

SPECIAL MEETING

STORE OPERATIONS BOARD MINUTES

January 14, 2010

Present: (Members and others)

Rebecca Coleman (Board member)  
Ron Coley (Board member)(conf. call)  
Miguel Daal (GA President)  
Christopher Franco (Senator)

Christina Oatfield (Senator)  
Alberto Ortega (Board member)  
Nadesan Permaul (Auxiliary)  
Jonathan Poullard (Board member)

Nish Rajan (Board member)  
Will Smelko (ASUC Pres.(Co  
Tom Spivey (Auxiliary)  
Stacey Templeman (UC)  
Tu Tran (ASUC EVP)

**SUMMARY OF THE MEETING**

This Special Meeting was called to order by Nish Rajan at 6:16 p.m. in the 4th floor conference room, Eshleman Hall.

In response to the Bear's Lair Food Court RFP, four bids were received. Two weren't viable; one was marginally viable; and there was one clear winner.

The Board discussed whether members should learn who the bidders were. There was concern that knowing might be problematic.

There was also a proposal from the Pub to work with one of the bidders.

A straw poll was held, with five members in favor of learning who the bidders were.

At this stage of the process, SOB members would typically learn names of the bidders. That would not be public information until a contract was signed or a bid was canceled.

Ex officio members of the Board could also know the names.

This meeting entered into executive session.

The Board came back to open session and adjourned at 7:00 p.m.

**End Summary of the Meeting**

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This Special Meeting of the Store Operations Board was called to order by Nish Rajan at 6:16 p.m. in the 4th floor conference room, Eshleman Hall. He said the meeting would be far less formal and he wouldn't follow Robert's Rules that evening.

The issue that evening was to figure out what the Board would do with the RFP process. They did not get as many bids as they wanted over the Winter Break, which was why no Board members received any bids to score, using the scoring cards the Board developed last semester.

Mr. Rajan said that Ms. Templeman could tell the Board more if needed, but it was his understanding that they have four bids. Two bids were unviable; one was marginally viable; and there was one clear winner. The Board basically needed to decide what to do with this.

Mr. Rajan said he considered the bid process an unsuccessful outcome. Ideally, they would like more bidders to be able to choose among them rather than assign a winner, even though that was acceptable, as there is a winner that has met all minimum criteria the Board asked for.

Mr. Rajan said he e-mailed a sort of a logical flow chart by which the Board might want to move forward. The first thing might ask Ms. Templeman whether the Board would like to know who the bidders were and who the winner was. That would allow the Board to make informed decisions about what they do next, and whether or not to affirm the bid or have a re-bid process. The reason this might not be such a good idea is because if they decide to not accept the bid, or combine it with another bid, or do something completely different, they might be better off not knowing who the winner was so the Board could operate in as fair a manner as possible. To give full disclosure, Mr. Rajan said he did know who the winner was. He didn't know who else on the Board knew. He would stay out of the discussion on whether other Board members wanted to know who the winner was and would leave that up to the Board. It was his perspective that at this stage, it was important for them to know what the Board was up against to figure out how to move forward. He would leave the floor open to any opposing points of view.

Mr. Daal said he didn't think Board members should know who the bidders were. He didn't think it was necessary. They could ask Ms. Templeman about possible reasons why they got so few bids.

Mr. Smelko said he was a little hesitant about learning the names. It would be helpful if they could get a solid reason as to why they should know. Knowing could set them up for criticisms that they knew, but he was open to thinking about it.

Mr. Permaul said he wanted to suggest that there may be a reason to discuss the bids that evening, even if it was only a description of the types of bidders. He and Mr. Spivey met last night with the Bear's Lair Food Court vendors, who made a pretty interesting proposal to the Auxiliary. It involved the potential to work with one of the bidders. So there will come a point in the meeting where he will offer an alternative to the process that Mr. Rajan outlined in his e-mail. While they didn't necessarily need to know the names of the vendors, he could talk about the types of bids they received and how they play into the proposal from the Bear's Lair Pub.

Mr. Rajan suggested having a straw poll of who would like to know who the bidders were.

Mr. Coley said he thought they should know who the bidders were. He didn't quite align himself with the notion that the Board should not have as much information as possible as it deliberates what to do.

After a show of hands, Mr. Rajan said there were five people in favor of knowing who the bidders are.

Mr. Poullard said his opposition was not about knowing who the bidders were, but he was very concerned, and would put it on the record. The Board has gone around and around about due process, appearances, transparency, playing favorites, and so on and so forth. As long as they were clear about what their roles were on the Board, he was completely fine with that. But he would like to say on the record that he didn't want people coming back and saying now the Board was being unfair because they knew who the bidders were, and saying that maybe Board members were biased by that. It's been kind of ugly over the past couple of years, such as with Panda Express, and he wanted the Board to avoid that as much as possible.

Mr. Daal said that was why he would object to knowing the bidders as well.

Mr. Rajan said that as a Board, they seem to have decided that they will not affix identities to the bidders. Mr. Rajan said they would stay on the record, and he would decide at some point whether the names of the bidders would be in the minutes.

Ms. Coleman asked if this information could be shared with people who weren't there. Mr. Rajan said the main concern was with transparency and bargaining power. He wanted the Board to be extremely transparent with the people they represent, but didn't want to dilute the Board's bargaining power.

Mr. Coley asked Ms. Templeman to advise them about what typically happened at this phase of a process like this.

Ms. Templeman said that at this stage of the process, they'd notify the evaluation committee, which was the SOB, who the bidders were and about the bids. If the Board reviewed their bids, they'd actually look at them. They would not notify the public or anyone outside the evaluation group of any of the details until contracts were signed or a bid was canceled.

Mr. Daal said that included telling people who the bidders were. Ms. Templeman said that was correct. That's for the protection of the bidders as much as it was for the protection of the openness and thoroughness of the evaluation process.

Mr. Rajan said that information, then, would be off the record, and for now, was confidential.

Ms. Carlton asked about ex officio members of the Board. Mr. Permaul said they could learn, as long as they abide by the rules.

