliary put restrooms there, so he wasn't sure the campus would let the Auxiliary put offices there. But office space was very different from restroom space.

The way Kaplan was proposing to do it, it could fit into the alcove with the doors going out. Kaplan would pay for decorating that area and for the interior work. Kaplan was also willing to pay substantially higher rent for this space, \$4,000 per month. Kaplan would also offer more Pell Grant discounts and other issues the Auxiliary would like to bring to the table. The proposal was more a question of whether the Board wanted to look at creating a new commercial space. It would take out about 20 seats in the Bear's Lair Food Court and create a business atmosphere in a part of that location.

Ms. Davis asked what Kaplan would do in that office. Mr. Permaul said that was where Kaplan would promote its services. Ms. Davis said the company was tabling now. Mr. Permaul said the Princeton Review opened up a storefront on Telegraph Ave., at the corner of Channing and Telegraph. Kaplan wanted to be on the campus. Kaplan was brought to the Auxiliary by STA Travel to replace STA in the space that was the Postal Annex. Kaplan was offering \$4,000 a month, which was \$1,000 more than the Auxiliary was getting from STA Travel. The Auxiliary could put them in that space, but Kaplan countered and said it would rather have this proposed space. Mr. Permaul was bringing it to the Board for its consideration.

Ms. Oatfield asked how much more Kaplan was willing to pay for the space in the Food Court compared to the Postal Annex. Mr. Permaul said he'd make them pay dearly for it. It seemed to him that the Auxiliary would ask for at least 20% more; so rather than \$4,000, to have \$5-6,000 per month. It's a prime location and was very visible.

Mr. Rhoads said he didn't think that was the place for a business like that. He thought there were other spaces in the Student Union specifically for such a business, and thought the Food Court should be a Food Court. He understood the visibility issue, but he didn't think that would be the best use of that space. It didn't make sense to him to put them there and seemed to conflict with the uses down there.

Mr. Smith said he didn't think it would get approved at the campus level.

Ms. Davis said she didn't think anybody supported it, and it sounded weird.

Mr. Permaul asked if that was the consensus, that Lower Sproul would not be the appropriate place for a Kaplan office. He saw heads nodding, and said the Auxiliary would go back and tell them that it was brought to the SOB and there was not support for this. They'll be recommended back to the Postal Annex site.

### Brazil Café

Mr. Permaul said that since the campus turned down the proposed relocation of the Pub's restrooms, that also killed any hope of having the Brazil Café at the northwest corner of the Union since there would be no water service. So they're now looking to put the Brazil Café above the roof of the Pub. They have an assessment in to look at locating the Café to the southwest corner of the deck of the Union. They're going to meet next Monday with John Martin and the owners of the contract to make sure they understand they're looking to put the Brazil Café there.

Ms. Raffi said the Brazil Café was advertising moving to the ASUC on discount coupons. Mr. Permaul said they're very enthusiastic.

Ms. Davis asked if this would be a permanent fixture or a kiosk. Mr. Permaul said it would be a built kiosk, so it would be a structure on top of the roof of the Student Union deck.

Mr. Smith said he wanted to get the Board's opinion on something. If the campus didn't approve this deck location, since everyone was really excited about the Brazil Café, he asked about the Board's opinion to potentially replace a current tenant in the Bear's Lair with the Brazil Café. Mr. Rhoads said he wouldn't phrase it like that, but not renewing a contract with somebody.

Mr. Spivey said that all three vendors in the Bear's Lair Food Court have leases that have expired. This would be a time to give notice if the Board wanted to make a change.

Mr. Permaul said they're offering the Taqueria a four-year extension of its contract, as he's mentioned before. They were only offering the Coffee Spot and Healthy Heavenly Foods a one-year extension based

on the promise to upgrade their facilities. Healthy Heavenly Foods just made it under the gun to not be closed by the campus after having been in violation of the Health and Safety Code. The vendor recently submitted plans, albeit late, and got an extension, and are apparently prepared to make improvements to the location, including cleaning their hood and putting in new equipment that would allow them to remain. But they'll only be offered a one-year contract based on a request to have them provide plans to upgrade their facilities.

Mr. Smith asked if any other student reps had a view on this issue. Mr. Ortega said he liked the idea of having the Brazil Café on the roof in terms of atmosphere and being in an area that would draw more traffic.

Ms. Pasco said she was concerned about visibility. She was a little more comfortable with the kiosk being on the other side of the deck because it was out in the open and would have been visible coming down from the fountain and Upper Sproul. But if it was on the other side, she didn't know how much visibility it would have. People on Bancroft and Telegraph wouldn't really be able to see it because the stairs there block the view. And from Lower Sproul, people really couldn't see it. The Student Store on the Bancroft side had a really big sign, "Student Store," which always caught her attention when she walked on Telegraph. So maybe something similar to that would really work out for the Brazil Café.

Mr. Smith said that if the kiosk on the north side were approved, he thought it would help all of the businesses in the Food Court. People see the Bear's Lair, but probably for the first two years he just thought it was a bar. Once people see there's food up there, they'd realize there was more available there.

Mr. Ortega said the Brazil Café was also a destination and had so much of a draw, people would find it.

Mr. Rhoads said there are three vendors with leases in the Food Court, since one was bought out by another. He thought the Brazil Café would be successful in the Food Court and he was skeptical as to whether it would be approved for the roof. He would like the option of having the Café downstairs. That could be more beneficial to the Café and the Auxiliary. He asked if contract extensions have been sent out. Mr. Permaul said they were still negotiating. Mr. Spivey said the leases were month-to-month.

Ms. Davis asked when the University will decide the Brazil Café could go up there, and said she would be surprised if that was approved. Mr. Spivey said they had to do a load study and a utility assessment. The request for that was already in.

Mr. Smith said he thought it made sense to continue the month-to-month leases for the Heavenly Foods and the Coffee Spot and see what happened with the kiosk, and then make some decisions once they know what their options are.

Mr. Permaul said the Auxiliary would take no action on those two contracts and would take action on extending the Taqueria contract.

Mr. Permaul said he would like to amend the agenda to allow consultants for Lower Sproul and Capital Projects to give their opinions on the development of commercial operations and their vision for Lower Sproul. Amend the amendment the agenda was made and seconded by Mr. Rajan and Mr. Rhoads and passed with no objection.

Lower Sproul Redevelopment

Beth Piatnitzka introduced herself and said she was in Physical and Environmental Planning on campus and was sort of leading the master planning effort for Lower Sproul redevelopment. She's met with some of them on the Student Advisory committee for this effort and others who were involved in planning the sustainability workshop on November 7. She was also part of the master planning effort that will culminate in a concept master plan in December/January.

They're also looking at the retail picture. Lower Sproul, the student center, or whatever they want to call it, really can't thrive or be sustainable if it didn't have a financial plan. And obviously redevelopment couldn't move ahead unless there was a sound financial plan. So for that reason, they have Jim Carruthers present, from Brailsford & Dunlavey. This company was one of a kind, and did this type of research for campuses all over the country. They were there not so much to do a presentation as to get feedback.

Ms. Piatnitzka said they're just starting a retail study. On Wednesday they'll start a series of interviews of different stakeholders and will continue that in October. There's also a financial advisory committee on Lower Sproul redevelopment and they'll meet with them a couple of times.

Mr. Permaul said Brailsford & Dunlavey was the firm that the ASUC Auxiliary requested two years ago to be the preliminary planners for the redevelopment efforts, and the Auxiliary was delighted the firm was involved. It had a long and rich history in the development of student unions around the entire nation, and it has helped colleges all over the nations run referenda. The firm also does the assessment on campuses around referenda, so it was a very knowledgeable and experienced organization. It's also worked with Recreational Sports on its master plan for recreation facilities. So the firm was familiar with the campus as well.

Mr. Carruthers said he wanted to do two things. He wanted to give them some understanding of what the firm was doing, its firm's methodology, and a timeline. He would then like to hear people's thoughts.

Brailsford & Dunlavey is a planning firm. Most of their folks are in Washington, D.C. Mr. Carruthers said he lives in Northern California. There will be others involved as they go through the process, including architects, engineers, educators, people who tussle with ideas and also help others do that as well. They have a specialization in both retail and student union kind of work. They do housing, athletics, a lot of things. But they've done a lot of retail work only because campuses were only starting to come to grips with that and what that meant. Sometimes that meant a lot, and sometimes it didn't. Every campus was different.

Mr. Carruthers said he wanted to take the Board through who the firm was, its methodology, and then give some understanding of what they may try and help the school with.

Mr. Carruthers said they're in the very early stages and he hoped they could continue to touch base with the Board as they go through the process. It was an integrated process. They'll start with no assumptions, start to build assumptions, and then come back and review them to make sure things were grounded. Ultimately, they'll give a demand study to people doing the Master Plan for Lower Sproul. The demand study will have what they think were supportable square feet for retail, commercial activity. They're not specifically saying "It will be X, Y, or Z," but they'll give some understanding of how many square feet

needed to fit into the plan. They'll go on into the economic impact of this would have for them, mostly for students. They'll also give some of the attributes of retail they think are important, just for this site. And they're looking at the whole Lower Sproul site, all the elements, including Zellerbach. That was the firm's process.

In the beginning the firm will start with qualitative work, which is what they were doing now. They listen and gather information. He spent some time on campus that day just hanging out and doing intercept interviews with students, asking where they go, what they do, how they do it, and whether their needs were satisfied, whether it was clothing, food, supplies, entertainment. They just try and fit in and ask a series of questions.

Mr. Carruthers said they start to build a qualitative sort of base that informs the quantitative base. They'll do a series of metrics to understand what was currently on campus, the amount of square feet on campus dedicated to whatever. This would include everything, and they wanted to know anywhere there was a cash register, what was going on there, how many square feet were the involved, who was being served, how many feet have been there, whatever the case may be. So they'll do that inventory and then will start to look at the surrounding area and look at metrics. They'll use third-party data to understand what was going on with rents, what the incomes were, and then try and understand where the gaps were, so the firm could inform people about where those gaps are, in addition to what they see are preferences from students.

In putting all this altogether, that will give them a demand. That demand will be X amount of square feet. And to that they'll add some adjacencies to the area, because when they talk about retail, there are critical principles involved, some of which included exposure, critical mass, genuineness, at least in the firm's opinion, and understanding markets. So all that kind of stuff was involved. That qualitative work will bring them to a point where they have quantitative work. They will then come back and explain their thinking.

Mr. Carruthers said the Store Operations Board was kind of the firm's high-level focus group because the Board dealt with these issues, and what the Board did and knew would inform the firm a great deal.

Mr. Carruthers said they hope to finish their work in January or so, if all things go well and all the meetings are held on time. That would fit into MRY's schedule.

Ms. Davis asked if the intent was to have a revenue stream from retail that would help the Lower Sproul project. Ms. Piatnitzka said that was one of their questions, what the revenue stream was predicted to be, and what of that needed to go back to support the ASUC, and what could then move on to fund the physical redevelopment.

Mr. Permaul said he thought the campus had the notion that some revenue from retail could go back to the campus to help underwrite the cost of rebuilding Lower Sproul. He was sure they'll learn as they go through this process what that potential revenue stream will be. But he has tried to make the point, whenever he's been asked, that the revenue stream that came to the ASUC supports the ASUC. Unlike other student unions, there is no University money associated with this complex, the portion that's run by students. There are fees they have that are fixed and revenue that they can or cannot generate. One issue they're facing, that the Board was facing, was to generate adequate revenue to even meet current bills and support burgeoning growth in student groups. So whatever that matrix was that is produced will be an interesting one, because it has different angles and different perspectives.

Ms. Piatniza said it wasn't the only revenue source. The campus was also looking at donor funding and, of course, a fee referendum. The finance committee under the master planning umbrella is charged to look at those three things, retail, donor funding, and a referendum.

Mr. Carruthers said that what they'll do in the initial phase was to guess what they think the economic impact of the space is, what it could generate on a per square-foot basis by type of space. There will probably be a mix. Then it would be up to the Board. They have some ideas about how things might be allocated, but it was up to the Board to say how they want to allocate that space and distribute that revenue. Again, consultants will make some assumptions about how the space is managed from the standpoint of whether it will be soft-shell space, hard-shell space, whether there will be common-area maintenance, how to support utilities, all the classic things that are dealt with on, probably, a monthly basis. Mr. Carruthers said they'll have some observations on that and ways in which more of a revenue stream could be directed, one way or another. But in the initial phase, they're just going to measure the demand and state the amount of space in the master plan that could be supported from a retail standpoint.

Mr. Permaul said it would be helpful to have Mr. Carruthers and Ms. Piatniza come back and show the Board some of the broad experience with development that Brailsford & Dunlavey had, such as at the University of Wisconsin, another big public university that recently rebuilt its student union. Mr. Carruthers said the firm was doing the work there. Mr. Permaul said the Price Center at UC San Diego was another example. He thought it would be very useful for members of the SOB, since they tend to be locked into their own experience, if Mr. Carruthers could show the Board several student union models and how the retail development was assessed, and what kinds of considerations were involved. Mr. Carruthers said that he'd be happy to do that. He wanted to make sure they focus on the right understandings of the campus so they don't bring things to the Board that didn't make sense to the Board.

Ms. Davis asked if the firm's assessment will include the current retail that they have. Mr. Carruthers said they're going to look at the current retail. They're not assessing current retail, only how much space was being used for retail now, along with the total ability for capacity. One thing they did earlier was to look at how much retail was in the Union when it was built and how much was there now; what the mix was in the beginning and what the mix was now.

Mr. Carruthers said that as they look at Telegraph, the Avenue presents them with an opportunity. Spaces were going for rent, and there were qualitative issues the firm and the Board both bring to the table. Simply being "UC" could make a difference, and their brand was pretty important; and not just the Store, but the ASUC, and the campus, and how they put that forward and project that. The consultants think Telegraph was a pretty strong, positive indicator of what was possible there, because not much was being attracted to Telegraph at the moment. They know exactly what square footage was available on Telegraph at that time, how much of it was not rented, that kind of stuff, which they'll pull together in the firm's metrics.

The firm has done a lot of campus edge development, where they work with developers across the street to see what their assessment was, and see what has happened on other campuses. Right now they think Telegraph actually was a benefit to the campus community. It was a wonderful distraction, and if the ASUC could do better than the situation on Telegraph, which didn't appear to be hard, he thought they had an opportunity.

Mr. Permaul said the original Student Union was built for a campus of 18,000 students. So that was one consideration, as they were now a campus of 35,000 students. There are now also many more graduate



students than when the Union was built. The other issue they talked about was the campus edge. Anecdotally, when visits Telegraph merchants, and he meets with them on a monthly, the merchants talk about the ASUC being the anchor tenant at one end of the "Telegraph Mall." The merchants know they lost their anchor in Cody's Books and they're hurting at the other end. As he looked at Telegraph Ave., the traffic dies as it goes beyond Durant. And by the mid-block of Channing Way, it begins to ebb, until they get to Dwight Way, where it's almost disbursed. He asked if that was going to be part of the firm's analysis also, foot traffic. Mr. Carruthers said they'll do some counts and do some measuring at different points during the day, so they understand the flow. They're also going to look at parking and how transportation feeds them. They'll look at all the things they need to look at.

Mr. Permaul asked about analyzing different types of businesses. Mr. Carruthers they'll do all the businesses by SIC code and compare that data to where the Auxiliary was. That was part of the analysis the firm wanted to do. But it was quite obvious that some things were lacking. Telegraph was not going away, and if what's done by the Auxiliary is done well, Telegraph would only get better. If the ASUC could affect that, more power to it; it will have really done something. And they should. They affect the whole nation with its students, so he would ask why they shouldn't be able to affect the situation across the street. They have that power. So the question was, how to exercise it.

Mr. Permaul asked if the firm will look at the viability of businesses on Telegraph. Mr. Carruthers said they won't, not at this point. All they're doing at this first stage was giving to MRY the amount of square footage they thought was possible in the larger-scale development of Lower Sproul. At that point, somebody would say to keep going. And the next step would be how to define that development. The ASUC does some of that itself, very well, and the firm might help the ASUC inform that better.

Mr. Rhoads said it was probably good to not just think about where they were in relation to Telegraph, but from Downtown Berkeley, a seven-minute walk away. So that was another pretty accessible retail center that should be kept in mind, because it did affect what could come to the area. Mr. Carruthers said they'll look at visitor counts on the campus, such as people coming to Zellerbach. The ASUC was a destination point.

Using the term softly, the firm will look at the ASUC from a developer's standpoint. That's really what they were looking at. They're sitting upon a developable piece of land. The question was, how to do that and what the attributes were of that development. It wasn't just commercial development, what would satisfy the needs of students in the campus center. It was the Cesar Chavez Center making sure it contributed, and what happened in Eshleman. So they had to look at the larger picture. But one fed the other and needed the other. They're interdependent and also entwined. That was the kind of stuff the firm will give.

Mr. Carruthers said he would ask a couple of questions to the Board, just to get some feedback. When they think about things on campus, he asked what they thought was the best retail concept on campus, either food or other retail activity, and would also ask what they thought was the worst.

Mr. Rhoads said the GBC worked pretty well, for a number of different reasons. Location was one reason, and how people pass through.

Mr. Smith said he thought the worst areas were all over the Bear's Lair, and where Naia was. There was very little visibility. Maybe part of the issue was that most students were on Upper Sproul and Lower Sproul was really underutilized.

Mr. Ortega said the Free Speech Movement Café was good. He thought the location, the environment, and the variety of options were good. Mr. Smith said it was a cool atmosphere.