Mr. Daal said he thought they should go into executive session, making an exception for Mr. Spivey and Ms. Templeman.

The motion to meet in executive session passed by hand-vote. This meeting entered into executive session.

Back in open session, Mr. Rajan said he would entertain a motion to adjourn. It was so moved and seconded and passed with no objection.

This meeting adjourned at 7:00 p.m.

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

## STORE OPERATIONS BOARD MINUTES

January 26, 2010

Present: (Members and others)

Haitham Alloun (Coffee Spot)	Khira Griscavage (Board mbr.)	Nish Rajan (Board member)
Rebecca Coleman (Board member)	Matt Marks (Student-at-large)	J. P. Shami (Senator)
Ron Coley (Board member)	Arnoldo Marquez (Taqueria)	Will Smelko (ASUC Pres.)
Miguel Daal (GA President)	John Myers (Board member)	Tom Spivey (Auxiliary)
Lean Deleon (Senator)	Cynthia Nava (Senator)	Stacey Templeman (UC Bus.S)
Jeff Deutsch (Bookstore Mgr.)	Christina Oatfield (Senator)	Anna Vu (Healthy Heavenly)
Richard Esquivel (community mbr.)	Rahul Patel (Senator)	Yishi Zuo (Board member)
Christopher Franco (Senator)	Nadesan Permaul (Auxiliary)	

### SUMMARY OF THE MEETING

This meeting commenced Spring Semester. It was called to order at 6:35 p.m. in the Senate lounge, 2nd floor, Eshleman Hall.

#### Public Comments

Richard Esquivel said helped one of the businesses prepare its proposal, and he had extensive experience in business. He thought the RFP process was totally unfair. New firms were offered better contracts than contracts offered to people who have been there 20 years. From a business standpoint, in 40 years of experience dealing with UC, the process smelled.

Matt Marks said the Board was moving meetings to undisclosed locations, with no room, and didn't have an official time to meet. Panda Express was prevented due to a large public outcry and votes were changed based on hours of public comment. Meetings have been moved to limit public involvement and to speed up the process. Also, Oski's Lounge opened. Tully's donated tables for the lounge and it looked like Tully's seating area was expanded, for free. So Tully's was probably more subsidized than Naia. On November 17 the Auxiliary brought police in to kick people out the Food Court after 6 o'clock, and in doing so, violated fire code. The decision on what business came in wasn't public or transparent and wouldn't speed things up.

Mr. Rajan noted that there wasn't a good format to have an interactive session. It was very hard to be spontaneously interactive. Decisions being made had to be in closed session to not give information to bidders that could affect negotiations.

#### RFP

By a hand-vote of 5-2-0, the Board voted to meet in closed session to discuss the RFP.

Back in open session, by a roll-call vote of 4-3-1, the Board voted to enter into negotiations for space No. 3 with Subway, and enter into negotiations for space No. 2 with Saigon Eats.

The meeting adjourned at 8:05 p.m.

## End Summary of the Meeting

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This regular meeting of the Store Operations, commencing the Spring Semester, Board was called to order by Nish Rajan at 6:35 p.m. in the Senate lounge, 2nd floor, Eshleman Hall.

### PUBLIC COMMENT

Mr. Rajan said that for the next 15 minutes, he'd be happy to entertain any comments by the public.

Richard Esquivel said he would first like to wish everybody a Happy New Year and he hoped they had a good time off. He was one of the people who helped one of the businesses prepare its proposal. He had extensive experience doing that. He's been in business for 20 years. He was a Hispanic 500 business owner and he wanted to make it to the Fortune 500, and will. So he had extensive business experience.

Mr. Esquivel said that in reading this RFP process, he thought the process was totally unfair. He would like to quote the Board's Chairperson, who was quoted in the Daily Californian as saying that this whole process was "half-assed." That was an incredible understatement. They offered the new firms coming in a better contract than they gave people who have 20 years experience there. He would ask them to think of all the engineers, lawyers, doctors, and Indian chiefs that they have fed.

Mr. Esquivel said that when he went off to UC, he was 19 years old and had never eaten anything that wasn't wrapped in a tortilla. He graduated with a degree in Political Science. Freshmen had to stay in the dorms. The dormitory food was killing him, because culturally, he couldn't eat it. He went home and told his mother that he was dying there. And she taught him the basics of Mexico cooking.

Mr. Esquivel said he knew how to make things happen. And things needed to happen on a fair and equitable basis. Everything that he's seen to date has been totally unfair, from a business standpoint, in terms of the way the University dealt with these people. Not only businesspeople, but quite frankly, their history, which no one took into account. Since April, when he first met Mr. Marquez, he's listened to big business being able to do this or do that. He's a marketer. He's done \$2 million of business in a day. He could sell burritos. He knew how to get them to the levels they want. And he would be willing to do that. All they want and what they deserve is a fair process.

Mr. Esquivel said he was very interested in seeing who wins this process. Should the outcome not be favorable, then the alternatives were pretty realistic, from his terms, and what their options were. From a

business standpoint, in 40 years of experience dealing with UC, this whole process smelled. That's how bad it was, from a business standpoint. People could come in and be objective, and look at what's transpired to date. God bless them all. He was glad he wasn't in business like the people there. He hoped they have a good New Year and that they think about their decision, and how important it was.

Matt Marks said that over a year ago, when the decision was made to go to RFP the first time, Tom Spivey was quoted in December of 2008, he believed, as saying it was the most public and transparent process there was. Mr. Marks said the Board was moving meetings to undisclosed locations, with no room for anybody, and not telling people where the meeting was, and not having a sort of official time to meet. Back in the day it was pretty much every month, 6 o'clock, in the Senate Chamber. The public could actually come. And it was easy to bring the public to the meeting. In case the Board forgot, because it seemed like all of them have, they serve the public. But that's been totally twisted.

Mr. Marks said that Panda Express was prevented due to a large public outcry. A lot of people in the room were there, including Ron Coley, Tom Spivey, Nish Rajan, and Nad Permaul. Some of the other members of the Board weren't there for that whole thing, but it was a very different process. People came, there was public comment, the Board would listen to the students they represent, and then decisions were made. And votes were changed, based on hours of public comment. People voted one way for months, and then actually changed their votes based on what the students said.

Mr. Marks said that what the Board was doing at that time was ridiculous. They have moved meetings up to the top of MLK, out of the ASUC Senate Chamber, pretty specifically, as was in the minutes, to limit public involvement and to speed up this process. The Board just didn't get that the process has gone slowly because they're bad at it. They keep on screwing up in the same way, over and over again, like trying to shove Panda Express down the campus' throat.

He noticed that Oski's Lounge opened up. It was really nice that Tully's donated its tables for the lounge. That was so nice of them. It looks like it expanded Tully's seating area, for free. That's what it looks like to the common man. He didn't have a background in business and hasn't been in closed sessions at meetings, and he was sure there was a lot more to it than just giving Tully's space for its tables and not charging it, and thus subsidizing Tully's.

A great letter from Nad Permaul came out over a year ago saying that the ASUC did not exist to subsidize small businesses. In fact, just the opposite, and it turned out that the Bear's Lair Food Court was actually paying more. And now that Tully's has that seating area, Tully's was probably more subsidized than Naia. It's like a whole big thing of double speak. It was crazy that the Board could say at the exact same thing time and time again. It was crazy that the Board, on November 17, would quote "enforce the contract" in the Bear's Lair Food Court and bring police in to kick people out for being there after 6 o'clock. And to enforce that contract, they were guilty of violating fire code. And when people told them about it, they would just sit there. He went to the Fire Marshall the other day and asked if there was anything written about that. And Mr. Marks said he will follow-up on that. He thought the Auxiliary will get written up for violating fire code. And Will Smelko, a couple of weeks later, at a commemoration of the Free Speech Movement, would give a speech, while he remained silent about people getting kicked out of the Bear's Lair Food Court. This whole thing was just crazy.

Mr. Marks said he knew the Board was about to make a decision on who came in there, and it wasn't public and wasn't transparent, and didn't take anything into account. He could guarantee that this way of

doing it was not going to speed things up. Whatever decision came out, something told him a lot of people weren't going to like it. If the Board was interested in representing students, or interested in some sort of efficient process, then he'd suggest that they read about it in the minutes, because they were probably catching up on e-mails at that time, or doing something else, while people talk to them. But he would hope people consider these things in their decisions. This was just preposterous.

Mr. Rajan said that before he asked for other comments, he wanted to say that he got the feeling that these public comment sessions have sort of ended up being people speaking into the void, to just talking at the Board. He clearly didn't have a good format in which they could have an interactive session. It was very hard to be spontaneously interactive. He couldn't say much more to what Mr. Marks said except to say the Board was doing the best it could. He was sure that wouldn't be a great consolation to any of them, and he was sure that they all thought they could do much better; and they might be right. Yet, this was the Board that they have. And they could quote him, like they could quote Donald Rumsfeld. But the point was that there was a lot of speaking at the Board, and a lot of speaking into the void. Maybe they could try and do something different. If people come to him beforehand they could set up a structure, if one didn't exist. If they come to him beforehand, he could get them on the agenda, if they have specific points they would like to make. And then they could either have time for questions and answers, or something like that, as long as it was on the agenda and members of the Board could prepare and know what was coming as opposed to this sort of quick-fire session. It was very hard for the Board to take a stand on anything, really, when it wasn't an interactive relationship. With that said, he welcomed any more comments.

Mr. Rajan said he didn't want to belittle the fact that people have made the trek to the meeting, and he appreciated that. The Board wanted this process to be as transparent as possible. He firmly believed that the decisions the Board was making need to be in closed session because they will concentrate the negotiating power with the ASUC and with the students, which was, he believed, his charge. If they have this information out in the open, in the minutes, any bidder could possibly read it and then use it against the Board when it time to negotiate a contract. That's why they'll be moving into closed session.

Mr. Marks said there was another model in which everything could be public and transparent, where they have a public process where there wasn't the idea that "we have a secret, and we'll leverage it." Instead, they could put everything out in the open and see what everyone liked, and go from there. People would actually be able to sign contracts. In order to do business in student space the rules were a little different with the University. They don't let the University manipulate them via the Auxiliary, and they have a different type of relation that they expect with the businesses that do business with them. They're not beholden to these things that they're told they're beholden to. The Board has that power. He knew Mr. Rajan didn't think they did, but the Board did have that power.

Mr. Rajan said he could speak to him afterwards. Mr. Marks said he was leaving.

#### RFP

Seeing no further comments, Mr. Rajan said he would entertain a motion to go into closed session to discuss the terms of the RFP. A number of people had to be included in the closed session and he would

entertain a motion to include Tom Spivey and Stacey Templeman. It was so moved and seconded by Mr. Zuo and Mr. Smelko and passed by hand-vote 5-2-0.

This meeting entered into closed session.

Back in open session, Mr. Rajan said he would make a motion to enter into negotiations for space No. 3 with Subway, and enter into negotiations for space No. 2 with Saigon Eats. These were the two bidders who were compliant with the bids for the RFP process.

Ms. Coleman requested a roll-call vote.

Roll call was taken on motion to enter into negotiations with Subway and Saigon Eats for spaces 3 and 2 respectively.

YES	NO	ABSTAIN
Mr. Smelko	Ms. Coleman	Ms. Griscavage
Mr. Coley	Mr. Zuo	
Mr. Daal	Mr. Rajan	
Mr. Myers		

The motion to enter into negotiations passed 4-3-1.

Mr. Rajan said the ASUC Auxiliary was now authorized to enter into negotiations with Saigon Eats and Subway.

Mr. Daal asked if the Board had a date for its visioning session for the budget. Mr. Rajan said it would probably be sometime next week.