Mr. Carruthers asked what was good about the vibe at the FSM Café. Mr. Rhoads said people could stay there as long as they wanted and things were happening on the walls, such as information about the Free Speech Movement. They have a TV that on, but without audio, so it wasn't distracting. There was also a lot of people movement through the Café space into the outdoor Café space. There was a lot of people watching.

Mr. Ortega the FSM had good design, and people were comfortable. The outdoor space also had a roof over it, so people could be out there even if it was raining.

Mr. Carruthers asked about the quality of the product. Ms. Oatfield said she thought quality was a huge factor. The FSM had great quality.

Mr. Carruthers asked about price. Mr. Smith said it was definitely pricier than other places on campus, but he thought most students were willing to pay. Part of it was due to the FSM's location. If a student was in that part of campus and wanted someplace to study, that's where they'd do it. He thought students have shown that they're willing to pay for quality, to a certain extent.

Mr. Rhoads said he didn't think he's ever gone to the FSM more than once a week because it was on the pricier end of food options.

Mr. Carruthers asked if people knew that a cup of coffee cost at the FSM. Mr. Smith said it was \$1.75. Mr. Carruthers said the street price was about \$1.60. Mr. Smith said he thought the FSM and Strada had the same prices.

Mr. Rajan said he didn't know if the FSM atmosphere was easily replicable at a place like Lower Sproul. There are plenty of people around, but it wasn't as though the noise filtered throughout. The GBC was a much more social place. He barely saw people studying there, but he did see people sitting around tables and talking. He didn't know about the price at the GBC because it mostly got its clientele from food cards and meal plans. His priority was to have a more bustling Lower Sproul atmosphere.

Mr. Carruthers asked if there was anything that people thought didn't work, that they couldn't imagine why it was still there. Mr. Ortega said that would include all the businesses in the Bear's Lair. He doesn't go there because even if the food was decent, there was no place to sit.

Mr. Carruthers asked what was good off-campus, and what destination points there were. Mr. Nash said that would include Jupiter. Mr. Smith said Strada was good, and Mr. Rhoads said Café Milano was also good.

Mr. Carruthers asked what it was about Jupiter that people liked. Mr. Rajan said it was a great place to go for informal meetings, and grads went there often, with advisors or groups. It's a great place to get together and converse. Mr. Ortega said it also has free WiFi.

Mr. Permaul said the vendor who owns Jupiter is the vendor of the Bear's Lair Pub. They wanted to open a Jupiter environment here and the Auxiliary was working with to try and create that. But right now they just have the Pub.

Ms. Oatfield said that Jupiter had an amazing outdoor patio, a beautiful garden space.

Mr. Ortega said that one of the main differences between the Bear's Lair and Jupiter was that Jupiter was very clean. And outside the Bear's Lair, there was no real atmosphere. There were no plants and the tables were usually sticky. Mr. Permaul said it was more of a pub and not a restaurant.

Mr. Rhoads said from the Student Union going down Telegraph, except for a few cafés, there really was no comfortable place to go, relax, study, and eat. He thought that was really lacking. People could eat at the academic center at Cesar Chavez, but it wasn't really that kind of atmosphere.

Mr. Permaul there was also no Adagia near them. The owner of Strada also owns Adagia, which is where faculty and campus administrators go. They also go to The Musical Offering.

Ms. Davis said staff and faculty were an untapped population for eating on campus. They're never in the Bear's Lair or the Pub, although they are in the FSM.

Mr. Smith said that at night for Zellerbach performances, if there's an opportunity for a nice place to eat right around there, Lower Sproul could be a pretty good location.

Mr. Rajan said Adagia was always packed.

Mr. Ortega said there was no wine on campus.

Mr. Carruthers asked how this could potentially help the culture of student life. He asked if it was necessary to also try and work on student-life issues as well as work on commercial issues, and asked if those two things fit together. He asked if that was something they think about in terms of one supporting the other. He asked if they thought there was a student culture on the campus that they could identify and asked what the strongest part of student culture was, whether it was drums, e.g., or athletics. And the other thing is if it was important that they reflect on those issues in terms of how that got built into things.

Mr. Sinanian said that as a new Berkeley student who felt strongly about the world around him, one thing nobody has mentioned was international newspapers, something Lower Sproul completely lacked. Every student on campus was drawn to what was happening in the world and there was nothing replicating a newsstand there. If he could get some information with his food, or even just passing through, that would make a big difference.

Mr. Permaul said they're looking to bring plasma screens into the Bear's Lair Food Court, with the BBC or other news content that was more substantive than what they currently have.

Ms. Oatfield said that when she talks to students about what they want to see in the Lower Sproul area, the thing she most frequently heard was to have meeting and hang-out space that was very accessible and very open. She also wanted to echo the comment about information at the space, and the FSM as a good example of that. She also represented a constituency that was extremely concerned about sustainability matters and incorporating green building.

Mr. Smith said that one challenging element was that there was no single culture on campus. There are many different ones, and it's really hard to work with that and understand it. Everyone in there probably

felt they played a role in different cultures, with no one single theme. Mr. Rhoads said that was one thing that Upper Sproul was all about.

Mr. Rajan said he thought there was a culture of intelligence. He's been to schools, like U. of Colorado, Boulder, where a lot of student life was driven by the football team, or by outdoor activities. He found issues at Berkeley resonate across the entire campus more so than the performance of the football team or the latest trend. He thought this was one of the more vibrant campuses in discussing things.

Mr. Carruthers said that what he was looking for was a thread of what retail, commercial things measure up to that standard.

Mr. Rajan said they want a bohemian atmosphere, and not something that was too upscale, since that didn't speak to diversity or to Berkeley's spirit. And they also didn't want things to be too downscale, because that seemed dumb. The kinds of places, with information, that do well fell somewhere in the medium. The FSM and in some sense Jupiter fit that mold.

Ms. Davis said she thought they did a good job at Crossroads in terms of rethinking how campus dining facilities operate. Mr. Rhoads said he agreed, and said he and his friends eat there and sit there for an hour just talking. It's a space that really worked for hanging out afterwards. Ms. Davis said it's open later, and was a magnet to draw students to study or to get coffee. Ms. Davis said the older models, Clark Kerr and Foothill don't work as well.

Mr. Carruthers asked how much time people spend on the campus, how many times a day. Ms. Piatnitza said a better question might be when people got to leave. Mr. Permaul said this group spent an inordinate amount of time on campus.

Ms. Pasco said the hours at the Food Court don't really work. It closes at 6:00, at a time when students are hungry, coming out of class, or on their way to student group meetings, and at that time there's nothing to eat on campus, aside from the GBC. But that didn't work for students without points, and was actually pretty pricey for people paying cash. So students will go to the Durant Food Court or whatever else was open off-campus. She goes to the Bear's Lair Food Court a lot because she's in Eshleman a lot, and it was convenient. But after 6:00, she had to go across the street. Mr. Carruthers said the fourth meal, then, from 10:00 p.m. to 2:00 a.m., was really important. They sometimes study electricity consumption on campuses, and people would be surprised how much it goes up from 10 p.m. to 2 a.m., because students were doing things.

Mr. Smith said every successful space around campus, besides having food, had a lot of space and a lot of opportunity for students to study. Everyone on the campus was studying all the time, or looking for places to meet their friends.

Mr. Daal said graduate students particularly in the sciences and engineering were on campus late, and were looking for places to eat.

Mr. Carruthers asked if there was much delivery-type food coming on to campus. Mr. Permaul said there wasn't much delivery, but students rush out to buy across the street to bring with them to meetings. Mr. Rhoads said people could order pizza and there's a sushi place that delivers. Mr. Daal said that sometimes habits are created to go to a place before it closes in order to get food or coffee.

Mr. Carruthers said that as they think about retail, which was a broad term and could include services, the message was that it was appropriate, it was okay, as long as it was done in a relatively conforming fashion to the values of the University. He's heard hours were important. As to price, he thought that if it was quality and if it was genuine, and the price was okay, that price could be a little higher and students would tolerate that. He noted that people were nodding.

Mr. Rhoads said that one thing about Sproul that worked well was that people could stand on Sproul from 10 a.m. to 2 p.m., and after not even five minutes, see people they knew, and stop and talk with them. That was an aspect to a retail environment that would work really well on the campus.

Mr. Carruthers said this wasn't an assessment, but more of an understanding. The Lower Sproul stuff didn't work very well from their viewpoint. But Upper Sproul, the Bookstore, the soft goods store, seemed to be doing well and looked like it was well trafficked.

Mr. Permaul said that if he had his druthers, he would not have clothing at the Upper Sproul location. Instead, he'd have people at that location. It's the crossroads of higher education, and it would be ideal for that space to have coffee and conversation and a social aspect, with social interaction that was comfortable, rather than people having to sit on hard, concrete steps, or look for a bench to sit on. They still need retail at that level, but maybe at a different location.

Mr. Carruthers said he would switch gears a little. In general, when they think about the Lower Sproul project and other University projects, he asked where people thought it fit, and if they thought it was a high priority for them. He was trying to figure out the passion. So, was the project real important, and of importance beyond the room they were in, and how that is projected.

Mr. Rhoads said that for him it was a top priority.

Mr. Rajan said they had to be careful about sample bias. There might be a focus group that didn't involve the most invested people in the University. Mr. Carruthers said they would definitely discount that. Mr. Rajan said he thought it was a pretty high priority.

Mr. Nahabet said that it was a high priority for people in the room, but he thought that if they talk to the average student on Sproul and asked them the same question, he thought it would be a much lower priority. Mr. Permaul asked what he thought was a high priority for those students. Mr. Rajan said he thought it was the Stadium.

Ms. Oatfield asked why they were comparing this to the campus' physical development, and asked if this was a high priority to student life or to activism on campus. Mr. Carruthers said he was trying to measure both. He asked if there was an awareness beyond this room that Lower Sproul didn't work very well. People in the room understand the issue very well. But the question was whether there was a perception that needed to be understood, because ultimately, they would have to take this message somewhere. So when they take the message, he was asking whether it would have an audience, and then, he would ask how that audience would react. Part of the reason for asking the question was for people in the room to understand that the message had to get out of the room a little more, because ultimately, students will have a voice in this and will either commit themselves either by action, probably raising their hands to say they want something to happen, with possibly a fee attached to that, or they don't. Ultimately, students will say they need the labs or the Stadium, or whatever the case may be. Mr. Carruthers said they're just

trying to make sure that people in the room understand that and as they speak they start to resonate those sorts of thoughts beyond this room.

Mr. Daal said he thought there was a perception among the student body that Lower Sproul didn't work. He thought there was a lack of vision among the students as to how it might be. Right now, students, because of this lack of vision, tend to think they're getting through Berkeley just fine without the benefits to student life that such a student center would bring. He asked why they'd think about paying a referendum to support something when they're getting along fine just now.

Mr. Smith said he thought the biggest issue with fees was that current students, who pay the fees, wouldn't actually be there when the new Lower Sproul was developed. He thought that was part of the issue with bringing up fees. Students don't see what the results would be.

Mr. Carruthers said there were a lot of ways to do fees. They could start when the facility opened. What he was trying to do was to gain a sense, not only from those in the room, but from all the people they're talking to, not only for these couple of days, but later on that month, of where the priority was, from senior Administration down to the students that he interacted with that day. He did about six intercept interviews that day, in the late afternoon. He asked the students what they thought about. Number one, he asked if they use this place in different ways from other places they visit, and how they compare. There was a clear understanding that there was something else out there. Most students visit other colleges before they come to Cal, and there was a perception that there was something else out there. And that was kind of a disappointment to the students. So that was an interesting perception. He thought that had some opportunity to build upon. There was a clear perception that what they currently had did not meet anybody's needs, from at least the six students he talked to.

Mr. Sinanian said that from the perspective of senior Administration, this development was not a priority. He thought the priority was for convention space, hotel space. So when they compare that with students' priorities, all of a sudden students' priorities for Lower Sproul were a lot higher. This was an area where anybody could gain something. The Stadium was a niche that athletes cared about, and not every student cared about it. Lower Sproul was something that every student cared about, but not necessarily for construction.

Mr. Carruthers asked if he thought priorities needed to be aligned. Mr. Sinanian said students visit other campuses and sees a need for things they don't have at Berkeley. When he goes to UCLA, he thinks, "Where's our Ackerman Union?" Students were always looking for someplace new to study, and to see and be seen; and this project could be that.

Mr. Daal said he didn't dispute the fact that there's a perception that Lower Sproul wasn't a high priority for the Administration. However, it has been his experience in talking to the Chancellor that this was a very high priority for the Administration.

Mr. Rhoads said \$750,000 has been committed by the Administration to get this project started. Ms. Piatnitzka said she thought it said a lot, the fact that the Administration gave \$750,000 to the study and designated Vice Chancellor Harry LeGrande and Vice Provost Cathy Koshland Vice Chairs to run this. Mr. Carruthers said they're going to test that. They're independent consultants and will bring independent consultants in to the process. They're independent and they don't come with an agenda. They'll tell people what they see, what they think, and what they learn. If that fits into something larger, that was great,

and if didn't, people would get that information as well. He just wanted to be straight about how they approach their work. They're not there to be cheerleaders but to assess, evaluate, and give their best judgment about what they thought could happen at this location. And they think that benefits the project, because then when people talk to the students, they could have some objectivity.

Mr. Carruthers said he would leave his card and if any thoughts came up, they could send him an e-mail. The firm will be back on campus in a couple of weeks. After they get their data set together, he hoped they could come back and give the Board an update on where they stood, and maybe they could give him some updates as they talk to their constituents, friends, and people they hang out with, and give some feedback for the firm. He wanted to thank them for their time.

Mr. Permaul said they'd go through the rest of the agenda relatively quickly.

#### The Green Bike Share and Recycled Bicycle Update

Mr. Spivey said the Auxiliary had to have a location for the bicycle operation. They've looked at several possibilities. One would be under the deck just below the stairs going toward the Alumni House, an area that now has a whole series of bicycle racks. They'd have to get permission from the campus to build there. There's also another possible location under the overhang right by Eshleman, facing Bancroft Way. The idea of sticking a location into Lower Sproul, and possibly having a sense of creating an untidy location, didn't seem to work for them. Mr. Spivey said they'll try and come up with some photographs for the Board's next meeting, and also get some soundings from Capital Projects for a sense of possible options for this location. People are still interested in doing this, but they don't have a location.

Mr. Spivey said the bike group that got together showed a lot of interest in the section by Chavez, by the stairs going down to the Alumni House.

Ms. Davis asked who on the campus would make the final decision on that. Mr. Permaul said that would be Capital Projects, because it's exterior space.

#### Building Security Issues

Mr. Permaul said they need to upgrade the video cameras in Eshleman and they're getting an estimate from the UCPD. The elevator card now works, and that security element is in. They've also replaced the doors in Eshleman. They're looking at an estimate for Trilogy Locks for interior doors and stairwells in Eshleman. The estimate they currently have is \$60,000, a big chunk of dollars. They've asked the campus Police to come up with alternatives to make the building safer. The Auxiliary was also looking to replace the exterior door keys for MLK and Eshleman so there wouldn't be any master keys floating around out there. That was a \$24,000 project.

### Bear's Lair Pub

For the Pub, Mr. Permaul said they're looking at a new approach to the restrooms, where they'd be able to expand underneath the exterior stairwell that comes from the upper deck. If they could do that, they could expand those restrooms and make them better. They'll talk to the Pub about that.

Mr. Rhoads said it would be weird on the contractual side of things, but he asked if they've looked into the possibility of swapping some space out of the Convenience Store, since it bordered the edge of the Bear's Lair Pub, and there's some space in the Convenience Store that wasn't being used. If they could look into that, maybe it would be easier than enclosing the stairway from the upper level. It should be more of a ready-made solution, and they wouldn't even necessarily have to go through the campus. Mr. Permaul said they could look at that. That's where The Scholar's Workstation was going, and part of what the campus was requesting was a location for drop-off and pick-up of computers. Some of the back-end space was being used for storage now and may be used for that purpose. The campus will sell computers for departments out of this space for a period of time as well, and maybe into the future. So there won't just be individual sales, but some institutional sales as well. But they could continue to talk.

Mr. Spivey said the first spot he looked at to make restrooms for the Pub was by the elevators at the Bookstore. But that wouldn't work because that spot is too narrow.

Mr. Permaul said there was also space behind the Pub, and the Auxiliary could continue to talk to Follett about that as they go into redevelopment.

### CampusLink Update

Mr. Permaul said they're meeting with Bill Haener and will give him some terms and conditions for leaving the Student Union. Mr. Haener expects to come back in and stay, and doesn't want to leave. Mr. Permaul said he believed Mr. Haener was the source of articles in the local newspapers that tried to make it sound like the Auxiliary was throwing the homeless out of their opportunity to have Internet access. Mr. Haener owes the ASUC \$11,000 and has constantly been in arrears; and CampusLink hasn't met the fire code for the location. The Auxiliary will be pretty hard-nosed with him. They'll meet with Mr. Haener in the near future and the Auxiliary was looking at having him restore the space.

Ms. Davis asked if the sign, "SF Chronicle," was connected to CampusLink. Mr. Permaul said it's one of the company's sponsors.

Mr. Rhoads asked if CampusLink rented the space. Mr. Permaul said they do. Mr. Rhoads asked if they get paid by different people who run ads. Mr. Permaul said that was correct. Mr. Rhoads asked if the Auxiliary just got the rent. Mr. Permaul said that was correct. Mr. Rhoads asked if CampusLink was going to renovate. Mr. Permaul said when Mr. Haener was non-responsive for one period of time, the Auxiliary threatened to close it down, and he wanted to rush in there at the last moment. That's what CampusLink has typically done. They ignore the Auxiliary and then when the Auxiliary was about to write a formal letter, they'll send a check. The Auxiliary has had enough of that. The company was



going to send in a group of maintenance people to start doing work on the facility, without the Auxiliary's permission, and the Auxiliary stopped them.

Mr. Rhoads asked how much money the Auxiliary received a month from CampusLink. Mr. Spivey said it's \$40,000 a year. On average, CampusLink is in arrears 21 months. They sent a bad check last year for \$10,000. Mr. Rhoads asked why the Auxiliary was doing business with them. Mr. Permaul said they're trying not to. Mr. Spivey said the Auxiliary was trying to sever the relationship. Mr. Rhoads said that if they do that, there would be more space for a potential café to lease space there. Mr. Permaul said that was correct. Mr. Rhoads said having tables there would look a lot better than it currently does. Mr. Rhoads asked how they'll sever the contract. Mr. Permaul said they're going to meet with them and negotiate with them to get out.

### Naia Lounge

Mr. Permaul said Naia has not been open since the beginning of the semester. They've talked with Chris Tan, the owner, who has given them malarkey as to why he's not open. Mr. Tan was basically waiting for Panda to move in so foot traffic could be generated to support Naia's operation. In the meantime, he doesn't want to pay expenses. Naia is in technical violation of the contract. The Auxiliary will offer Mr. Tan an opportunity to step out as well. The Auxiliary thinks there are other businesses. For example, the lady who runs The Musical Offering might be very interested in coming over and looking at Naia lounge. The Auxiliary has also approached Intermezzo.

Mr. Smith asked if that would be temporary or long-term. Mr. Permaul said it would be long-term. They're trying to look for other businesses that could fit into that space. They can't put certain kinds of food businesses there because of venting issues, so they're looking for the right kind of business that would fit in that location.

Mr. Spivey said he had a conversation with Trevor Morris, Mr. Tan's partner, and was told that Naia's position not to open was due to unknown projects with Panda, and out of respect for staff, since they didn't want to bring staff in and then all of a sudden have to lay them off because the Auxiliary was going to remodel. What Naia was hoping for was that by the fall, Panda would be under construction. It's cheaper for Naia to just pay the Auxiliary rent and not pay to be open. Mr. Permaul said that wasn't acceptable to the Auxiliary. Mr. Spivey said that Naia was a little frustrated because they're the only tenants there. They'd run at a loss if they were open.

Mr. Spivey said the question was whether the ASUC wanted Naia to open. That was a question for the Board that evening. According to the terms and conditions of Naia's lease, Naia is required to operate and conduct its business. It would be a default if they vacate or abandon the premises. The contract also called for hours of operation at least five days a week.

Mr. Spivey said he asked Real Estate Services to weigh in on Naia's response and the Auxiliary was told it could pursue a default with Naia. But still, if it went to court, they still might lose because they're the University, and a tenant would tell a jury all the ways they were mistreated. And the University might lose that. He'd guess that the decision they'd have to come to was whether to insist that Naia open and

lose money, which the Auxiliary could do based on the lease, or to allow Naia to stay shuttered and paying the rent. He told Trevor Morris he would ask that of the Board that evening.

Mr. Permaul asked if he talked to Naia about whether or not they'd be willing to step away. Mr. Spivey said he did, and they didn't like that option at all. They have too much invested, and they got very indignant and told him about things that happened in the past, before Mr. Spivey got there. But they still want their investment. Mr. Permaul said they therefore need to open.

Mr. Rhoads asked if there was an option where Naia would open at certain times. Mr. Spivey said Mr. Morris complained that two staff had to be there, and that Naia would be the only operation there.

Mr. Rajan asked what the costs were if the Auxiliary actually forced Naia into default. Mr. Spivey said the Auxiliary could say that Naia was in violation of its lease and move to evict them. That's a legal matter that would cost the Auxiliary money; and the campus might lose the default.

Mr. Smith said he didn't think the answer at that time was a suit, and at least they were getting rent. Mr. Spivey said Naia was paying the Auxiliary according to the terms and conditions of the lease.

Mr. Rajan asked if Naia was paying a huge discount to what it should be paying. Mr. Spivey said that was not the case. Mr. Permaul said the Auxiliary, though, wasn't getting any commissions. Mr. Rhoads said Naia was still not providing a service that it contractually agreed to. Mr. Spivey said that was correct. Mr. Rhoads said that if Naia does open, however, it was liable to go out of business. Mr. Permaul said these are small businesses, and that was the whole issue of liquidity.

Ms. Davis asked when Panda would open. Mr. Spivey said it could be a year. Ms. Davis asked if Naia knew that. Mr. Permaul said Naia was optimistic. He told them the Auxiliary was still working through the details. They haven't gotten a Panda lease yet, and that had to work through the Regents. The Regents have seen a draft for other universities, but they still had to get through the infrastructure and then proceed to the lease.

Mr. Rhoads said currently the proposed location for Panda was STA Travel's location, and that would not affect the current Naia lounge. Mr. Permaul said it wouldn't, not yet. Ms. Davis asked if it would, eventually. Mr. Permaul said they wanted to open up the Naia space so it was more of an open, eating area.

Mr. Rhoads asked if Naia could broaden its offerings, and not just have ice cream and espresso. He asked about going down the same path the Board originally went with Naia, and having it as a sublessee, which was kind of what Naia would have been with Panda, but now wasn't. He asked if there was some way to try and start that process over again and open up again with somebody else there, offering some product to bring in more traffic, such as a sandwich shop. Mr. Spivey said they have a lease that says they serve gelato and coffee, so that would mean the lease would have to be modified. If Panda builds out, and all the Auxiliary's other build-outs occur, that would become a very vibrant and active area, seven days a week. More than likely, Panda will approach the Auxiliary, since it was busy, and say they want to work with Naia and have a sushi counter going on, and include addendums to Naia's lease. And then suddenly, Naia would be generating commission and paying the Auxiliary more. So there was an upside to this. That could be a year down the road that they could pay the Auxiliary commission as Naia was profitable. That would be a benefit to the students.

Mr. Rhoads said there was, though, no short-term business solution. Mr. Permaul said there wasn't, and the Auxiliary was kind of at a crossroads. What troubled him was that the lounge itself was closed. There are so few places where people could go and study and just hang out, and now this lounge was closed as well, because Naia didn't want anybody in the space while it wasn't open. And they don't want to open. Mr. Spivey said the Auxiliary has been turning down student requests to use the space.

Ms. Davis asked if they couldn't just take the space back and say that when Panda opens, Naia would have first dibs on going back in. Mr. Spivey said that Naia controls the space as long as it paid rent. Mr. Permaul said that Naia still had a lease. Ms. Davis said that the Auxiliary could enforce that, and Naia would have to serve gelato. They don't want to be open until the area is more active, but Naia also didn't want to give up the space because they're planning for it to be more active. She asked if the Auxiliary could get it back for a year, and then give it back to Naia was open, and at least the space could be used for a year. Mr. Rajan said if that was the case, then the Auxiliary wouldn't push on the lease. If they didn't get the space then they'd enforce the contract.

Mr. Spivey said the Auxiliary would have to take some safeguards with Naia's equipment that doesn't lock up. Naia has furniture there from Italy, and had its infrastructure. Mr. Permaul said that if that space was used, the Auxiliary would staff it. He said they would take these ideas back.

Mr. Spivey asked if the Board would be willing to reduce Naia's rent in order for the space to be used. That would be a possible counter offer.

Ms. Davis asked how much Naia was paying. Mr. Spivey said that if Naia would be paid \$3-400 per venue and have the space available for student activities, Events Services could be used to manage the activities. They could work out something that would benefit students and give Naia a break on its rent. But it would cost the Auxiliary money. Naia would need something there that would benefit them.

Ms. Davis asked about enforcing the contract. Mr. Spivey said that Naia could say that it didn't want people using its space. Mr. Permaul said the point was that Naia wasn't in agreement with its contract, and he wasn't prepared to give them a break. Mr. Spivey said a break on rent would be the first thing Naia would say. Mr. Permaul said the first thing the Auxiliary would say was that Naia was in violation of the contract.

Ms. Davis said maybe they could get a happy resolution, since the Auxiliary wanted them to stay and realized there were financial troubles, but they're so short of space. Mr. Permaul said he thought that was a good option.

Mr. Rhoads asked if they could see if Cal Dining would want to open up a coffee space there, a sublet. Mr. Permaul said that would be in competition with the Coffee Spot.

Mr. Permaul said they would come back to the Board on this.

A motion to adjourn was made and seconded by Mr. Smith and Mr. Rajan and passed with no objection.

This meeting adjourned at 8:11 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.
- 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.

Procedures (cont'd)

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.
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

Sept. '08	Agreed to Daily Cal terms for deferment and reduction of rent.
Sept. '08	Approved a letter of intent to Tully's Coffee.
Sept. '08	Approved moving forward with Kaplan Test Prep.
Sept. '08	Heard the terms of a possible Panda Express contract.
June '08	Approved the concept of bringing the Brazil Café to the ASUC .
June '08	Approved a Letter of Intent to negotiate with Panda Express.

Vendors (cont'd)

- May '08 Approved Letters of Intent to: renegotiate leases with Bear's Lair Food Court vendors, ESI (English Language Institute), the Daily Cal; to negotiate leases with a flower vendor, a bicycle vendor, Panda Express, and a major coffee vendor; and to amend the Coffee Spot lease for coffee cart operations at Anthony Hall.
- December '07 Heard a presentation by CUBS.
- 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.
- 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 CalSO 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.

Decisions of the Board

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Vendors (cont'd)

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.

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

- Oct. '08 Heard from, gave feedback to, Brailsford & Dunlavy, on Lower Sproul redevelopment.**
- 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.
- 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.



Budget (cont'd)

- 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 p.m.

## STORE OPERATIONS BOARD MINUTES

November 18, 2008

### Present: (Members and others)

Ron Coley	Ameeti Mishra (student)	Nish Rajan
Barbara Davis	Eddie Nahabet (ASUC Senator)	Dave Rhoads
Jeff Deutsch (Store Director)	Christina Oatfield (ASUC Senator)	Jordan Smith
Meghana Dhar (ASUC Senator)	Krystle Pasco	Will Smelko (ASUC Senator)
Victoria Harrison	Nadesan Permaul	Tom Spivey
Sameer Kahn (Cmte. on Student Fees)	Tara Raffi (ASUC Senator)	Roxanne Winston

### **SUMMARY OF THE MEETING**

The meeting was called to order by at 6:17 p.m. in the Tan Oak Room.

#### Report from the Director

#### Daily Cal Update

The Daily Cal proposed trading advertising for its reduction in rent and deferral of utilities and public costs. The Auxiliary didn't think that was equitable or reasonable.

The check for November rent did not include anything for utilities and custodial costs. So the loss to the Auxiliary was \$20,000 in unpaid rent and \$13-14,000 in real costs the Auxiliary will have to pay.

A group of students met to consider the paper's proposal and felt the Board's initial offer was more than adequate and that the paper should pay for its utilities. They had a question as to why framing the unpaid rent as a loan would hurt the paper would hurt the paper. A loan would look better for the ASUC's balance sheet. Mr. Permaul will draft a letter in response for the Board to consider.

#### ASUC Physical Improvement Projects

#### Seismic Retrofit

In order to be in operation by early fall '09, work had to start in the lower areas of MLK over Winter Break, to run through the third week of January. The area of impact would be two restrooms and an office. They'll also work in rooms next to the Tan Oak Room, getting ready to band columns to support the Tilden Room, where work will also be done in January.

A question was raised as to why seismic work would be done at that time when a referendum was scheduled for spring '10. But it was unlikely the OP would delay the project.

This work was being paid for by the Life Safety Fee students pay that has accumulated. In their meetings with the Chancellor, student leaders might suggest postponing work until after the referendum.

Cost for this Senator, will be in excess of \$10 million.

It was noted that the OP has determined that seismic work throughout the UC System was one of its highest priorities.

#### Art Studio

A room has been created in what used to be the manager's semi-office. It was semi-private and would accommodate figure-drawing classes, starting Spring Semester. A beautiful entrance to the Studio was also created.

#### Open Computing Facility

The OCF was moving from the Student Union to Eshleman, and should open by January at the latest.

#### Cal Lodge Upgrades and Renewal of Lease

The ASUC attorney drafted a two-year extension of the Cal Lodge lease to Daniel Borge, who has agreed to the terms. This is an ASUC property and the agreement will be signed by the ASUC President. Capital Projects will indicate an alarm system that will be installed, allowing Mr. Borge to sell food.

#### CUBS Relocation

A power panel will be moved and ventilation will be brought in from another room. CUBS will re-do the sprinkler system.

MLK was being seismically retrofitted, not Eshleman, because they had a solution for the retrofit. They didn't believe they had a solution for Eshleman and thought it would have to be torn down. But people were now checking to see if it could possibly be improved.

Campus decision-making was questioned. A sentiment was expressed that there seemed to be general concurrence that Eshleman wasn't worth improving. But a short-term fix to Eshleman was possible, taking it from "very poor" to "poor."

It was noted that there was no assurance the fee referendum would be approved.

#### Green Bikeshare/Recycled Bike Update

A location for Green Bike Share has not been secured, although it's started operation in the CLL. The Board was asked to initiate a PRR and approach Chavez to build a bike shed by the bike racks to the west of Chavez, under the cantilever deck, by the stairs to go towards Haas Pavilion. A PRR costs about \$2,000.

The Board has previously expressed concern about having bicycle repair on the Plaza because of a possible mess. But it could bring life there. There were also disadvantages to the proposed location, and

Capital Projects might not approve it. The landscape architect's office liked the idea. Mr. Permaul will see if the landscape architect approves, and if so, will write to the Board Chair about getting an estimate for both sites.

#### Bear's Lair Pub

The Bear's Lair Food Court and the Bear's Lair Pub will undergo a seismic retrofit that coming summer. The look of the fireplace, a gift of the Class of 1910, will be altered to a beautiful design, although they can't have an open fireplace there because they couldn't vent it.

As part of this work, the Pub could take over part of Follett's area, where Follett had an indoor refrigerator. That would be a significant help to the Pub, and the Auxiliary was negotiating this. They'll provide some history as well. The fireplace was a gift to hearken back to Old North Hall. The Pub believed this improve the space.

This was being paid for as a result of the seismic retrofit.

#### CampusLink

Gannett, the national communications and newspaper chain, was willing to provide the Auxiliary with \$70,000 for a plasma screen system. The Auxiliary will get estimates. Information, such as from CalTV and the campus calendar, will be shown. The Daily Cal is partnering with the Auxiliary's based on the paper's advertising contacts. But they first had to terminate the contract with CampusLink. According to a Dunn & Bradstreet report, the company's financial situation was poor, and it owed the Auxiliary over \$12,000. The Auxiliary was working with the campus Contracts Office to have an amicable termination agreement.

Gannett will display advertising. Content would be controlled by the Auxiliary. Gannett would be allowed a certain amount of advertising for a low fee. Once the term ends, the Auxiliary would use this investment to bring in advertisers.

By unanimous voice-vote, the Board approved the termination of the contract with CampusLink.

#### Naia Lounge

Naia has agreed to allow the Auxiliary to use the space if a staffmember was present to oversee events. A facilities use permit and insurance would be needed for events.

#### Vending Machines

Action Vending has asked the Board to review a proposed price increase. Fuel costs have increased. Prices would go up about .25¢ per item. The Auxiliary receives a 33% commission. The machines will give change. There have been no previous price increases.

A request was made for healthier and lower calorie items.

Prices weren't changing on gum and mints.

Current prices were established three to five years ago and remained the same for the duration of the contract.

It was noted that the prices would still be relatively cheap.

The vendor has bent over backwards to support them.

By unanimous voice-vote, the Board approved the price increases proposed by Action Vending. A request was made to have a notice posted on the machines explaining the price increase.

Executive Session

The Board met in closed session to discuss the Brazil Café, Panda Express, The Scholar's Workstation, and the Kaplan proposal.

The meeting adjourned at 8:44 p.m.

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

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This regular meeting of the Store Operations Board was called to order by Jordan Smith at 6:17 p.m. in the Tan Oak Room, Martin Luther King, Jr. Student Union.

APPROVAL OF THE MINUTES

Mr. Smith said he would entertain a motion to approve the minutes from the October meeting. It was so moved and was seconded. THE MOTION TO APPROVE THE MINUTES OF THE OCTOBER 14, 2008 BOARD MEETING PASSED UNANIMOUSLY BY VOICE-VOTE.

APPROVAL OF THE AGENDA

Mr. Smith said there was one quick amendment to make, a report on campus vending machines and a possible price increase, which they'd hear after the item on the Naia lounge. Mr. Smith said he would entertain a motion to adopt the agenda for the meeting that evening, as amended. It was so moved and seconded. THE MOTION TO APPROVE THE AGENDA, AS AMENDED, PASSED UNANIMOUSLY BY VOICE-VOTE.

PUBLIC COMMENT

Mr. Smith asked if there was any public comment anybody wanted to make.

REPORT FROM THE DIRECTOR

Daily Cal Update

Mr. Permaul said he was looking for direction from students and the Board about how they want to have him respond to the proposal the Daily Cal made at the last meeting. The Daily Cal proposed trading advertising for the reduction in rent, utilities, and public costs it would have paid. Mr. Permaul said he didn't think the trade was equitable or reasonable. The students were going to get together on their own and discuss the proposal.