Mr. Daal asked if people were aware of the visioning they're planning on having regarding the budget. He asked if Mr. Rajan could send out more information about this so they could get this on the schedule. Mr. Rajan said he would.

This meeting adjourned at 8:05 p.m.

These minutes respectfully submitted by,

Steven I. Litwak  
Recording Secretary



DECISIONS OF THE BOARD

Procedures

- Dec. '09 Welcomed to the Board Khira Griscavage.
- Nov. '09 Established a Food Subcommittee for the Bear's Lair Food Court.
- Sept. '09 Heard a presentation from Business Services on RFP procedures.
- Sept. '09 Voted to have \$20,000 from ASUC reserves, held by the Auxiliary, to be used for the Lower Sproul campaign.
- July '09 Welcomed to the Board Prof. Myers and Dean Poullard.
- July '09 Elected Mr. Rajan and Mr. Poullard as Chair and Vice Chair.
- July '09 Established a subcommittee to consider amendments to the SOB Charter and By-laws.
- July '09 Approved an operating principle of perspective vendors submitting an ROI to the Auxiliary before having the matter come to the Board.
- May '09 Welcomed Mr. Zuo and Ms. Coleman to the Board, undergrad reps in two-year and one-year terms respectively.
- May '09 Approved proposed changes to the CAA that would have the ASUC and the GA share commercial revenue.
- 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 first Board meeting as undergraduate representative.
- 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.

Procedures (cont'd)

- 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.
- Feb. '05 Mr. Miles and Mr. Williamson joined the Board.
- August '04 Formed an ad hoc committee to study increasing efficiency in information technology.
- July '04 Elected Elliot Cohen as Acting Chair of the SOB, for 2004-5.
- April '04 Considered and amended ASUC Auxiliary Budget Principles.
- Jan. '04 Agreed to send another letter to the ASUC Senate and the GA asking to resolve the question of GA representation on the Board.
- Dec. '03 Voted to send a letter to the ASUC and the GA 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.

Procedures (cont'd)

- 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 members orientation by August 30.
- May '03 Agreed on the need for a Board members orientation to be held before the start of the school year.
- Dec. '02 Enhanced Board minutes by adding "Decisions of the Board."

Vendors

- Jan. '10 Voted to enter into negotiations with Subway Sandwiches and Saigon Eats.**
- Dec. '09 Passed a Resolution to extend the Taqueria lease until May 31, 2010; gave the Taqueria until January 10, 2010, to accept terms that were presented in July. A negative response or no response would have the Auxiliary issue an RFP on January 11, 2010,
- Dec. '09 Determined weights for the Bear's Lair RFP scorecard.
- Nov. '09 Reduced CUBS' rent 50% for the summer months the space was inaccessible due to University issues.
- Nov. '09 Decided to charge a \$500 deposit to CALPIRG.
- Nov. '09 Offered to extend the lease of the Taqueria through May, 2010.
- Oct. '09 Extended the lease of Healthy Heavenly Foods through May, 2010.
- Oct. '09 Extended the Daily Cal lease to September 30, 2012, adding CPI and electrical monitoring.
- July '09 Approved a one-year contract extension for the Daily Cal, through 2012.
- July '09 Approved Mr. Zuo as SOB rep to sit on the Daily Cal Board.
- July '09 Voted to present the SOB's contract to Food Court vendors, and to go to RFP if the terms were accepted.
- May '09 Approved an amendment to the Naia lease, to allow the sales of sushi and salads, with Naia to reopen in the fall.

Vendors (cont'd)

- May '09 Approved a five-year lease extension for CALPIRG, with new lease terms.
- May '09 Agreed to a three-year lease extension for the Daily Cal, and on terms to repay deferred rent payments, with an SOB member to sit on the Daily Cal Board until repayment.
- April '09 Amended the Panda Express contract and voted to renegotiate.
- April '09 Agreed to present draft contracts to the Coffee Spot, the Taqueria el Tacotento, and Healthy Heavenly Foods, going to RFP's if necessary.
- March '09 Approved the Tully's Coffee contract.
- Feb. '09 Voted to approve the CUBS contract.
- Feb. '09 Voted to move forward with the Tully's contract.
- Jan. '09 Voted to continue negotiations with Panda Express and Tully's Coffee.
- Dec. '08 Voted to go out to bid for all Bear's Lair Food Court vendors.
- Nov. '08 Approved Action Vending proposal to increase vending prices.
- Sept. '08 Agreed to Daily Cal terms for deferment and reduction of rent.
- 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.

Vendors (cont'd)

- May '09 Voted down approval of the proposed Panda Express contract.
- May '09 Voted to go to RFP, on June 30, for the STA Travel space, and any other spaces that become vacant in the coming year.
- May '09 Revised the agreement with CampusLink to end its monopoly on Student Union advertising.
- 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 authorize pursuing an agreement for the Alumni Association to manage the Lodge.
- May '05 Approved the further exploration with Daryl Ross of placing a green café at the southeast corner of the Student Union.
- March '05 Heard a presentation by Daryl 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.
- April '04 Authorized negotiations for a 12-month contract with the current Bear's Lair tenant, and to terminate the lease if negotiations failed, and to issue an RFP.
- March '04 Agreed to a four-with pilot project for the New York Times Readership Pilot Project.
- March '04 Rejected contract proposals submitted by Pub management, called upon the Commercial Operations Committee to initiate a student survey on use of Pub space, and approved sending out an RFP for the space.

Vendors (cont'd)

- 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 community 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, begin Jan. 1, '05, to the Taqueria and Healthy Heavenly Foods.
- 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

Student Union / Pauley Ballroom

- Nov. '09 Allocated \$30,000 out of Auxiliary reserves to fund a study on a maximum build-out option for Lower Sproul redevelopment.
- May '09 Learned that due to a possible FEMA grant, phase 3, of the Student Union seismic project would be postponed until the summer of 2010, including the Pub, and the Store, and the Multicultural Center.
- Dec. '08 Work began on the seismic retrofit of MLK.
- Oct. '08 Heard from, gave feedback to, Brailsford & Dunleavy, 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 Leybovitch, 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 SOB 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.
- Feb. '03 Approved a subcommittee to look into policies for Pauley Ballroom and for fee waivers.

Budget

- July '09 Approved the 2009-10 Auxiliary budget.
- April '06 Approved the 2006-7 Auxiliary budget.
- April '05 Approved the 2005-6 Auxiliary budget.
- Sept. '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

Budget (cont'd)

from residual profit to the Auxiliary Contingency Fund, making up for a qtr 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 OSA position for the GA.
- April '04     Approved the ASUC Auxiliary FY 2004-5 budget, including a transfer to the ASUC of \$50,000 from Auxiliary Contingency Reserves.
- Feb. '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



## STORE OPERATIONS BOARD MINUTES

February 2, 2010

Present: (Members and others)

Ron Coley (Board member)	Christina Oatfield (Senator)	J. P. Shami (Senator)
Miguel Daal (GA President)	Rahul Patel (Senator)	Will Smelko (ASUC Pres.)
Christopher Franco (Senator)	Nadesan Permaul (Auxiliary)	Tom Spivey (Auxiliary)
Jonathan Gaurano (Senator)	Jonathan Poullard	Marilyn Stager (Auxiliary)
Eunice Kwon (Senator)	Nish Rajan (Board member)	Viola Tang (Senator)
Alan Ni (ASUC Finance Officer)	Chaney Saephan (Senator)	Tu Tran (ASUC EVP)

### **SUMMARY OF THE MEETING**

The meeting was called to order at 6:10 p.m. in the Senate lounge, 2nd floor, Eshleman Hall.

The discussion that evening would be about the ASUC Auxiliary's budget vision for next year and soliciting recommendations. A budget was distributed, "ASUC Auxiliary Activity-Based Costs FYE 6/30/09 by Program/Service, Including Funds 70450, Operating, and 20247, Maintenance Reserve."

Activities-based costing shows direct and indirect funding for the operation, businesses and services.

The full amount of the Auxiliary budget, under Total Expense, was \$3,496,419.

For Lecture Notes, e.g., with revenue and with direct and indirect costs, it was subsidized \$92,252 from ASUC revenues. The activity-based budget shows the extent to which Auxiliary services were subsidized. For student government it was \$828,994.

Indirect costs such as Administration, A/R, Payroll, were the administrative work Auxiliary employees provide to programs, a percentage of their time. Direct costs were salaries, benefits, materials, and supplies provided to programs. Besides direct costs, the programs also had expenses for issuing checks, general accounting, custodial, computer support, marketing, etc.

The spreadsheet showed 08-09 actuals.

The Web site showed Auxiliary operating accounts, revenue from businesses minus expenses to run the revenues. The entire budget could be put on the Web site. 70450 is the operating budget. Revenue from 20247 was from Reg Fees.

The restricted maintenance reserve comes from students, and the general maintenance reserve was for the Capital Fund, such as elevator repairs.

The spreadsheet had actual revenues and costs from last year and didn't include reserve balances.

The Auxiliary has \$3.5 million in reserves. For maintenance and building reserves, it's \$373,000.

There's direct access for some reserves, such as maintenance reserves to maintain the buildings and equipment replacement. Expenditures are made very conservatively.

The Board reserves specifically could be discussed further. It was noted that the Board should have a retreat to go over such information.

The only revenue infusion was from their businesses, the MCC agreement, and MLK facilities use.

The total budget deficit from 08-09 was \$307,784. Reserves made that up. In the activity-based spreadsheet, a negative number on the bottom line would return to students as residual.

The importance of this study was to include indirect costs, which could be quite large. The Board hadn't precisely thought about indirect costs until doing this study. Direct costs was \$0 for the Cal Lodge, e.g., but indirect costs was \$94,053.

The campus' Internal Audit will audit the Auxiliary that year. There was no audit for taxes, e.g., since it's UC that files tax documents. As a 501(c)(3), an independent agency, the ASUC is audited each year.

It was suggested that members discuss items on the spreadsheet whose bottom lines had "shock value."

About \$277,000 was used last year to bail them out from last year's deficit. Auxiliary revenues for the current year were substantially improved from the computer store commissions, new revenue from Tully's, and new revenue from the Coffee Spot. What was missing was \$160K in revenue projected from Panda Express, and from new Food Court leases. The Auxiliary will hopefully break even for the year or have a small residual.

The Auxiliary previously had an operating reserve of \$500K, and that was now down over half. A reserve of \$500K was low, and they could ask Internal Audit what it would recommend. With the ASUC being independent, other models like this don't exist nationally.

It was suggested that Board members determine whether they were getting value from the budgeted activities and services the Auxiliary provided. A question was raised as to whether people understood the bottom lines on the spreadsheet.

Building maintenance, \$150K, was not for investments to improve the building, but to maintain it.

In response to a question, it was noted that total cost for an activity were indirect costs plus direct costs.

Reg Fees went to the University and didn't come back to the ASUC. And student fees go directly to the Senate and the GA.

The previous debt the ASUC had to the campus, \$6 million, was paid by Bookstore revenue. But in the interim, commercial revenue stayed flat and costs went up.

Auxiliary revenue generating programs have been asked for alternatives to their current budgets, using the model of activity-based costs, and how they'd balance their budgets. Raising fees was one possibility.

Lecture Notes went out to 7,000 students. However, the core issue was values and what they wanted the operation to look like.

It was noted that not everyone was likely familiar with the Auxiliary's services and what the various rows meant.

It was noted that the Board wouldn't be able to envision next year's budget at that meeting, and they'd use that time to simply understand the budget.

It was noted that knowing projected growth or depreciation for each commercial activity would be useful.

The Art Studio was moving towards break even. But including indirect costs showed how much more the Auxiliary was subsidizing it.

When Mr. Permaul took the on the Director's position, Auxiliary positions were not all filled.