When the Auxiliary received a check for November rent from the paper, it was strictly for the rent. When he asked the staff to go upstairs and check with Diane Rames regarding utilities, custodial costs, and other elements the Daily Cal paid, Ms. Rames said she made it very clear in the previous meeting that they would not just forgo rent, but that the paper would also forgo all those other costs. So the loss to the Auxiliary was not just \$20,000, but was closer to \$40,000 worth of expenses. And that other \$13-14,000 was a real cost. The ASUC will have to pay those costs. So while the expenses were the same, the Auxiliary will use more of its revenues to cover them.

Mr. Smith said that when a lot of students met last week, the general consensus was that they thought their initial offer was more than adequate and that there was no reason the paper shouldn't pay the utilities that it used. The main question students had at the meeting was how the loan on the other half would hurt the paper, and framing this as a loan would be so bad. That was the main question they had for the paper. But the students were all pretty satisfied with the Board's original offer and thought that made the most sense. Mr. Permaul asked if they would like him to draft a response for the Board's review that would indicate the Board was satisfied with the offer it made.

Mr. Rajan said his main issue was the soft versus hard negotiation that seemed to be going on. He didn't want to use words like "good faith," or anything like that, but he felt that when the Daily Cal made its presentation, the Board tried to be as accommodating as possible. The Board did things to be as accommodating as possible, but still reflected the ASUC in a good light, which they thought would have no real negative impact on the Daily Cal. For instance, if they called this a loan and then forgave the debt at the end of the year, that would look better for the ASUC's balance sheet. The ASUC just wanted to understand if there was a particular reason why that wouldn't look good for the paper's accounting. Perhaps having a liability on the paper's books would hurt the paper's fundraising efforts. But the question was whether this would materially hurt the paper. Another question was whether the paper was just negotiating for the sake of negotiating. At some point he would like to vote on a take-it-or-leave-it offer. He just wasn't sure if they were at that point or one iteration away, as soon as it became clear to Ms. Rames, or whoever was making the decision, that the Board was really close to a take-it-or-leave-it offer.

Mr. Permaul said that as a Board, they've indicated that the Daily Cal was an important institution, and the Auxiliary wasn't out to hurt them. So he thought there was no harm going back one more time and posing those questions. He could draft something for the Chair to send out to Board members indicating to the paper that the Board felt that its previous loan was appropriate. At this point the Board felt it was confident that this was the best solution, and to see if there are issues with a loan that would preclude the paper from feeling comfortable with that.

Mr. Rajan that would satisfy him.

Mr. Smith said he thought it should be emphasized that the paper should pay for its own utilities. It's using those services and was probably using more utilities than anyone in the building.

## ASUC PHYSICAL IMPROVEMENT PROJECTS

### Seismic Retrofit

Mr. Spivey said he met with Nick Peterson, the Capital Projects manager assigned to the Union seismic retrofit. Mr. Peterson said that to get back in operation by the early fall of 2009 they needed to be aggressive with their schedule and get busy over the Christmas holiday in the lower areas of MLK. So they're proposing to they start excavation for the pier on the north end of MLK starting after finals cease, running through possibly the third week of January.

The screen showed the floor plan for the ground floor, including the basement. The area of impact would be two restrooms and an office. They'll have to demolish the area and build a concrete support platform for the shear wall that will run up in front of Pauley. This was the first phase of the project and they could improve the Auxiliary's receiving date to the fall of '09 if they could get busy in this area. They'll bring in construction equipment, like a little bobcat, to dig out this area over the winter holidays. They won't start until after finals end. And they promised to get out before the third week of January, when classes start. They'll also go into areas on the 4th and 5th floors, effecting Auxiliary conference areas. And they're going to be in the rooms next to the Tan Oak Room. They'll strip away columns and get ready to band them for support of the Tilden Room.

So the seismic work will start the third week of December and be very aggressive throughout January. And then they'd have one more week after that in Tilden, where they won't make as much noise.

Mr. Daal said that at their meeting several weeks ago, people wanted to understand why the seismic retrofit needed to occur now, in view of the referendum for Lower Sproul, which will occur the spring after this coming spring. It seemed to make sense at the time to pursue delaying the seismic retrofit at least until they know the outcome of the referendum, because that would tell them whether or not the building will be retrofitted as part of the Lower Sproul project.

Mr. Permaul said he didn't think that the Office of the President will allow the campus to delay this project. Mr. Daal asked if it's been articulated to them that there will be a referendum on this next year, and

that it would be a waste of funds to make this decision now on the planned retrofit. Mr. Permaul said that all the projects were being coordinated through the same organization. So Capital Projects administrators were overseeing both the seismic retrofit and the planning associated with the Student Union.

Mr. Daal asked if they recognize a referendum was coming up. Mr. Coley said it has been discussed, and everybody recognizes that. The OP and the others involved are also determined that they can no longer tolerate the risk and that they need to take action. So it was very obvious, and people shouldn't assume that these things haven't been considered.

Ms. Winston asked who was paying for this. Mr. Permaul said that students and the Berkeley campus will pay for it through the Life Safety Fee that has accumulated. Ms. Winston asked who decided who would get hired to do the work. Mr. Permaul said that Capital Projects has already identified a contractor, who was doing work on the campus. That gave them another advantage, because the contractor, by being able to come to the site now, could give a better estimate of what the project will cost. They have identified a contractor, Villa Construction.

Mr. Daal asked who would have the authority to change their mind on this. Mr. Coley said he would assume the Chancellor, but he wasn't positive about that. The Chancellor was the most senior person on the campus who would be able to engage in that decision. But he thought there were pressures beyond that. Mr. Daal said he was thinking that maybe it would be worth the time for him and Ms. Winston to bring this up with the Chancellor at their next meeting with him. Since that will occur on Friday for Ms. Winston, and in a couple of weeks for him, he asked if Mr. Coley thought that was a good idea. Mr. Coley said if they don't shoot they wouldn't score. He thought the campus would come back with the same answer. But if, in their good conscience, this is what they were thinking, it was students' meetings, and students got to set the agenda. So he thought they should raise their points. But they shouldn't be surprised if the Chancellor gave them the appearance that he's heard this argument before. And they shouldn't present it to the Chancellor like they thought he and all of his staff were idiots, and that they hadn't thought about this.

Mr. Permaul said he thought the other issue that Mr. Daal and Ms. Winston might want to bear in mind was that if the referendum fails, and the campus has failed to take action on the seismic retrofit of the building, then the window of exposure has been extended to some extent and the cost goes up every year, because of increases in the cost of steel and construction. He thought these were all parts of the constellation of issues that Capital Projects has looked at. Mr. Permaul said he was just throwing that out there as other information. But the students could do as they wished.

Ms. Winston asked if they know how much this will cost. Mr. Permaul said this project was in excess of \$10 million. Mr. Daal noted that the money was from student fees.

Mr. Coley said they should also be aware that the OP has determined that seismic strengthening of the buildings throughout the UC System was one of its highest priorities. It was all about protecting the welfare of the students, staff, and faculty. So students should just be informed of that when they go down this road.

Mr. Rhoads said that it was paid for, then, completely by student fees. Mr. Permaul said it was, by the Life Safety Fee. Mr. Rhoads asked how many years it took to accumulate that. Mr. Daal said it wasn't a very good deal for students, as they already knew. If the Lower Sproul referendum was to pass, then



these businesses will be taken offline for another reason, for building renovation. That would extend business downtime.

Mr. Rajan said he thought people were preaching to the choir, but it was now on the record.

### Art Studio

Mr. Spivey said they created a room in the Art Studio in what used to be the manager's office, or semi-office. This was additional program space they created in the Art Studio. It was semi-private, and classes could be held in it and be quiet and discreet. A lot of drawing classes are offered, where human figures are drawn. So this new space will provide some privacy, and the Art Studio Manager is programming those events. The room was about 98% complete and will be in operation for the Spring Semester.

They're also looking at fixing a lot of things, working on the Internet structure, building a new sink, and better complying with some Health and Safety Codes dealing with chemicals and locking them up. So a lot of things will be done in the Art Studio.

Mr. Spivey said they've also done a beautiful job of creating an entrance to the Studio that was very warm and welcoming. The sign was down and was being restored to its original '60s look, and will go back up. So a lot of things were happening in the Art Studio. The Web site has also been re-done. They're also repainting the interior. The Auxiliary got a quote from the campus and they'll soon move forward with that.

Mr. Permaul said he hoped people got a chance to see the Art Studio, which was really very beautiful. Mr. Spivey said it will look very good in about a week and a half, after Thanksgiving.

### Open Computing Facility

Mr. Spivey said that regarding the Open Computing Facility, wiring will be worked on that week or next week. The repair of the wall has been completed. The pumps have been prepared. They used to leak. So things were moving along well with the OCF. Once the room is wired and inspected, they'll put in the computers, hopefully soon. He couldn't get a firm date, but if all else failed, they'll open in January. But he was hoping things will move along sooner and that they'll open in November.

### Cal Lodge Upgrades and Renewal of Lease

Mr. Spivey said the lease for the Cal Lodge Manager, Daniel Borge, was sent out for the Board to review. He needed to proceed with signing it. He believed it will be signed by the ASUC, by Ms. Winston, since it's an ASUC asset. So it was the ASUC's agreement. The ASUC attorney has looked it over and said it was fine. The manager has also seen it and was ready to sign.

Mr. Permaul said the ASUC's attorney has looked at the renewal. Mr. Spivey said that was correct. The ASUC attorney actually drafted it. Language was included so that if the students decide to sell the Lodge, the agreement with the manager would be terminated. It's a two-year extension.

Ms. Winston asked if Mr. Himelstein was back. Mr. Permaul said that Mr. Himelstein had open-heart surgery and a double bypass, and was going through the stages of recovering at that time. But he was already back on his computer.

Mr. Spivey said the list of upgrades that he had included three items. One was the alarm panel. A contractor has been found. Capital Projects was initiating that panel to be installed, which will allow the kitchen at the Lodge to be approved. Inspection will be done by the Fire Marshall and the County. So Mr. Borge will actually be able to make money selling food. Mr. Borge has one more health extension and will have to fix his crappy dishwasher, which he said he would do.

### CUBS Relocation

Mr. Spivey said he was going to show a diagram of the space again, just to let the students know CUBS' floor plan. The screen showed an exploded version of the space, across from the Postal Annex and near Naia lounge. They're looking to build a framing into the area and to expand it. It will include an ATM machine. There were a couple of questions involved. They're moving a power panel, which was about to be decided and approved. Ventilation had to be brought in from another room, so they're currently checking the size and airflow in a supply area to go across the hallway. CUBS will also have to re-do the sprinkler system in the area, and a CUBS' architect is building that design. Basically, they're waiting for the airflow determination from Capital Projects and for a decision on the site for the power panel. They're in the last stages of power assessments for Panda Express. They want to make sure they don't cut out of power by taking what was there, since Panda will need 400 amps, and people don't want to steal power from that site. The preliminary report on power for Panda determined that both could Panda and CUBS could be powered since there's a huge amount of power as a result of the old bowling alley the students used to run.

Ms. Winston said that from her understanding, Eshleman Hall was more seismically unsafe than MLK. Mr. Spivey said they're both "poor." Ms. Winston asked why MLK was being retrofitted while she hasn't heard any discussion about Eshleman. Mr. Spivey said that Eshleman was under review, whether to tear it down or to seismically retrofit it. People have been crawling through the building, looking at floor plans, and looking at the piers that go down to support the building. They're considering whether banding it would be the best choice, or tearing it down. The campus was getting close to a recommendation.

Mr. Permaul said the reason why they chose Martin Luther King and the Tilden Room for the retrofit was because there was a solution for that seismic retrofit. At the time they were looking at Eshleman, they didn't believe they had one. So they thought the only option was to tear the building down. But they went back to the seismic assessment and were hoping that it could be improved. Part of the problem was that the students would get moved out, and the question was where they'd move to. So the question was whether they could do something that would allow the building to be used until such time as they have a complete project. He knew Ms. Davis had lots of thoughts about this.

Ms. Davis said it was a painful topic. She totally agreed that the way the campus makes decisions about what to do and when, was sometimes mysterious. One might ask why they were doing seismic upgrading without knowing what they'd be doing with the bigger question. But it was what it was. In terms of Eshleman, she thought there was pretty widespread agreement that Eshleman should come down. There were maintenance issues, it lacked contemporary layout for how students now use the building now, and there were many problems in it. It just wasn't worth improving. She thought there was generalized concurrence, at least on the committee she was on, that Eshleman should come down. But they're planning to do a short-term fix to Eshleman, like they did to the Art Museum. The Art Museum had a short-term fix, with braces, taking it from "very poor" to "poor." If Eshleman was now "very poor," a retrofit would take it to "poor." At "very poor," the building collapses and everybody doesn't make it, and with "poor," people could get out. Mr. Rhoads said it would be built for life safety.

Ms. Davis said it was obviously not the way they'd want it to be, clearly, but there's a concern. As Mr. Coley said, there's a big push from the Office of the President to do as much seismic work as they can, as quickly as they could, since they don't know when an earthquake will occur. As much as they all desperately want the fee referendum to pass and for Lower Sproul to be revitalized, there were no assurances that would come to pass. Also, the student fee was only one portion of the funding anyway. So other portions had to be put in place as well. She thought the thinking was in order to protect human life, there would be a short-term fix. She thought there was also going to be a short-term fix for MLK, but that turned out to be rather costly.

Mr. Daal said what he'd ask of the Chancellor was to delay the retrofit for approximately a year, until they knew what happened with the referendum. Because then they'd have a plan that they'd want to execute on the building, whether to tear it down or to renovate it. Ms. Davis said that was sad but true. But again, the committees she's on were saying that they made a decision not to tear down MLK and to try and fix it from the inside. They also, sadly, made a decision not to tear down Chavez and to fix it from the inside. But the decision was to tear down Eshleman and start over.

Ms. Davis asked if that's what people have heard at the meeting with the architects regarding Lower Sproul redevelopment. Mr. Rhoads said was referring to the Student Advisory Board. That wasn't explicitly stated, or at least he didn't hear anybody say that. But it was his understanding that their planning thus far was that MLK and Chavez would remain, and Eshleman would come down. Ms. Davis said he took it as more tentative than she took it. Mr. Daal said he did as well. Mr. Rhoads said that knowing how these things seemed to work, the architects were probably pretty stuck on that. They must have gotten that story from someone who was pretty adamant about it, or else they wouldn't have looked at that scenario and come back with that. They seemed pretty adamant about it. But he never got a clear answer about that from anybody.

Ms. Davis said that one thing the Board could do was to invite somebody to a meeting to talk about this, so they'd all get the same information. There were many different committees related to this project at that time, and she wasn't sure everybody was on the same page, or that things were happening at the same pace. Decisions get made at one committee and then one committee hears one thing and another hears something else. Mr. Permaul said that Beth Piatnitzka was the mastermind for the project. Mr. Rhoads said she was handling the project. Mr. Permaul asked if the Board would like Capital Projects to attend the December meeting. Mr. Daal said that would be a good idea.

#### Green Bikeshare/Recycled Bike Update

Mr. Spivey said they have not secured a location for Green Bike Share, and it's actually started operation in the CLL. That was something it could do as a student group, and they requested it. He was going to ask the Board about initiating a PRR and approaching Chavez to possibly build a bike shed underneath, by the bike racks by Chavez. Mr. Permaul said it's where the cantilever deck was, going towards the Alumni House. There's a space there that could potentially be turned into something. They could initiate a PRR and ask the campus if it would be possible to take advantage of that space and see the feasibility of putting a bicycle store and a place for the Green Bike Share, to be used in conjunction with the bicycle racks that already exist. They just needed some direction on what the Board would like to do.

Mr. Rhoads said he thought that space was brought up as a potential the last time.

Mr. Spivey asked if the Board wanted to pay to find out. Mr. Permaul said every time they open a PRR it costs them probably about \$2,000.

Mr. Rhoads asked if there was any leftover money from their grant from Bears Breaking Boundaries. Mr. Permaul said that was separate from the Auxiliary. Mr. Rhoads said he would suggest that to them.

Mr. Daal asked where the space was located. Mr. Permaul said it's by the steps that go down to Haas Pavilion, towards the Alumni House, right next to Zellerbach. The space was just to the right of those steps. There's a cantilever deck that goes out, and under the deck there are bicycle racks. They could possibly use some of that space because actually, it's rarely utilized and was space that was just kind of off to the side.

Ms. Davis asked if there are bikes there. Mr. Permaul said there are, but a lot of bike racks are there, so there was more than enough room.

Mr. Daal said he thought it was important to research this and do an experiment on how well this idea would work. He thought it could be a major component of a redeveloped Lower Sproul. But he would identify that area as probably the worst possible area he could think of for putting a bike share there. He's seen bikes being stolen from that area. It's dark and was out of view, and therefore wasn't really good advertisement for the service. He would prefer putting \$2,000 towards that study of a place that was more visible for a bike share.

Mr. Permaul said that Green Bike Share was currently located where the Auxiliary proposed putting recycled bicycles. But the Board didn't feel comfortable with the idea of having an open tent on the Plaza where bicycle repairs could take place. People feared turning the Plaza into a kind of messy, unclean place. So the Auxiliary backed away from that and was looking at other alternatives. It's clear that Green Bike Share loves that location and has been very successful there, because there are services there. But it really depended on the will of the Board.