Regarding shock value for one member: Library costs stood out; the Blue & Gold was self-sustaining; for Government, students were best able to address what they might need less of; Reception, i.e., the Secretariat, stood out; Lecture Notes was a critical service, even with deficit as a result of indirect costs; the Art Studio stood out, a deficit of \$235K; the Cal Lodge cost a lot; Reservations should make more.

It was noted that typical criticism from students was that the Auxiliary rents rooms in MLK to students, making them kind of off limits. Making MLK less of a conference center would in less revenue, but costs for this service exceeded revenue. But students only use rooms after finishing classes, from 3 p.m. on, and the vast majority of rooms are reserved by students. Students didn't seem to be locked out. What they would like were more free services, e.g. set-ups. Problems arose in the spring, when so many groups wanted to use Pauley.

A question was asked about the minimum cost to run the Union without having Reservations.

It was noted that Reservations staff was about 80% students, and the unit only had two full-time staff.

Students don't pay for the Ballroom unless there's an extraordinary set up. If students were charged full price, revenues would be \$7-800,000.

Ms. Tang, Mr. Permaul, and Ms. Stager were asked to look at various funding models for the Union.

It was suggested that the Board schedule another time to finish these considerations of the budget.

The Auxiliary was asked to project whether all commercial activities could financially be better in the future or if they'd be greater drains.

It was noted that before people start thinking about eliminating things, they might want to think about whether they were a value. And if so, to what extent members were willing to subsidize them, if needed.

It was suggested that the Board needed to look closely at the Art Studio. What they thought was a subsidy of \$30-35,000 was closer to \$250,000.

The meeting adjourned at 7:54 p.m.

## **End Summary of the Meeting**

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This regular meeting of the Store Operations was called to order by Nish Rajan at 6:10 p.m. in the Senate lounge, 2nd floor, Eshleman Hall.

Mr. Rajan said they will be talking that evening about the ASUC Auxiliary's budget vision for next year and soliciting recommendations on what they want to see it become.

Mr. Permaul said he would pass around copies of the budget, "ASUC Auxiliary Activity-Based Costs FYE 6/30/09 by Program/Service, Including Funds 70450, Operating, and 20247, Maintenance Reserve."

Mr. Permaul said the concept of activities-based costing was to take all the functions of the business operation, and all the services it provides, and to understand how they are funded, in both an indirect and in a direct manner.

The document has tabs across the top: Student Advising & Resources, Graduate Advising & Resources, Commercial Activities, and Facilities.

On the bottom right-hand corner, under Total Expense, they see the full amount of the Auxiliary budget, \$3,496,419.

Going to the left-hand column, they will see the components that make up the budget. Revenue comes into the ASUC Auxiliary on behalf of the ASUC; Direct Costs that are associated with each category going across the top of the page; Indirect Costs, broken down by category: Administration, A/R, Payroll, Cash Functions Gen'l Accounting, Computer Support, Custodial, Marketing, Sponsorships, HR, Blg Mant, Utilities, Capital Projects, and Student Group Subsidy, the subsidies that are provided for student groups.

Mr. Permaul said that if they look under each category, such as Lecture Notes Online, under Commercial Activities, it shows how much revenue was generated by Lecture Notes. It shows AFC, Administrative Full Costing, which the Auxiliary pays to the campus each year. And then it gives a subtotal of the

Auxiliary's total revenues. Then there are the Direct Costs associated with Lecture Notes and then all the Indirect Costs. When they get to the bottom they could see that \$92,252 was subsidized from revenues of the ASUC to ensure that Lecture Notes can operate every year.

If they look at each one of the categories of services across the board, they'll see at the bottom line to what extent they are subsidized. Under Government, it shows student government being subsidized by \$828,994. That was to be expected.

If they look at all of the various categories, they could see breakout.

Mr. Rajan asked if he could maybe pick a type of expense, such as the Cal Lodge or Lecture Notes, and talk about what would count as Administration, A/R, Payroll, etc.

Mr. Permaul said these are the administrative functions that members of the Auxiliary provides to each program in terms of the percentage of their time that was invested into providing them these indirect costs, broken out into a dollar total. For Lecture Notes, Administration is \$35,160.

Mr. Rajan asked what would be an example of an administrative activity for Lecture Notes. Mr. Permaul said it's the time they spend supervising the employees. It's the work done to ensure, e.g., that Lecture Notes could get in front of the Academic Senate and present itself. It includes the relationships with the disabled students program; the time spent with the faculty to negotiate getting access; those types of things. That's different from Direct Costs, which are salaries, benefits, materials, and supplies provided directly to the program. The Auxiliary also had to take care of the Lecture Notes' payroll, issue checks, and pay for the general accounting the campus does to oversee its books. The Auxiliary also had to provide them with Computer Support, pay for Custodial service, pay for Marketing, etc.

Mr. Rajan asked if A/R, accounts receivable for Lecture Notes was \$2,293. He asked if that was what Lecture Notes owed the Auxiliary for A/R. Mr. Spivey said it was basically processing Lecture Notes' bills and bringing in its income. As Lecture Notes generates expense, bills are put forward and are processed and run through the campus.

Ms. Stager said that Lecture Notes takes in cash, accounts receivable, on the student fees that are paid and student monies paid for the purchase of lecture notes. Those are processed through campus accounts receivable. That budget was from the time spent to process receivables. Mr. Rajan said, then, that it was the time the Auxiliary spends processing Lecture Notes' accounts receivable. Ms. Stager said that was correct.

Ms. Tang said she found the proposed budget of the Auxiliary on the Web site. She asked why there was such a big difference between the budgeting for costs and the actual costs. It was basically \$400,000 in additional costs. Ms. Stager said the spreadsheet people have, which they were discussing at that time, was the Auxiliary fund, 70450. What was on the Web site was the Auxiliary's operating fund. There's also 20247, the Maintenance Reserve. Those costs were all on the spreadsheet. So comparing the two budgets was not really comparing apples to apples. The Maintenance Reserve included facilities costs and the revenue they get from student fees to maintain the buildings.

Mr. Daal asked if the spreadsheet had projected numbers for 09-10. Ms. Stager said the spreadsheet showed 08-09 actuals.

Mr. Tran asked why the accounts weren't included on the Web site. Ms. Stager said that what they put on the Web site last year was strictly the Auxiliary's operating accounts, which is the revenue their businesses bring in minus the expenses it costs to run those revenues. Mr. Tran asked why they couldn't put the entire budget on the Web site. Ms. Stager said they could.

Ms. Tang asked what items were in 70450 as opposed to 20247. Ms. Stager said the 70450 is the operating budget. It includes revenues brought in from the businesses minus the cost to run those businesses. For Lecture Notes, their actual salaries for producing Lecture Notes would also include Indirect Costs that were part of running the entire ASUC Auxiliary. Ms. Tang asked if 20247 was also online. Ms. Stager said it was. Revenue from 20247 comes from Reg Fees. Part of the Reg Fees that are paid includes a Building Maintenance Reserve to maintain the buildings that students use. The expenses are the actual costs of maintaining the buildings.

Mr. Permaul said that if the Board would like to see all the information on the Web site, they would be happy to put it up.

Mr. Daal asked if the Maintenance Reserve was the restricted maintenance reserves. Mr. Permaul said there's a restricted maintenance reserve, funds they receive from the students, and also a general maintenance reserve that is used for the Capital Fund and for projects that come up, such as when an elevator breaks down.

Mr. Rajan asked if the Maintenance Reserve was under Facilities. Mr. Daal said he was asking a general question about where these numbers were coming from. There's an unrestricted maintenance reserve and a restricted maintenance reserve. He asked if the spreadsheet reflected both of those reserves. Mr. Permaul said the restricted reserve wasn't included.

Mr. Daal asked how much of an annual draw, typically, would be from the restricted reserve, or if that was variable. Ms. Stager said it was variable.

Mr. Daal said he was kind of confused. The restricted reserve wasn't on the spreadsheet, but they have \$139,440 under Facilities Maintenance, and he thought that was the restricted reserve funding, such as funding being routed through the MLK Fee. Ms. Stager said the MLK Fee was what was represented on the report that evening. Mr. Daal said that, however, wasn't considered the restricted reserve. Ms. Stager said it was restricted for maintaining the buildings. Mr. Daal said that the restricted reserve, then, was on there. Ms. Stager said that what was on the spreadsheet was just the actual revenues and costs from last year. The reserve balances weren't on the spreadsheet.

Mr. Rajan asked if they could get an idea of what the reserve balances were, ballpark figures. He wasn't sure how many reserves the Auxiliary had. Mr. Permaul said they have \$3.5 million in reserves. Ms. Stager said that all together, if they're talking about maintenance and building reserves, there's \$373,000.

Mr. Daal said he was satisfied going through this. He asked if the numbers made sense as places where they put revenue. He asked if people still had questions about what the spreadsheet represented.

Mr. Rajan he was heartened to hear that the size of the reserve was the same as the total expense of the operating budget. He asked to what extent the reserves were accessible and invested. Mr. Permaul said that for some reserves, they have direct access. For example, they have money in maintenance reserves

to maintain the buildings. Money has also been saved up over the years for equipment replacement. In the previous budget process, e.g., they spent \$92,000 on equipment replacement in the Student Union. And they're very conservative about that. If they were to lose the roof that would be a \$1.5 million expenditure. Replacing the heating and ventilation system would be a \$500,000 expense, according to the campus. In a number of these areas, they are perilously close to that. So his predecessor, and he, have tried to be extremely conservative, since this was the source of the ASUC's support. It wasn't as if they could walk over to the campus, like Mr. Poullard could, and say, "I'm having problems, please come and fix it." The dollars were the ASUC's, and the campus charged them for the work.

Mr. Poullard said he was troubled by hearing people say "what you're doing." This was students' money, not the Auxiliary. Students run this process. So it was important to break down the reserves and how those funds have been expended. He didn't think people really understand why that \$3.5 million wasn't being used for student organizations.

Mr. Smelko asked if Mr. Coley could veto a decision to deplete their reserves. Mr. Coley said it would get very serious resistance.

Mr. Rajan said he thought the question was how much should be in the reserves and what metrics were to evaluate the amount, and whether they should add or subtract to them. The Board didn't really have much information to make those decisions at that time. He hoped to have it that semester, when they vote on it.

Mr. Permaul said they would be happy to talk about the reserves specifically. He thought they were going to talk about the two documents he sent out. They could go into the details of the reserves and why they're maintained at these levels. Members of the Board last year will recall that after a careful vetting process with the campus, the Auxiliary identified Workmen's Compensation fund that they were able to bring back to the ASUC, with a decision approved on how to distribute that money during the course of this year. They handle reserves in a very thoughtful, cautious manner.

Mr. Poullard said it concerned him that Senators didn't already know this. The Board really had to go on a retreat and have this knowledge backwards and forwards.

Ms. Tang said she couldn't find the item for student Registration Fees. Ms. Stager said that Reg Fees don't come into the Auxiliary and go straight to the ASUC. So they're not reflected in this budget.

Mr. Daal said the major sources of revenue, at the top, were the revenues generated by their businesses. There's also \$25,000 in revenue from the MCC agreement and \$139,440 from MLK, under Facilities. There were no other cash infusions in the revenue line.

Ms. Tang said the budget online had a more detailed breakdown of the expenses. There was one item, miscellaneous income, \$400,000, and asked where that was from. Ms. Stager that would be short-term interest they receive from the campus. It could be from Art Studio class fees, in this report. But in the ledger they're in different revenue accounts. In the report that evening, all the revenues coming into areas were combined. The Web site analyzes the revenues. If they wanted to know everything that went into miscellaneous funds, she'd have to get back to them.

Mr. Poullard said they should break down last year's miscellaneous income and make that plain.