Mr. Daal said his recollection of that discussion was that they tended in that direction because the Board thought it wouldn't be well reviewed by Capital Projects. But maybe he wasn't remembering it perfectly. Mr. Permaul said he thought there was also concern about how it would look and whether it would be clean. Mr. Daal said he would tend to prefer life on Lower Sproul rather than a spick and span look to the Plaza. It's already well below failing in the area of cleanliness. Mr. Permaul said he had to admit that the Green Bike Share folks have done an excellent job. He's gone over and watched it and has taken photographs, and they've been very effective and very popular.

Mr. Daal asked what other people thought. Mr. Rhoads said that now that he thought of it, he wasn't sure the campus would approve something there. It was close to the creek, and was also not really an academic area, but not on the commercial side of the Plaza. To have that kind of activity may not be popular at the campus level.

Mr. Permaul said he was talking about having it underneath, under the cantilever deck, where the bike racks were located, facing the Alumni House. It might not be the greatest place. Also, it's slightly difficult to get to by bike coming from the Plaza, because of the stairway. He wasn't sure the campus would agree to it.

Mr. Daal asked how much it would cost to do a study. Mr. Permaul said they could get an estimate for that.

Ms. Davis asked if they wanted to check with Jim Horner, the campus landscape architect. Mr. Permaul said they talked to his assistant, who thought it was an excellent idea. Mr. Daal said he was involved in the discussion at the sustainability workshop, and they talked about potential places to put bike sharing. So they might have inadvertently shifted his heart and mind to their favor. Mr. Permaul said he'll make contact with Mr. Horner and invite him to look at the location that the Green Bike Share was currently using. And if Mr. Horner didn't have a problem with it, Mr. Permaul said he would write to the Board Chair and ask whether or not they should get an estimate on reviewing both sites.

#### Bear's Lair Pub

Mr. Permaul said as part of the seismic retrofit, work will be done next summer throughout the Bear's Lair Food Court and into the Bear's Lair Pub. A large steel beam will run the length of that whole area. When that's done, they'll permanently alter the look of the fireplace, which was a gift of the Class of 1910. They've come up with an absolutely beautiful design to replace it as part of the project. They can't have an open fireplace there as the requirements for venting a fireplace have changed over the past 50 years and they can't have a flue go up that high through the building. But they're looking at alternatives and will create an image of a fireplace. They'll also provide a large plasma screen for the Pub. There will be new seating and other improvements.

As part of the work, they'll open up a door for the Pub into an area that had been strictly associated with Follett, where Follett had an indoor refrigerator. That would be a significant help to the Pub. The Auxiliary was currently negotiating with Follett about that. That was part and parcel of what they'll do for the new computer store. He'd explain that later. But as a result of the seismic retrofit, there's an opportunity to create a very attractive and very effective space for the Pub there. It also would be in tandem, potentially, with the Pub doing a major retrofit itself and possibly expanding its operation. They have yet to present this to Mr. Horner, another project the Auxiliary wanted Capital Projects to look into. At the last meeting the Auxiliary got direction to do that. So when they have the opportunity, they'll present that to him as well.

Ms. Davis asked if there was no more 1910 fireplace. Mr. Permaul said they're going to restore the 1910 dedication, and also do, at the request of the Auxiliary, the history associated with it. Right now it just

says it's a gift of the Class of 1910. In fact, what they'll end up doing is to give some history of why the Class gave that gift. It was really to hearken back to their days in Old North Hall, and was created both in Old North Hall and in Stephen's Union, and then brought to this location. They'll do a very nice job with this.

Mr. Daal asked if there will be a fireplace. Mr. Permaul said there won't be a fireplace, but something that will seem like a fireplace. Mr. Daal said that sounded tacky. Mr. Permaul said they could do a very good job. Mr. Spivey said they just can't vent 60 feet to the roof for the fireplace.

Mr. Daal asked how the Pub felt about this. Mr. Permaul said the Pub was excited because they think it will improve the space. Mr. Spivey said they're actually working on a lounge look in that corner to make it stay. Mr. Permaul said they'll bring a drawing of the plan to the December Board meeting.

Ms. Pasco asked if the people who will fix this will be the architects doing the retrofit. Mr. Spivey said that was correct. Mr. Permaul said they understand that since they're damaging the fireplace, they'll have to replace it through the retrofit. Mr. Daal said that as long as it wasn't something that could be bought at Target. Mr. Permaul said it wouldn't be, and would be very attractive.

Mr. Khan asked where the money was coming from. Mr. Permaul said it was part of the seismic retrofit. Mr. Daal said it was coming from student fees. Mr. Permaul said that any improvements made as a result of the work they do will be done as part of the project. For example, the bathrooms in the Tilden Room were currently being redone, with low-flow toilets. They're going to do that with the bathrooms downstairs as well. Any place they damage or impact has to be brought up to grade. The Auxiliary asked them to make the bathrooms as green as possible.

#### CampusLink

Mr. Permaul said they got good news that day from Gannett, the national communications and newspaper chain. Gannett is willing to provide the Auxiliary with \$70,000 towards investing in a plasma screen system. The Auxiliary was now prepared to go out and get estimates from several companies and start installing a plasma screen system. It will have the ability to project and share information from a variety of different sources, including CalTV and the campus calendar. The Daily Californian is the Auxiliary's partner in this based on the contacts the paper has to do advertising. But before this could happen, they had to terminate the contract with CampusLink.

Mr. Permaul said CampusLink approached the Auxiliary. He believed he's mentioned this before, and spoke to the two Chairs about this. It would be an investment in a plasma screen system for the Student Union complex. The Auxiliary did its own investigation of CampusLink's financial situation, and the company was basically on life support financially.

Mr. Spivey said they did due diligence ran a report from D&B Small Business Solutions on CampusLink and got a company snapshot and business profile. The likelihood that this company will not pay on time over the next 12 months was high. The likelihood that this company will experience financial distress in the next 12 months, high. Timeliness of historical payments by this company, slow. So basically, they've

rated on a scale as critical. The company has six judgments on file against it, one with the IRS for non-payment of FICA and money that employers put up for their employees. The lien is \$250,000 on a public filing. So the Auxiliary was really nervous that CampusLink was financially about to collapse. They couldn't believe the things the company said it will do. CampusLink owes the Auxiliary over \$12,000. When he first got there, the company promised to repair the kiosk downstairs to bring it up to approval from the Fire Marshall and to make it safe; and that has not happened. He was really nervous that this company was there. His recommendation was that the Auxiliary should terminate its agreement with CampusLink.

Mr. Permaul said the Auxiliary has gotten information from the campus Contracts Office and a draft letter that the Auxiliary was prepared to present to CampusLink to have an amicable termination agreement so that the Auxiliary could move forward with the plasma screen project with Gannett.

Mr. Smith asked how confident the Auxiliary was that the plasma screen project would come to fruition. Mr. Permaul said they just made the commitment last Thursday. Mr. Spivey said they're working on a proposal on how to split it out, bid for the equipment, and all that. But the Auxiliary had to sever their contract with CampusLink and get that done before they can move forward.

Mr. Permaul said they'll entertain a motion from the Board to move forward with that termination process.

Mr. Daal asked what was in it for Gannett. Mr. Permaul said it was advertising. Mr. Daal asked if the contract was basically that the Auxiliary would put out monitors for period of time and show content. He asked how would decide on the content. Mr. Spivey said what's normally negotiated with advertisers was to have content controlled by the Auxiliary. What's usually done is that Gannett would be allowed to have a certain amount of advertising for a low fee. So for the \$70,000, Gannett would get \$70,000 worth of lower fees over the period of the agreement and it would advertise on the screens. Once the term ends, the Auxiliary would use this investment to bring in advertisers to pay them.

Mr. Daal asked what the term was of the contract. Mr. Spivey said that hasn't been established yet. The Auxiliary can't go out and write a contract because they haven't severed the one they currently have. But they were working on it at that time. Mr. Daal asked what they'd desire for the term of that contract. Mr. Spivey said he didn't have the exact numbers, but when Diane Rames first worked on this with him, she talked about a certain amount of time on the wheel that they use for advertising at a certain price. So they'd get X number of minutes a day of vetted content at a particular price. Somebody else who wanted to buy time on a time wheel would have to pay substantially more. Gannett would be getting lower cost advertising for the stated period. Mr. Permaul said they have not yet proposed a timeframe for the contract.

Mr. Daal asked what they would propose for the duration of the contract. Mr. Spivey said they'll bring it to the Board. Mr. Permaul said they had to look at other systems around the country and in the UC System. They also will create an oversight group to help them in terms of looking at what was appropriate content for this site. CalTV was very anxious to have this system because it currently can only display on the Web, and this system, CalTV would now actually have a venue to present its information. So the Auxiliary was looking at a variety of different options for content. This would be aimed at providing information to students about student activities and programs on the campus. The only administrative element was the UCPD, and in case of an emergency, the screens would all automatically alert to content from campus emergency response.

Mr. Permaul said he would entertain a motion to terminate the contract with CampusLink. It was so moved and seconded by Mr. Rhoads and Mr. Smith. **THE MOTION TO TERMINATE THE CONTRACT WITH CAMPUSLINK PASSED UNANIMOUSLY BY VOICE-VOTE.**

#### Naia Lounge

Mr. Spivey said that at the last meeting the Board instructed him to work on getting the Naia lounge opened up for students. Naia just agreed as of yesterday to allow the Auxiliary to use the space, if there's a staff member in the space to oversee events. They would have to literally do a facilities use permit for Naia and a reverse certificate of insurance that the Auxiliary would pass through Risk Management to hold the Auxiliary liable for what the Auxiliary did, and not for what anything else happened. They worked that through Risk Management and they'll get that language to Naia. That will allow the Auxiliary to open up that room.

Mr. Daal asked how much insurance costs. Mr. Spivey said if they have an event and, e.g., Naia's couches end up being cut up, the Auxiliary would repair the couches. But if they event ran a cord across the door that somebody tripped over, and sued the Auxiliary, it would be like "You guys put the cord across the floor." It would be what the Auxiliary did in that room, and not blanket coverage that Naia was asking for. Risk Management said there was no way they could agree to this. Mr. Permaul said they were working on getting it accessible, and they'll just have a process that they'd have to use.

#### Vending Machines

Ms. Davis asked why the vending machine was taken out of the basement of Lower Sproul, which she used all the time. Mr. Spivey said they were working on the floor. Ms. Davis asked why they didn't put it somewhere else. Mr. Spivey said they took the Coke machine and vending out to do something on the floor, and were asked to remove it. They'll put it back, but the floor had to be fixed.

Ms. Davis said she hasn't seen people working on the floor and didn't see her vending machine. She asked if they could put it in the little entryway by 36 Sproul. Ms. Harrison said they're looking at that.

Mr. Spivey said Action Vending proposed price increases and asked the Board to review that. The increases were being proposed for numerous reasons, one of them being fuel costs. They told their fleet to diesel, which was supposed to be a good idea a couple of years ago, but they got hammered when gas went to \$5 a gallon. Action Vending has incurred increasing costs for the last three to five years and needs to recover some of those costs. So the company has proposed the increase for June of '08. But it didn't make it to the summer meeting and it was his negligence that it hasn't come up sooner. He informed Action that he would bring it up that evening. They're seeking approval for the listed price changes, with prices going up about .25¢ per item.

Mr. Permaul said the Auxiliary continues to get 33% commission to the ASUC on vending sales, which was very good. The vendor is requesting that the Board authorize this change.



Ms. Davis asked if the machines make change. Mr. Spivey said he thought there was a problem with .95¢. People would put \$1 in and didn't get a nickel back. Ms. Davis asked what would happen when prices go to \$1.25. Mr. Spivey said the machine will give change. The previous problem was that the machine couldn't give back a nickel.

Mr. Rhoads said that gas prices have gone down significantly.

Ms. Davis asked when the last price increase occurred. Mr. Spivey said he didn't think there's been one. Other costs besides gas have gone up, including labor and everything else.

Mr. Rhoads asked what the volume of sales was. Mr. Spivey said he believed the annual income from Action Vending was a substantial amount. Mr. Permaul said the Auxiliary was working with Action Vending to expand. One reason they're very interested in the Commercial Services Task Force, which Chief Harrison chairs, was to set terms and conditions, so that when the ASUC wanted to go to the campus and ask for an expansion of things, like its Coke and candy vending, or food vending, there would be a process they could use to get the campus to vet those issues. There are a number of buildings the Auxiliary would like to pursue for vending that they know would have a substantial return for the Auxiliary. But unfortunately, those decisions were now in the hands of individuals in the buildings. But the Auxiliary felt there was more growth there.

Mr. Smith asked if the vendor was confident that with these price increases there wouldn't be a decrease in volume that would lower the amount of money the company made. Mr. Spivey said he thought the vendor believed these were reasonable price increases or it wouldn't have proposed them otherwise.

Mr. Coley asked if Ms. Davis would pay .25¢ more.

Ms. Davis asked if the "healthy choices" item was really healthy. Mr. Permaul said the Auxiliary, along with University Health Services, negotiated that when the vending machines first arrived. They worked with Action Vending to identify what the healthy choice food options were, and then to place those items in the machines. Ms. Davis said it was true, then. Mr. Permaul said that was correct. Mr. Coley said that was relative to what else was in the machines.

Chief Harrison said she thought the key was that it was healthier than other choices.

Mr. Spivey said that one thing that wasn't measured a lot these days was sugar. Everybody was worried about fat, but the salt and sugar content was also pretty high.

Ms. Davis asked if the Board could specify items, and if the vendor would take recommendations. Mr. Permaul said they would. They'd have to vet any food recommendations, but they would take recommendations.

Mr. Spivey said prices weren't changing on gum and mints.

Ms. Davis said prices have gone up, but so have the portions. She ends up eating a whole bag and ends up feeling really bad. Even though there are healthy choices, she asked if they had more low-calorie options, or smaller sizes, like 100-calorie snack packs, maybe at a lower price. Mr. Coley said the vendor would probably love to do that at an increased price. Mr. Smith said 100-calorie packs were pretty

expensive. Mr. Spivey said that what went into the machines was totally negotiable. For instance, they have aspirin in machines, as requested by students. Mr. Permaul said they would put the request on the table. Ms. Davis asked if the vendor had power bars, or granola bars.

Mr. Khan asked what would happen if the Board didn't approve of these price increases. Mr. Spivey said the vendor would have to lose more in costs. Since the contract was being renegotiated, the vendor might not bid for it since it couldn't capture a fair return. Mr. Khan asked if the Auxiliary would then find another over. Mr. Spivey said they would.

Ms. Harrison asked if it made sense to increase prices until the time they renegotiate the contract. Mr. Spivey said they could delay this and renegotiate the contract and work on prices at that point, and get permanent prices.

Mr. Daal asked what the negative impacts were to the student body that they are concerned about with these price increases. Mr. Spivey said the negative impact was that if they do not raise the prices, the Auxiliary's commission would stay the same and the vendor would incur more costs. If prices are raised the negative impact would be that customers would pay more. The Auxiliary would make more and the vendor would get a fair rate of return. The current prices were established three to five years ago and those prices have remained the same for the duration of the contract. Mr. Daal asked if they were concerned about students paying more. Mr. Smith said the Auxiliary's commission would go up as well.

Ms. Oatfield said the cost of food worldwide has been dramatically increasing lately, and just looking at the prices, even though she wasn't familiar with the portions, it seemed that even the new prices were relatively cheap, in her opinion. Mr. Daal said he would agree. Mr. Rhoads said he was a little surprised the vendor was charging \$1 for a bag of nuts that at Cal Dining would cost \$4.

Mr. Permaul said their vendor has bent over backwards to support them. They have an excellent vendor, and as Mr. Spivey pointed out, this was the first increase the vendor has requested in the five years the contract has been in force. So Mr. Permaul said he thought the Auxiliary owed the vendor consideration of this request.

Mr. Smith said that if someone wanted something from a vending machine, they'd get it regardless of the increase.

Ms. Pasco asked if the information on the screen showed the current costs. Mr. Spivey said that was correct.

Mr. Rhoads moved to approve the price increases proposed by Action Vending. The motion was seconded by Mr. Daal. **THE MOTION TO APPROVE THE PRICE INCREASES PROPOSED BY ACTION VENDING PASSED UNANIMOUSLY BY VOICE-VOTE.**

Mr. Spivey asked if they wanted to talk about an effective date for the increase. Mr. Permaul said he thought they should make it as soon as possible, December 1 if possible.

Mr. Coley asked if it would be relevant for the consumers to have an explanation of the price increase, a little courtesy notice on the machines. Ms. Davis said she thought that would be helpful.

Executive Session

Mr. Permaul said this was the point where he would request the Board meet in closed session. They had information to share on the Brazil Café, Panda Express, The Scholar's Workstation, in particular, and the Kaplan proposal.

Mr. Rajan asked who would stay and who would go for closed session. Mr. Permaul said Senators and members of the Board remain. They'd have to exempt Mr. Spivey to stay. Everyone else would be asked to leave.

Mr. Smith moved to go into closed session, and to exempt Mr. Spivey. Mr. Smith said he wanted to introduce Sameer Khan, member of the Committee on Student Fees. He was invited because they thought it would be appropriate to have someone from that Committee attend the Board meeting. He wanted to thank Mr. Khan very much. Mr. Smith said he would also like to thank Mr. Deutsch from attending. The motion to meet in executive session was seconded by Mr. Rhoads. Mr. Permaul said that any action the Board took had to be in open session. So executive session was for the purpose of discussion. Also, he would remind those present that this was a confidential session, and anything they spoke about in closed session, per the Commercial Activities Agreement, to the terms and conditions of their contracts, was confidential and proprietary information.

This meeting entered into closed session to discuss an update on Panda Express, the Brazil Café, The Scholar's Workstation, and the Kaplan proposal.

Back in open session, a motion to adjourn was made and seconded and passed with no objection.

This meeting adjourned at 8:44 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.
- 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.

Procedures (cont'd)

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.
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

<b>Nov. '08</b>	<b>Voted to terminate the contract with CampusLink</b>
<b>Nov. 08</b>	<b>Approved Action Vending proposal to increase vending prices.</b>
Sept. '08	Agreed to Daily Cal terms for deferment and reduction of rent.
Sept. '08	Approved a letter of intent to Tully's Coffee.
Sept. '08	Approved moving forward with Kaplan Test Prep.

Vendors (cont'd)

- Sept. '08 Heard the terms of a possible Panda Express contract.
- June '08 Approved the concept of bringing the Brazil Café to the ASUC .
- June '08 Approved a Letter of Intent to negotiate with Panda Express.
- May '08 Approved Letters of Intent to: renegotiate leases with Bear's Lair Food Court vendors, ESI (English Language Institute), the Daily Cal; to negotiate leases with a flower vendor, a bicycle vendor, Panda Express, and a major coffee vendor; and to amend the Coffee Spot lease for coffee cart operations at Anthony Hall.
- December '07 Heard a presentation by CUBS.
- 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.
- 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 CalSO counselors a \$5 gift certificate and RAs a 15% discount card.

Vendors (cont'd)

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 April '04	Approved changes to the terms of the Pub's lease. 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.
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

Oct. '08	Heard from, gave feedback to, Brailsford & Dunlavey, on Lower Sproul redevelopment.
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.
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.



Student Union/Pauley Ballroom (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.

Budget (cont'd)

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 p.m.

## STORE OPERATIONS BOARD MINUTES

December 9, 2008

### Present: (Members and others)

Sheila Chen (ASUC Senator)	Victoria Harrison	Claudia Rodriguez (ASUC Senator)
Ron Coley	Tim Kline (Student-at-large)	Michael Sinanian (ASUC AG)
Miguel Daal	Alberto Ortega	Will Smelko (ASUC Senator)
Barbara Davis	Krystle Pasco	Jordan Smith
Jeff Deutsch (Store Director)	Nadesan Permaul	Tom Spivey
Meghana Dhar (ASUC Senator)	Tara Raffi (ASUC Senator)	Bryan Thomas (Daily Cal)
Mary June Flores (ASUC Senator)	Diane Rames (Daily Cal)	Tu Tran (ASUC Senator)
		Roxanne Winston

### **SUMMARY OF THE MEETING**

The meeting, concluding the Fall Semester, was called to order at 6:07 p.m. in the ASUC Senate Chamber.

### **REPORT FROM THE DIRECTOR**

#### Daily Californian Update, with Diane Rames and Bryan Thomas

Present from the Daily Californian were Diane Rames, General Manager, and Bryan Thomas, Editor-in-Chief. Copies of the correspondence between the Director and the Daily Cal were distributed.

At its last meeting, the Board asked the Director to go back to the paper with the Board's previous terms, as the Board felt those terms were appropriate. The Board wanted the rental funds being forgiven to be in the form of a loan, with a rate of return. The Board also wanted concessions for advertising in the online version of the newspaper. Additionally, the Board had been under the impression that the loan was strictly for rent, while the paper had requested that all utilities and operating expenses for services also be forgiven. These would actually incur costs for the Auxiliary. The Auxiliary asked if there was a business or financial reason why the paper would not accept these terms being in the form of a loan.

The goal of the paper was to get a one-year fix. It was barely doing that and was still in a dire situation. Their goal was to come back to the Board by February or March in a much better state financially. At this point they were still looking out over the next six months to see if they could do that.

The paper has a \$50,000 line of credit at its bank. The paper has been paying that down to around \$36,000 outstanding. They have their last \$50,000 CD as security. Incurring additional debt in the front of a loan through the ASUC would mean that when the bank reviewed the paper's books in February, the paper wouldn't qualify to have its line of credit continued for another year.

A new member of the paper's Board made a one-time \$50,000 contribution specifically earmarked for better distribution racks, which should increase readership and to fund another full-time professional staffperson for national sales and increase the trend line they've been having, and increase the 50% rent payment they're making.

The paper didn't pay anything in October. From November to March the paper would pay 50% rent and would revisit things at the March SOB meeting and consider going to 75% rent and talk about paying utilities. In the meantime, the paper would like to have utilities continue to be forgiven.

The Board previously had questions about the value the paper placed on its proposal for ASUC advertising.

Advertising was only for ASUC purposes and not to advertise any businesses.

As for the value of the ads, all ads were at posted and online advertising rates, \$2,000 a month. The ASUC had additional full-pages in two special issues, and \$2,000 for online advertising. Ms. Rames would serve as a resource to help the ASUC in having a strong online presence.

The ASUC wanted to be transparent about forgiving the rent. The paper's written proposal included the idea of a one-page ad explaining this to their readership.

Assistance by the Daily Cal would not include human resources. Ms. Rames will coach students working on the project.

A concern was raised that while ads might sell for \$2,000 to a business, there wasn't that value for the ASUC. The paper thought this was a great opportunity for the ASUC to have a dominant voice in a dominant advertising position.

#### PUBLIC COMMENT

Tim Kline spoke, a Coordinator of The Local, a student-run cooperative at MLK on Wednesdays. He and others in his organizations were concerned over a bringing in Panda Express, corporate presence on campus. Students would really like space for a student cooperative on campus, somewhat similar to The Local, to provide fresh food to students. It would be a good way to balance things out.

#### DIRECTOR'S REPORT (cont'd)

##### ASUC Physical Improvement Projects

Seismic work has begun at King Union basement/parking garage. It will be done over the holidays, completed by January 12. It was the first stage.

The ASUC Art Studio's new room will be painted and more classes can be programmed.

Since it opened, the Studio used to hire casual employees to work there, from semester to semester. The union filed a grievance and after several years, the Auxiliary settled with the union to have two employees at 60% with benefits, trained professionals. One person was hired and they had one more to go.

The heat pump in the Open Computing Facility has been repaired. A soft opening for the OCF in Eshleman was planned on January 20, with a bigger opening right after Spring Break. The old OCF will be used for surge space and will be returned to the MCC in the fall.

#### Green Bike Share

Mr. Permaul and Mr. Horner, the campus landscape architect, was proposing the stairs going up to the Chavez balcony as a natural location for a bike repair shop. They could be partnered with Recycled Bicycles, a company that recycles, builds, and sells bicycles at a reasonable rate. The Auxiliary will discuss this with Ms. Davis.

#### CUBS Relocation

CUBS will soon move to the old Postal Annex space, opening up space for Panda. CUBS was anxious to move.

#### Bear's Lair Food Court RFPs

The Board last month talked about reviewing leases of all food vendors. Leases were drafted in 2005 for The Taqueria, which has done site improvements, and Healthy Heavenly Foods and the Coffee Spot, which haven't done improvements. The Auxiliary was recommending that the Board decide which sites to bid and that they ask for site improvements and compliance with Alameda County green business certification. Additionally, besides base rent, a revenue/profit-share agreement was recommended. That would require a point-of-sales system.

The Auxiliary was not recommending an RFP for the Taqueria since improvements the business did would have to be paid for.

The Auxiliary has never before gone out to bid for these sites, and the Board had to realize that doing so would create a lot of buzz.

As for reservations about this proposal, a number of students were very loyal to Ms. Vu, of Heavenly Healthy Foods, and to the Coffee Spot. People will ask why they were being bid out after having been there for 20 years. The Board had to be prepared to say they were looking for change and to do things differently. It would also mean that students would get their fair share.

A concern was raised as to whether what they were doing was really transparent and if students were involved. As for transparency, the RFP process was very public.

#### Tully's Coffee Lease

Tully's and Real Estate Services was reviewing the last term sheet. It includes base rent plus a percentage. The commission start date was moved to July of '09, which Tully's was looking at. A new rendering was shown that came from Tully's. There will be a few seats and chairs inside, in the corner, by the window is, and probably a couple outside. It will be very unobtrusive. Tully's will renovate part of the kitchen upstairs for its food preparation. It will be operated by a franchisee, a small group of folks, not a large corporate entity.

Bear's Lair Pub/Informal Review with Jim Horner

After a walk through with the campus landscape architect, Mr. Horner was open to expanding the Bear's Lair Pub and the fence, recreating what was out there now, but in a bigger presence. Mr. Horner told them to produce the drawings. The Auxiliary will meet with John Martin, of the Bear's Lair Pub, and talk about expanding the restroom facilities, expanding the fence line, and improving the service, so it was more like Jupiter, as well as providing pub service.

It was suggested that the Board postpone the decision on the Daily Cal. Students wanted to discuss it further.

It was noted that there was consensus to move forward with the RFP process for Food Court vendors. By unanimous voice-vote, the Board approved having an RFP for all three tenant spaces in the Bear's Lair Food Court.

Closed Session

The meeting entered into executive session to hear updates on CampusLink, Panda Express, The Scholar's Workstation, and STA Travel.

Tully's Lease

The term sheet with Tully's was provided. If the Board agreed, the Auxiliary would move forward with pursuing a lease.

It was suggested that student internships in Tully's be specified.

A question was raised as to whether material such as term sheets could be sent to Board members before meetings. There was concern with such a practice because the material was confidential. It was noted that confidential material was always available on the 4th floor.

A straw poll was held of people who approved of the term sheet. It was noted that it was unlikely the votes were there to move forward on this.

The Auxiliary will talk with Helen Levay, Real Estate Services, and with Brian Donahue, Contracts, regarding the practice the campus followed in distributing confidential material.

It was noted that delaying a decision on Tully's would mean it would not come in until Spring Break.

By unanimous voice-vote, the Board asked the Auxiliary to look into whether Board members could get confidential contract documents delivered to them prior to Board meetings.

The meeting, concluding Fall Semester, adjourned at 7:53 p.m.

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

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This regular meeting of the Store Operations Board, concluding the Fall Semester, was called to order by Jordan Smith at 6:07 p.m. in the ASUC Senate Chamber.

#### APPROVAL OF THE MINUTES

Mr. Smith said he would entertain a motion to approve the minutes from the November meeting. It was so moved and was seconded by Ms. Winston and Mr. Owens. THE MOTION TO APPROVE THE MINUTES OF THE NOVEMBER 18, 2008 BOARD MEETING PASSED UNANIMOUSLY BY VOICE-VOTE.

#### APPROVAL OF THE AGENDA

Mr. Smith said one thing had to be changed on the agenda, and the agenda should note that the Tully's coffee update would be in closed session. He would entertain a motion to amend and adopt the agenda. It was so moved and seconded by Ms. Winston and Ms. Harrison. THE MOTION TO APPROVE THE AGENDA FOR THE MEETING, AS AMENDED, PASSED UNANIMOUSLY BY VOICE-VOTE.

#### REPORT FROM THE DIRECTOR

##### Daily Californian Update, with Diane Rames and Bryan Thomas

Mr. Permaul said present from the Daily Californian were Diane Rames, General Manager, and Bryan Thomas, Editor-in-Chief. Mr. Permaul said he had copies of the correspondence he sent to the paper on behalf of the Board. Ms. Rames and Mr. Thomas were present to respond to the e-mail. He would suggest that the Board take a minute to read the correspondence. He also had copies of other items that he would distribute. Perhaps they could take some time to look the material over.

Mr. Permaul said they may recall that at its last meeting, the Board asked him to go back to Ms. Rames and indicate that the Board felt the previous terms it offered were appropriate. The Board wanted the rental funds they were forgiving to be in the form of a loan, with a rate of return. In addition, the Board was seeking concessions for advertising in the online version of the newspaper. Mr. Permaul said he also pointed out that the Board was under the impression that the loan was strictly for rent and that the Daily Cal would pay all utilities and operating expenses, services that actually incur costs. The funds the Auxiliary received were passed through to pay for those services.

Ms. Winston asked if they were going to have a few minutes to read the letters. Mr. Permaul said they would.

Mr. Permaul said the Auxiliary also asked if there was a business or financial reason why the paper would not accept the terms of the loan. That's what he sent out to them. He would ask Board members to

please take a few minutes to read the two letters the Daily Cal sent in response. One was the proposal the paper made the last time and the other was more recent correspondence.

Mr. Permaul asked if Ms. Rames would like to comment. Ms. Rames said she would first like to introduce Bryan Thomas, to address the one issue Mr. Permaul brought up in the e-mail regarding the paper's business reasons for not accepting the Auxiliary's former offer.

Mr. Thomas said that taking a step back, when the paper first came to the SOB their goal was to get a one-year fix. Everything has been done to just stay above water. He had to be honest and state that the paper was currently barely doing that. What the paper was really concerned about was to suddenly have a major cash flow issue at the end of this, and all of a sudden being saddled with some debt. The paper will not be in a position within the next year to turn around and start paying back the increased debt. So it was still a pretty dire situation that the paper was in.

Mr. Thomas said proposal the paper made was the rent it could afford to pay at that time. Their goal was to turn things around and be able to come back to the Store Operations Board and hopefully restore full rent as soon as possible. Their goal was to come back to the Board by February or March and be able to say they were in a much better state financially. To speak to that, Ms. Rames would talk about some of the things the paper was doing. They were restructuring a bit to be in a much better financial situation. But that would be negated if they had to take on more debt, which would put the paper in a really tricky spot. In the economy at that time, getting small business loans was not the easiest thing to do. If they were saddled up with more debt, the paper was pretty confident they would not be able to do so.

Mr. Thomas said there was a second issue that Mr. Permaul brought up in the e-mail regarding payment for services and utilities, and that the Board was under the impression that the paper's payments would go straight to the UC Regents to pay for those services. Mr. Thomas said they talked to Vice Chancellor Brostrom about that and gave him a heads up. But the paper could certainly talk more about this.

Mr. Thomas said he just wanted to be clear that the paper was still actively engaged in restructuring its business model. The paper's endowment has also been mentioned. Although that was a long-term process, they had some short-term goals to just stay above water. Right now they were still looking out over the next six months and seeing if they could do that. He wished the paper wasn't asking for this, but they were.

Ms. Rames said the paper has a \$50,000 line of credit at its bank. The paper has paid that down over the last few years to around \$36,000, which was still outstanding. And as security for that loan they have their last \$50,000 CD. If the paper incurred additional debt in the form of a loan through the ASUC, then when the bank reviewed the paper's books at the beginning of February, the paper would not qualify to have its line of credit continued for another year. The paper renegotiates it every year. While the \$12-13,000 that the paper still had as an open part of its line of credit was, in business terms, pretty small, to the paper it was really huge. And it's one of the few financial resources the paper would have for leverage in finishing its negotiations with its vendors. So it was a real pivotal piece for the paper. The credit market was amazingly tight at that time, especially for a business in the Daily Cal's situation. She just wanted to provide that piece of clarity.

Ms. Rames said the paper had an amazing opportunity in that a new member of its Board made a one-time \$50,000 contribution to the paper that was specifically earmarked for two business initiatives. One

was to clean up their distribution racks so people felt like putting their hand in them and picking up a paper, to expand their distribution and reach back out into the City. Their racks on campus would be more viable, which will hopefully encourage a higher pick-up rate. They believe that if they take funds that were provided to them and use them in this way, they'll increase their readership. And that will, in turn, show advertisers a better response rate.

Ms. Rames said the second piece, which was, again, amazing, was that part of this \$50,000 was going to fund another full-time professional staffperson. So Ms. Rames said that instead of her getting up at 6 a.m. and doing all the national sales herself to New York City, they now have a new Advertising Director, who will actually start next Monday. She was in the office on Friday for a special strategic planning session with staff from the paper and Ms. Rames said she brought her down and introduced her to Mr. Spivey and Mr. Permaul. The new Director's core directive was to aggressively work with national and major accounts and to coach and train all of their student sales team members. Based on the work that she's done in the past, Ms. Rames said she was very, very optimistic that they'll see a strong increase over the trend line they've been having. That was why, in her letter, she said that she felt that at the March '09 SOB meeting, the paper could come back with something positive, with the expectation that they'd see improvement and would be able to increase the 50% rent payment they were currently making. Ms. Rames said this was her third time hiring Lu Wagner. Ms. Rames said that in the past, Ms. Wagner has worked for her at two other major media companies. So Ms. Rames said she already had an established relationship with Ms. Wagner, and had known performance expectations. So that lends a lot of credibility to the situation. She called for any questions.

Mr. Permaul asked if he could clarify the proposal. In terms of rent, the rental proposal the paper requested started in October. Ms. Rames said that in October the paper didn't pay anything. Mr. Permaul said October was no rent. From November until March the paper would pay 50% rent. Ms. Rames said they'd revisit things at the March SOB meeting. Mr. Permaul said they would consider going to 75% rent. Ms. Rames said that was correct. Mr. Permaul asked about utilities. Ms. Rames said they would go back and talk about that. Mr. Permaul said that for the time being, then, the paper would like the Auxiliary to forgive utilities as well. Ms. Rames said that was correct.

Mr. Permaul asked about the terms the paper made in its proposal for access to publicity on the Internet. Ms. Rames said the Auxiliary had the paper's October 9 letter, which was very clear in the specifics of the positions and the quantity of the positions that could be used to do marketing online.

Mr. Permaul said he thought there were questions that were raised about the value of the marketing proposal the paper made. He thought the Board expected to see more detail about what the paper currently received from other vendors for that advertising. He thought she had to clear for the Board what the paper received from its other vendors. That was a question people asked.

Mr. Smith said they were also concerned with limitations on advertising. For example, the paper specified that advertising could only be for certain ASUC purposes and not for businesses or anything like that. Ms. Rames said that was correct. The paper wouldn't let the Auxiliary or any other advertiser broker the paper's space, where the Auxiliary would be able to advertise a third-party. Mr. Thomas said it was the same agreement with current advertising space in the paper being strictly for the ASUC.

Mr. Permaul asked if the paper considered the Student Store a third-party. Ms. Rames said that if the ASUC started to run free-standing ads for the Student Bookstore that the Store currently ran on its own,



then yes, it would be, because 100% of that would be revenue the paper lost that would have come to the paper. That's what happens when any newspaper allowed brokering. Mr. Permaul said that answered Mr. Smith's question. Mr. Smith said it did. Ms. Rames said that didn't mean the ASUC couldn't continue to promote a sponsored bookswap or program, or whatever, as it already does in its full-page ad, or online. That was fine. Mr. Permaul said programs or activities were fine to advertise. Ms. Rames that was correct. The paper would also clarify as she did with Mr. Smith, when they talked in her office, that the online piece was an opportunity to link back to the ASUC's Web site, where the ASUC could give its views and opinions on things.

Mr. Permaul asked if the paper could clarify for the Board the value of that advertising in terms of the paper's other advertisers. Ms. Rames said the paper does all of its advertising at its posted and online advertising rates, and all in-paper rates were according to their posted, printed rates. That value was \$2,000 a month. Ms. Rames said that in the October 9 letter she defined some additional full-pages that were in two special issues, as well as the \$2,000 for online advertising. She hoped she made it clear to the students she met with that they could count on her as a resource to help them put together that strong online presence and to coach them on how to make that most effective.

Mr. Thomas said the other thing that popped up was the business relationship. They're incredibly interested in ways to make the Daily Cal and the ASUC Auxiliary partner well, and Ms. Rames could speak to that.

Ms. Rames said they just had a great Friday night with X-box and SUPERB. SUPERB had more money fall to its bottom line because of the sponsorship programs that she negotiated. She was able to actually work with them and had Kevin Huynh, of SUPERB, in her office while she was on the phone with X-Box, so he could hear. Part of her objective was to not be the only person who did that, and she was actually trying to coach some of the other team members on how they could do that as well. They had really excellent, successful events that were very successful, and Mr. Quintin was really great to work with; and it brought in some really good revenue. Mr. Permaul said it was also a positive activity. Now that Ms. Wagner was on board and could get up and running, Ms. Rames said she anticipated being free to collaborate a lot more on those types of things. Mr. Permaul said he had a very good meeting with ISP that shared some of that and talked to them about a partnership as well. So there could be some positive things in that relationship as well. Ms. Rames said the paper had a great contact with ISP also.

Mr. Permaul said the only thing that remained was the issues of transparency, and they'd leave that up to the student members to talk about. The reason the Board asked to have the forgiven rent in the form of a loan was that in a year, when the ASUC's revenue was precipitously dropping, the paper would have to explain to students why the ASUC was forgiving a sizable chunk of dollars. So the reason for the loan was to create transparency. At least that was the way it was presented to him, to allow the students to show that they were being fiscally responsible. Now the Daily Cal has just said that to structure this as a loan would hurt the paper financially. Going to a bank with that would cause the denial of the paper's appeal for an extension of its line of credit. He asked if it was possible to put that into the record at a Senate meeting.

Mr. Thomas said he wasn't sure about the procedure for that. He certainly wasn't opposed to that and he certainly wasn't trying to hide the deal. The Board could see that the paper has been fully open, with the entire community, about its financial situation. And the paper recognized that they're asking for forgiveness of rent and a rent reduction for this period.

Ms. Rames said they included in the written proposal the idea of doing a one-page ad explaining to their whole readership base this new collaborative effort.

Mr. Permaul said that from his point of view, that would address the issue of transparency. He thought it was a very clear that turning this into a loan versus forgiving the rent would affect the paper's bottom line. This was really up to student government since they were the ones who had a vested interest in protecting the life of the Daily Cal.

Ms. Winston said she would open this up to other student members of the Board.

Mr. Daal asked what it would mean for the paper to provide assistance in advertising, and what was meant by "assistance," and what types of services in particular they were thinking of. Ms. Rames said that when they first signed the agreement in 2003, she believed, when she worked on the full-page ad program, she met with all of the ASUC students who put that together and did a little workshop on how to design an effective ad. She walked them through the software and the whole production process, as well as all the guidelines that the University adheres to, so everything would be complaint. She went over in detail the process of how she reviews ads and the types of things that would and wouldn't be acceptable. It's the same she would do with all of the students that were on the Daily Cal advertising/marketing staff. So with the addition of being online, they would talk about how to build those things, what types of things got the most results, how to look at creating links, what types of things to say, how to do lead-ins for ads, things of that nature. So it was the same as the work she would do with an advertiser outside or a Daily Cal student.

Mr. Daal asked if this would encompass the Daily Cal giving some human resources to create this. Ms. Rames said it wouldn't. It would involve her personally helping to coach the students who were working on the project.

Mr. Thomas said he didn't say how he felt about transparency clearly enough. The Daily Cal was interested in transparency at all levels, including its own. So it was more than willing to put it out there what their rental situation was, or what their agreement was, just to, again, define the relationship. However, there was editorial and then there was business, and that evening they were discussing business. Editorial decisions were decided in the newsroom and would have to remain outside the scope of this discussion. He was sure everybody understood that. But in terms of what he or Ms. Rames could do in expressing it to the community, and what they could do in advertisements, there was a huge amount of room where they could acknowledge this. As to the issue of the ASUC and its financial situation, obviously everyone was in a tough financial situation. He recognized that the ASUC was in a bad spot. The simple truth was that it was going to be better for the ASUC to have the Daily Cal as a tenant over the next however many months paying half rent than if the paper was gone in the next six months, with the ASUC having a big, vacant spot upstairs, not to mention the value that the Daily Cal brought to the campus.

Ms. Rames called for any ideas or questions.

Mr. Smith said that one idea that's been sort of a concern was with the proposed value of advertisements. He'd say the Board's main concern was that ads might sell for \$2,000 if the paper sold the space to the Bookstore, but there wasn't \$2,000 on value for the ASUC, for what the ASUC would actually put in there. And it was a lot of work to put all these ads up. He wasn't sure where they get the added value for having those advertisements and having a link to the ASUC's own Web site. Ms. Rames said there didn't

have to be links to the ASUC Web site. Mr. Smith it might be \$2,000 for a business. Ms. Rames said they talked together about this in her office, and she'd refresh his memory about one point, the concept of this being a great opportunity for the ASUC to have such a dominant voice in a dominant advertising position, right on the same page where they run all the Daily Cal editorials and letters to the editor. That was excellent visibility and a great door to be part of. So she would throw that out there again, to everybody, that they want a really solid voice, and that the paper had a lot of credibility, as did the ASUC. And now the two voices could be on the same page. The ASUC's voice would be created completely by the ASUC, and the paper's voice would be created by the editorial team. It's just how they develop this. And she'd help them with a link to where the ASUC had its content posted.

Ms. Davis asked if she was saying there would be something like columns. Ms. Rames said they weren't talking about editorial. Mr. Smith said the question was whether the ASUC could run a column in its ad space. Ms. Davis said that was correct. Ms. Rames said the ASUC's ads would be clearly ads. Ms. Davis said she's seen people write columns in the *Chronicle* that said "paid advertising." Ms. Rames said they could use part of the ad space they already have and do that. Mr. Thomas said there was one two weeks ago that Ms. Winston wrote and signed a letter. Ms. Rames said the ASUC does that already. But what she was talking about was the idea of being online, where they're not going to run a column because they don't have that space. They could have a teaser or headline that drew people in and linked back to whatever they wanted to say on their own site.

Mr. Permaul said that seeing no further questions, he would like to thank Ms. Rames and Mr. Thomas very much. Ms. Rames said they should give the paper a call and they'd help them be successful. She wanted to thank them. Mr. Thomas said he would like to thank them.

Ms. Winston moved to recess for two minutes. The motion was seconded by Ms. Pasco and passed unanimously by voice-vote. This meeting was recessed.

#### PUBLIC COMMENT

Back in session, Mr. Smith said there was a speaker present to make a comment.

Tim Kline introduced himself and said the session that evening on Panda Express will be closed, which he thought was a shame considering that a lot of students would like to know what was going on with that. He was a member of two student organizations, the Disability Team and the Society for Higher Culture and Free Economy. He was also one of the Coordinators of The Local, a student-run cooperative, open by MLK on Wednesdays.

Mr. Kline said the ASUC has been great at providing resources over the years, especially Mr. Spivey, who has given them a lot of help. Mr. Kline said he wasn't speaking for the two organizations he mentioned and was there more as an individual. But he, and a lot of members in his organizations, recognize the cash flow issues the ASUC had and why Panda Express wanted to be brought in. But they really would like to voice their concerns over a corporate presence on campus. They think it's a shame, frankly, that a public University would need to bring such a strong corporate presence on to campus; and also for just general student health issues. The food will be pretty unhealthy food in general. Panda might have healthy options, but it was pretty oily.

A Senator might have talked about this, and Mr. Kline said students would really like space for a student cooperative on campus, like a food cooperative that would be possibly staffed by students, but definitely directed by students. It would be somewhat similar to The Local and would provide fresh food to students, with students having a say in how it was run. He thought they were trying to plan a meeting with Jim Horner to look at spaces at that time. Especially if they have Panda Express or a similar presence on campus, they'd like to have a space that would be more directed by students, and thought that would be a very good way to balance things out. It would generate revenue for the ASUC, would give students the chance and the opportunity to make their presence known on campus, and would provide food. He would apologize for being vague, but he just wanted to express where he and a lot of others stood on this issue. If people had any questions, he'd be glad to answer them.

Ms. Winston asked how far they were into discussion of a cooperative and asked if they envisioned how long it would be open, or if there would be a revenue portion to it. Mr. Kline said they haven't gotten too much into the nitty-gritty details. It's just general space. As far as revenue, probably not that much would be generated, but they'd make healthy options available to students. He just wanted to let the Board know about this. Mr. Smith said he would like to thank him for coming in.

#### DIRECTOR'S REPORT (cont'd)

##### ASUC Physical Improvement Projects

Regarding the seismic retrofit, Mr. Spivey said early seismic work has begun. The screen showed the King Union, drawn from the basement, with the parking garage. Work on the north support footing for Pauley will start tomorrow. Two bathrooms will be demolished, and a break room, with work going across to the cash registers in the Bookstore. Footing on different sides will be tied in together. This work will be done over the holidays, to be completed by January 12. This is the first stage, and the work will support all of the tie-ins that go up to Pauley Ballroom, above it. That area will be heavily impacted in the next few days. A little bobcat will be running around, tearing things out, and there will be noise. Having this done already will help them to get a more aggressive start upstairs in the Food Court and other areas.

Regarding the ASUC Art Studio, it actually has heat. It works on/off, and they had it turned on; and they're really happy about that. The Art Studio's new room will be painted over the holidays for Ms. Wees to program more classes. Cal 1 was also now accepted in the Art Studio. In addition, the Studio hired its first employee per union agreement, and the Studio had one more union employee to hire.

Ms. Winston asked how that was the first employee. She's been to the Art Studio and people work there, so she asked what he meant it hiring its first employee. Mr. Spivey said that when he arrived two years ago there was a union grievance in the Art Studio regarding casual employees, people who were hired from semester to semester and didn't have guaranteed employment. The union wanted more employees, but the Auxiliary settled with the union on two employees at 60%, with benefits. So they are now staffed appropriately and have job descriptions written in. One person was hired and they had one more to go.

Mr. Permaul said they had to take the dollars that they were using for all those part-time contracts and convert them into these two 60% positions, with benefits.

Ms. Winston asked why they couldn't just hire students. Mr. Spivey said they still have students. Mr. Permaul said the people doing this work come at a higher skill level and with more experience than their students. To serve its clientele, the Art Studio had been using contracts, and now have these individuals working there.

Ms. Winston asked if the employees they're hiring now were trained pottery people. Mr. Permaul said they're trained professionals. Mr. Spivey said one was an art professional and the other was on the pottery side.

Regarding the Open Computing Facility, Mr. Spivey said repairs to the heat circulation pump have finally been done. They're still working on things, but work will be done soon. The OCF meeting that day with advisors was very exciting. The Auxiliary was ready to let them reinstall the workstations downstairs, and that part of the process was moving forward. Hopefully over the holidays, they'll get the computer workstations up and running. They anticipate a soft opening for the OCF on January 20. They plan to have a bigger opening and more publicity right after Spring Break. They just don't want to a whole bunch of people flooding into the OCF and then having a bumpy start.

Mr. Sinanian asked if by a "soft opening" he meant a time to work out kinks. Mr. Spivey said it will be open and be of service to students, but won't be advertised. They'll get 30 of the 40 computers installed and then have a grand opening, and have more people come in. But it will be open. One part of the project they've been unable to complete was an air conditioning unit in the server room where the computers are housed. The servers were still housed in the old OCF, by the MCC. The servers and the air conditioning were still there and still had to be moved. The last bit was \$12,000, so they're currently going out to bid again, because due to the soft economy, they've learned that putting a bid out again from last year might reduce the price by \$2-3,000. They're also seeking additional funding.

Ms. Pasco asked if there was a deadline or date that the old OCF will be available. Mr. Spivey said the old OCF was slated for surge space next semester, for people displaced by seismic work. It will be returned to the MCC in the fall of '09. They're trying to move the server out so that area could be used for surge space as well.

### Green Bike Share

Mr. Permaul said he and Jim Horner, the campus landscape architect, walked through the site. They surveyed a site by Chavez, by the stairs going up to the Chavez balcony. Mr. Permaul said he'll meet with Ms. Davis about this and see if they could possibly set this up. They thought the site would be a natural location for a bike repair shop. Mr. Spivey was not pleased with the location currently being used by Green Bike Share. They still had to work with Parking to get the old bike racks removed. One thing they're trying to point out to Mr. Horner was that the students who do Green Bike Share are only there three days a week for a couple of hours. So it's not like they're permanently set up on the Plaza. They're very visible and he thought people like them. But the Auxiliary would like them to work very closely in conjunction with recycled bicycles. They just haven't figured everything out.

Mr. Spivey said Recycled Bicycles has been in there. It's a company that recycles bicycle parts, builds bicycles, and sells them at a reasonable rate. Recycled Bicycles has approached the Auxiliary in the past to set up a bike shop. The good thing about this is that Recycled Bicycles could actually assist Cal Bike Share, a student bike share project, with liability, repairs, and things like that. So they're trying to marry the two together so that both get support from each other and develop a natural meeting point in the Student Union Plaza.

#### CUBS Relocation

Mr. Spivey said the plans are drawn and all the investigation they've had to do was nearly complete. They're waiting on one ventilation survey for Capital Projects being staging CUBS' move to the mall area, to the old Postal Annex. It's right across, kitty-corner, from Naia. That will allow CUBS' current space to open up for Panda, for the restaurant. They're almost ready to move CUBS. CUBS will also be able to bring in an ATM machine and provide that service. That was all being worked out and should be finalized in the next few weeks. CUBS was anxious to move. The Panda agreement was sort of driving that as well. But CUBS was ready to move.

Mr. Coley said an ATM review was completed just recently and asked if this was part of that review. Mr. Spivey said it was. They walked the sites for the ATM bid, and this site was not part of that bid, as a result of the banking agreement the Auxiliary has with CUBS. Ms. Levay, from Real Estate Services, has weighed in and said an ATM in a bank was appropriate. He waiting for the final weigh-in from Richard, in Business Contracts. The Auxiliary is vetting that, and it was looking like it was fine.

#### Bear's Lair Food Court RFPs

Mr. Spivey said that at the last meeting the Board talked about reviewing the leases to all the food vendors. The Taqueria lease was drafted in 2005 and the vendor completed site improvements. Healthy Heavenly Foods and the Coffee Spot leases were executed at the same time. He's looked through the files for plans and drawings, and while he wasn't sure, he hasn't been able to find any site improvements for either of those vendors. The Spot looked like it put in a relatively new coffee condiment counter that's been there for the last few years. But for the other two sites, he has not been able to ascertain whether there's been any recent construction to improve the sites. His recommendation to the Board was that they decide which sites to bid, and that they ask for site improvements and compliance with Alameda County green business, a certification. It was included in the Daily Cal's letter. It's a certification the businesses get and dealt with waste water recycling. It's a very stringent program that the Auxiliary could insist their vendors adopt.

And there was a recommendation to negotiate a base rent and revenue/profit-share agreement with the vendors, depending on who was is there. For revenue sharing, they'd need a point-of-sales system and an accountability piece for verification. That's one thing that was missing. People ask how much business the vendors do and whether they pay their taxes. Mr. Spivey said the Auxiliary went through this last

year, a little, verifying that the vendors were, indeed, paying franchise taxes. He actually requested that vendors show him proof that they paid State franchise taxes, to verify that. And they had paid them at that time. Even if the Auxiliary chose not to bid the vendors, they would still need to implement these three requirements, and any others that were reasonable. The thought was now that if the Board wanted to write language into vendors' leases, to adopt certain practices or run their businesses in a certain fashion, they should look at that right now. Mr. Spivey said he's been talking to sustainability folks, talking about getting this or that. This was the time to request that in the bid language.

Mr. Permaul said that last time, the Board asked the Auxiliary to go ahead and put those spaces out to RFP. They're suggesting that they make a decision on whether to do that. In the case of the Taqueria, it has had a recent and considerable investment, and the Auxiliary was not recommending that the Board put that space out to RFP because the Auxiliary would have to the Taqueria back for the improvements if it lost the bid. The improvements would be prorated, but the Auxiliary would have to pay them. The other two vendors have not made substantive improvements, so the Auxiliary felt it could bid those out.

Mr. Smith asked if they could RFP all three and know they'll end up deciding to keep one of them. Mr. Permaul said they want to be careful that they're not disingenuous because they invite people to come in and bid. People go through the work of bidding on it and the Auxiliary doesn't want its own business ethics to be questionable.

Mr. Permaul said that if all three vendors went out to bid, including the Taqueria, that gentleman would have to bid for his business again. In going out to bid, they're looking for a perfect fit for what they want. If someone responds and had a perfect fit, paid a fair rate of return, the Auxiliary couldn't discriminate against them and say, "No, we want to go with someone else because we just like them." Mr. Permaul said they could write into the contract all the stipulations they want, including green business certification, point of sale, and changes in the terms and conditions of payment. All that could be put into the contract.

Mr. Spivey said they could change the lease of the Taqueria by asking them to comply to conditions, for the Taqueria to sign off. Mr. Permaul said that if they didn't, it would mean that the Auxiliary would get back that space.

Mr. Smith said he thought in general that when students discuss this, they agreed with a lot of terms that Mr. Spivey had mentioned, about green business, revenue sharing, the point-of-sale system, and some sort of renovation. He thought their goal, after the last meeting, to make it as fair of a process as possible. He'd like to hear what everyone else had to say.

Mr. Daal asked why not continue with what they talked about. Mr. Smith said they thought it might be in the best interests to do all three. There was just a little concern that about putting up Asian food and coffee options when they're bringing both of those onto campus. Mr. Permaul that in the RFP for the Taqueria space, one stipulation may be to pay more for that than the other spaces simply to recoup costs the Auxiliary may have to pay for the improvements there. So they'd move forward with development of the RFPs.

Mr. Spivey asked if they had to vote on this. Mr. Permaul said they'd need a vote of the Board. Mr. Spivey said they'll give the vendors notice in a letter that the Auxiliary will go out for bid on the three sites out. That will probably be in the Daily Cal. The Auxiliary has bid out the sites before. So there will

be a lot of buzz. So at some point they're making that decision, to go down that road. Mr. Permaul said the Board realized that.

Ms. Pasco said another issue that was brought up at the last meeting was whether or not the process they were going through was ethical. She asked if there were any reservations about what they were proposing, before they vote. Mr. Permaul said a number of students have been very loyal to Ms. Vu, of Heavenly Healthy Foods, and very loyal to the Coffee Spot. The last time this discussion came up, around Starbucks and around Panda, Ms. Vu brought up the issues that she was a small business and had been there forever, and the change would hurt her. Mr. Permaul said that was not the position taken by the Taqueria and the Coffee Spot, because they thought the changes would bring more foot traffic to the location. The Coffee Spot also felt that way about Starbucks. They don't feel that way about Tully's, for whatever reason. Maybe that's because of the location and the fact that Tully's was much smaller than the Starbucks that was proposed. But they will probably ask why they were being bid out, since they've been there for 20 years, and still charge the same prices. And they'd ask why the Board was even doing this. Mr. Permaul said he thought the Board had to be prepared to say that they're looking for change and looking to do things differently.

Mr. Smith said it wasn't necessarily a change in tenants, but having the students get their fair share. He asked if they could write into the RFP that they were targeting small family-owned businesses to come in, and asked if that was something everyone felt should be included. Mr. Permaul said there was nothing wrong with that. It would limit their market in this economy and they'd have to be prepared for whatever those consequences would be. Mr. Spivey said they could put enough criteria in their RFP to get no bids. That just recently happened in San Jose, in the mall near City Hall. They put added so many requirements that they got no bids. Mr. Permaul said the Board would get to choose on the bid, so it wasn't as if they would have to accept anybody in particular. Mr. Spivey said that if they get three or four bids and don't like any of them, they could put the bid back out. They're basically fishing and casting out.

Ms. Pasco said that referring back to the last meeting, in terms of the process, that's what she was most unclear about. There were some issues brought up in terms of what they were doing and whether or not it was really transparent. That's what she was talking about, and whether or not the students were involved and if there were any issues with that. Mr. Spivey said the RFP process was the most public. It's a public request for a bid. They don't send it out to particular people, but put it out. So for all the contact lists that he's been using of people who want to do business with the Auxiliary, he'll make sure every card goes to Contracts to send out the RFP. Mr. Permaul The Herbivore, a restaurant has been in touch with them. Mr. Spivey said he's collecting cards. Mr. Permaul said people are showing interest and they'll make the RFP available to all of them. Each site has certain nuances that a impact business. A pizza kitchen couldn't be located at the Coffee Spot since there's no ventilation. So each space has certain restrictions. Part of the RFP was to describe each space in detail, such as the power available, the ventilation, etc. The vendors will then look at that. And there will probably be a tour. Mr. Permaul said that everything the Auxiliary felt needed to be brought up to code would be included as well.

#### Tully's Coffee Lease

Mr. Spivey said they have what they believe is the last term sheet from Tully's. Tully's is reviewing it at that time and the Auxiliary will wait for Tully's and Real Estate Services to review it. But the terms the



Auxiliary requested, for base rent plus a percentage, have not changed. They did discover in the term sheet that there was a delay in the Auxiliary collecting revenue sharing, so that was moved up to start in July of '09 instead of July '10. So the vendor is looking at it at that time. The commission period had been delayed for 18 months, and the Auxiliary moved that back to start in July of '09. That was a big change that Tully's was looking at.

Mr. Spivey said he had a new rendering from Tully's to show. Unfortunately, they sent it out in yellow type. The screen showed the base of the 2nd floor, the steps to Pauley Ballroom, and Tully's actual site. It showed coffee machines, brewers, a sink, and so forth. The unit shown is not attached to the floor in any way and does not have drainage. All it had was a power box. Tully's wanted 200 amps. He wasn't sure they could get 200 amps. It will be hard wired to the kiosk. The next screen showed the corner of "Main St.," as Mr. Permaul calls it. The screen showed the steps where The Local sets up, the entrance to the Union, and the solar display. Tully's proposal was to give the Auxiliary elevations, which the Auxiliary was waiting for. There will be a few seats and chairs inside, in the corner, where the window is, and then probably a couple of outside the window on each end, like little doubles for people to sit outside and drink coffee. So it will be very unobtrusive. The next screen showed a better view, with the two doors going to the 2nd floor, the corner of the building, the landing, and the pillars. This is where Tully's will tuck into.

Mr. Permaul said that Tully's will use the kitchen upstairs, and will renovate part of that, for its food preparation.

Mr. Sinanian asked if Tully's was a regional or national vendor. Mr. Permaul said it's a national vendor. Mr. Smith said it has more of a regional presence, in Washington, Oregon, and California. Mr. Spivey said that when they went through the vetting process last year, Tully's had the largest selection of organic and fair-trade coffee of any vendors who approached the Auxiliary. Mr. Sinanian asked if that was in comparison to Panda. Mr. Spivey said Tully's is operated by a franchisee, so it's a small group of folks, rather than a large corporate entity.

#### Bear's Lair Pub/Informal Review with Jim Horner

Mr. Permaul said they walked the Bear's Lair with Mr. Horner, the campus landscape architect, and for whatever reason, Mr. Horner was more open than he previously was to the idea of expanding the Bear's Lair Pub and the fence. They talked about it in terms of simply recreating what was out there now in a bigger presence. Mr. Horner told them to go ahead and produce the drawings. So Mr. Permaul said he and Mr. Spivey will have a meeting with John Martin, of the Bear's Lair Pub, and they'll talk about expanding the restroom facilities, expanding the fence line, and improving the service, so there's more of a Jupiter-type of service, as well as Pub service.

Mr. Permaul said he would request at that time that they go into closed session.

Mr. Smith said he would like to propose whether they want to go back and discuss the Daily Cal and/or the Bear's Lair and potentially vote.

Mr. Daal asked if they were supposed to vote on the RFP. Mr. Smith said that was correct, and couldn't be done in closed session.

Ms. Winston said she thought it would be wise to postpone the decision on the Daily Cal just in order for them to vet the entire situation and figure out what decision they wanted to make. A lot of students expressed interest in discussing this further and coming to a consensus before making a decision.

Mr. Smith said that in terms of the Bear's Lair and moving forward with the RFP process for the Food Court, he asked if there was a consensus that they could make a decision that evening about having RFPs. He noted that there was. Mr. Smith said he would entertain a motion about the Bear's Lair Food Court and its tenants going out to RFP.

Mr. Daal moved to have an RFP for all three tenant spaces in the Bear's Lair Food Court. The motion was seconded by Ms. Winston. **THE MOTION TO APPROVE AN RFP GOING OUT FOR BEAR'S LAIR FOOD COURT SPACES PASSED UNANIMOUSLY BY VOICE-VOTE.**

### CLOSED SESSION

Mr. Permaul said he would entertain a motion to move into closed session. It was so moved and seconded by Ms. Winston and was seconded and passed with no objection. This meeting entered into executive session, with Mr. Spivey included. The Board heard an updates on CampusLink, Panda Express, The Scholar's Workstation, and STA Travel.

### TULLY'S' LEASE

Back in open session, Mr. Smith called for any comments on the Tully's contract or term sheet. He asked if people were ready to make a decision.

Ms. Flores asked what they'd be making a decision on. Mr. Smith said it was agreeing to the terms of the term sheet with Tully's.

Mr. Spivey said the Auxiliary would move forward with pursuing a lease if Tully's agrees to these terms.

Mr. Smith said the only thing he saw to potentially change was to specify internships. They could come through the Haas School of Business, although he didn't think it necessarily needed to be only Business students who intern, but any students. Mr. Permaul said that could be changed.

Mr. Daal said that in the future, he asked if it was possible to forward the term sheets to Board members with prior notice, so they wouldn't have to look at it so quickly and make a decision. Mr. Permaul said that was a difficult prospect since they did that in closed session. Maybe what they needed to do was to set aside a piece of the meeting in the future where they simply sit down, as Ms. Winston asked for with

the Daily Cal proposal, and have time to review the terms and even take a pause, if necessary, to have to review and discuss them. Mr. Daal asked if these documents could be delivered to them in envelopes. He's seen confidential material delivered countless times. Mr. Permaul asked if they wanted to risk it, and said that was the whole issue of closed session. They're sending documents out potentially making public the negotiations with a vendor. He would have to ask the campus. Mr. Daal said there was also the question of Board members having adequate time. Mr. Permaul said they didn't have to agree at this meeting. What they could do was to let Board members sit down and review the material at this meeting and then come back at the next meeting and go over them.

Mr. Smith asked if it was possible for anyone who had an interest to spend more time with the material to go up to the 4th floor and get access to it. Mr. Permaul said that was absolutely the case.

Mr. Smith said he was getting the feeling that the Board might need to spend more time looking at the documents.

Mr. Ortega said that perhaps they could have a straw poll, because members might be ready to vote on this.

Mr. Permaul said they could ask people to raise their hands if they would agree informally whether they're interested in approving the contract. Mr. Smith asked for a show of hands of people who would support going along with the term sheet. A straw poll was held.

Mr. Permaul said he didn't think they had enough votes to move forward. They have another meeting coming up in February. He didn't think they'd have a meeting in January. Mr. Smith said they'd have to figure that out and find a time, and January 27 looked like a potential meeting date. Mr. Permaul said that in the meantime, he would request members of the Board who wanted to look at the term sheet again to please make an appointment with Mr. Spivey, and they'd have the term sheet available.

Mr. Daal asked what would be involved in assessing the possibility of delivering the documents to Board members via mail. Mr. Permaul said he didn't think that met the qualifications of the Board's own rules. Mr. Daal said they could review the Board's By-laws, and asked what would need to occur in order to do that. Mr. Permaul said he thought they'd have to go back to the By-laws and look at them. Mr. Daal said he would move that they do that, and that by the next meeting, they have some clarity in that regard. He would really like documents that he could look at when he's sitting down at home, and not at a Board meeting trying to process things. Mr. Permaul said he'll speak to Helen Levay and Brian Donahue, from Contracts, and ask how they perceive this in terms of contractual processes on the campus. Mr. Permaul said he wanted to make sure that they don't step out of a process that the campus historically uses. If they say there's no problem, and the Board changes its rules of governance, then it would be up to the Board. He just wanted to be sure. Mr. Spivey said there could be a legal issue if something happened and something was disclosed, and the ASUC was sued for disclosing confidential information. That could be a liability. ASUC Auxiliary managers are agents of the campus, such as Ms. Hsueh. It might be possible for Ms. Hsueh to hold a confidential document at the GA, in a locked file, that the GA could review at its convenience, without leaving the site. That would be fine in his mind. They're allowed to read it, but the concern was not distributing it where it a document actually traveled and might be lost, resulting in a potential liability. His thought was that if an ASUC Auxiliary agent would have it and control it, then distributing it in that fashion might be fine. That was just an idea.

Mr. Permaul said he would rely on Mr. Donahue and Ms. Levay to give him guidance on this.

Ms. Pasco asked if Mr. Daal would move to look into the By-laws to clarify that.

Mr. Daal moved that a study be done to see how close they could get to delivering confidential documents by snail mail prior to meetings.

Ms. Pasco asked if he was volunteering to do that. Mr. Daal said he wasn't, and was asking Mr. Permaul to do that.

Mr. Spivey said that if they were delayed until February, Tully's will not be coming there anytime soon. So it might be next year. Mr. Permaul said they'd aim at having Tully's in for Spring Break, and said they needed to move forward with this contract.

Mr. Daal said he wasn't against voting on it, and was going to abstain, since he hasn't had a chance to look at the terms.

Mr. Daal's motion was seconded by Ms. Pasco.

THE MOTION FOR THE AUXILIARY TO LOOK INTO WHETHER BOARD MEMBERS COULD GET CONFIDENTIAL CONTRACT DOCUMENTS DELIVERED BEFORE BOARD MEETINGS PASSED UNANIMOUSLY BY VOICE-VOTE.

Mr. Smith said he would entertain a motion to adjourn. It was so moved and seconded by Ms. Pasco and Ms. Winston and passed with no objection.

This meeting, concluding the Fall Semester, adjourned at 7:53 p.m.

These minutes respectfully submitted by,

Steven I. Litwak  
Recording Secretary

## DECISIONS OF THE BOARD

### Procedures

- Dec. '08**      **Asked the Auxiliary to look into whether confidential contract documents could be delivered to members prior to Board meetings.**
- Nov. '07      Welcomed Marilyn Stager to the Auxiliary, Business Services Officer.
- Sept. '07      Welcomed to the Board Prof. Cluff and Mr. Ortega, GA rep.
- Aug. '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
- Dec. '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.
- Nov. '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.
- Dec. '05      Asked the Finance Committee to discuss with Internal Audit the ASUC's use of the BFS accounting system.
- Dec. '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.

Procedures (cont'd)

Feb. '05	Mr. Miles and Mr. Williamson joined the Board.
Aug. '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.
Jan. '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.
Dec. '03	Voted to send a letter to the ASUC Senate asking to resolve the question of GA representation.
Oct. '03	Approved the establishment of ad hoc committees: Commercial Operations, Auxiliary Services, and Finance.
Aug. '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.
Dec. '02	Enhanced Board minutes by adding "Decisions of the Board"

Vendors

<b>Dec. '08</b>	<b>Voted to go out to bid for all Bear's Lair Food Court vendors.</b>
Nov. '08	Voted to terminate the contract with CampusLink
Nov. 08	Approved Action Vending proposal to increase vending prices.
Sept. '08	Agreed to Daily Cal terms for deferment and reduction of rent.

Vendors (cont'd)

Sept. '08	Heard the terms of a possible Panda Express contract.
June '08	Approved the concept of bringing the Brazil Café to the ASUC .
June '08	Approved a Letter of Intent to negotiate with Panda Express.
May '08	Approved Letters of Intent to: renegotiate leases with Bear's Lair Food Court vendors, ESI (English Language Institute), the Daily Cal; to negotiate leases with a flower vendor, a bicycle vendor, Panda Express, and a major coffee vendor; and to amend the Coffee Spot lease for coffee cart operations at Anthony Hall.
Dec. '07	Heard a presentation by CUBS.
Nov. '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.
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 CalSO counselors a \$5 gift certificate and RAs a 15% discount card.

Decisions of the Board

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Vendors (cont'd)

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.

Jan. '04 Agreed to publish a letter in the Daily Cal to the general campus community promoting Auxiliary businesses.

Jan. '04 Voted to send a letter of apology to the Bookstore manager for the content of a flier for the ASUC Bookswap.

Dec. '03 Heard from John Martin, operator of the Pub.

Nov. '03 The Daily Cal lease was signed, and printing of the ASUC government page began.

Nov. '03 Heard a presentation on Coca-Cola business practices in Colombia.

Aug. '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.

Decisions of the Board (cont'd)

- v-

Aug. '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.

Dec. '02            Added a fair-trade coffee option into the lease of the Coffee Spot

Dec. '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

**Dec. '08            Work began on the seismic retrofit of MLK.**

Oct. '08            Heard from, gave feedback to, Brailsford & Dunlavey, on Lower Sproul redevelopment.

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.

Oct. '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.

Decisions of the Board (cont'd)

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Student Union/Pauley Ballroom (cont'd)

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 p.m.