Mr. Daal said that while reserve accounts were important to understand, that wasn't really central to the discussion that evening. They were going to focus on next year's budget. The reserves interface in a critical way. An example was the \$307,784 figure, the total of the budget deficit from 08-09. The Commercial Activities Agreement stipulates that the ASUC and the Auxiliary must not operate in deficit. So given the fact that the Auxiliary's expenses outweighed their revenues by \$307,784, they had to have money to make that up. That was typically where reserves come in.

Mr. Permaul said they have an operating reserve that has been carefully saved over the years to face those times when the businesses and the numbers rise and fall. But the reserve wasn't inexhaustible. These are one-time dollars they cannot recover unless they make up that revenue.

Mr. Daal said the question then becomes how large a reserve they want to keep. That was a question for the Board. He knew Mr. Coley had thoughts on that. They keep the level as comfortable as possible so they don't have to worry about violating the CAA, which would be a serious problem for the ASUC. They want it high so that if a meteor hit the roof of MLK, they could replace it.

Mr. Permaul said that in the 1970s, the Bookstore burned down. Because the ASUC had an insurance policy and reserves, they were able to rebuild the Bookstore, operate, and make up the revenues. So it was critical to have reserves.

Mr. Daal said that for the Board's discussion of the budget, they want to come out with a budget that balances the budget and possibly adds to reserves. They want to try and come up with a budget that gives them a negative number on the lower right-hand corner, \$307K, or at least \$0. In this spreadsheet, a negative number there would be the amount that went back to the students as residual return. The \$307K was positive in the spreadsheet and would come from the reserves. He asked if people understood that.

Mr. Daal said the importance of this study is that it includes indirect costs, the costs involved in carrying out some function that wasn't obvious to doing that function. For example, the Art Studio's direct costs include supplies and salaries. But the indirect costs were how much it costs Ms. Stager and her office to allocate funds e.g., to make transactions. As they could see, indirect costs can be quite large.

The Board hadn't thought about indirect costs in a precise way until they did this study. They had thought, for instance, that the Cal Lodge was revenue neutral. Direct costs were \$0 for the Cal Lodge, and it would be revenue positive if it didn't have indirect costs. But indirect costs were \$94,053. Looking forward, the question was whether they wanted to carry on the Cal Lodge at a possibly growing deficit, given inflation, or sell it, or to envision a new revenue model. Those were the types of things they could think about in this discussion if they want.

Ms. Tang asked if there's an audit report. Mr. Permaul said there's an audit for the ASUC. The campus has requested an audit of the Auxiliary that year. But they haven't been audited yet. Ms. Tang asked if they need an audit report in order to do their taxes. Mr. Permaul said that because the Auxiliary was part of the University, it didn't have taxes.

Ms. Tang said that as a non-profit and they still had to file something. Mr. Permaul said UC files appropriate tax documents and the Auxiliary was simply a part of the campus. Ms. Tang asked if the Auxiliary, then, didn't undergo the same type of audit. Mr. Permaul said they didn't. The University has an audit department that regularly schedules audits for department around the campus on a rotating basis. This year the Auxiliary will be one of those departments that will be audited, but they haven't been in the past.



The ASUC is a 501(c)(3). An independent agency needs to be audited, so the Auxiliary has been doing an audit on the ASUC each year.

Mr. Daal said they could think of student government as kind of an independent 501(c)(3) and that needed an audit. But that fiscal agent of the ASUC, the ASUC Auxiliary, which was separate from the ASUC, as a campus unit. So it follows the audit rules and requirements of the University, which were not obvious to the Board.

Mr. Permaul said the 501(c)(3), according to the California Non-profit Integrity Act, if it reaches a threshold of close to \$2 million a year, should do an audit. When he first arrived, he went to the ASUC lawyer, and their general counsel had not realized that for two years, the ASUC had been out of compliance with State law. So they then began to do audits for the ASUC again, as they had been done prior to 1998. But the University followed UC rules and regulations, and the Auxiliary fell under that rubric in terms of how their books were looked at.

Mr. Poullard asked if there was a question beneath the question. Ms. Tang said she felt the way the information was presented was really confusing. To be accountable, an audit report would be extremely helpful, and the fact that the Auxiliary hasn't had an audit was a problem. Mr. Permaul said they'll be audited that year.

Mr. Smelko said the Auxiliary's investment account also needed an audit.

Mr. Rajan said it was important at that point to come up with an agenda of what they'd talk about that evening, how they'd talk about it, and for how long. They've already been there about 40 minutes.

Mr. Smelko said that from prior discussions, he thought they might start with a "shock value" discussion and go through the budget and come up with a list of what they found to be shocking, and to look at the bottom line and see what they found shocking. And then maybe they could discuss priorities going forward. It would probably be impossible that evening to decide on that and discuss whether people would rather spend \$400K on this, or maybe decrease something else \$100K, and prioritize something else. A third component of a discussion would be any new ideas people had. He thought it was also valid, as Mr. Daal has talked about, to consider possibilities that weren't on the sheet. They might take something from an area of less priority and put to somewhere else that might give them more revenue.

Mr. Rajan said one piece of information that was crucial was to get an idea of what the pressure was on the budget. The final figure, of a deficit of \$307,784, was clearly unsustainable. It was important to know how unsustainable that was, how much they were already in the red from their operating reserve, and whether that reserve needed to be replenished.

Mr. Permaul said they spent about \$277,000 last year to bail them out from last year's deficit. While the deficit for the current year was budgeted at approximately \$270,000, contrary to what he read that day in the Daily Cal, the Auxiliary's revenues were substantially improved because of all the prudent revenue decisions that were made. The Auxiliary was making substantial commissions on the computer store, they're getting new revenue from Tully's, and there's new revenue for the remainder of the year from the Coffee Spot. What they are missing from last year's budget was approximately \$160,000 in revenue that was projected from Panda Express, and from the new leases that were not in place for the Food Court at the beginning of the year. They don't know at this point what the year-end will be. They're hoping that it will approach break even, or that that there will be a small residual to the students at the end of this year.

Mr. Rajan asked what the target operating reserve was that would make the Auxiliary comfortable. Mr. Permaul said they previously had an operating reserve of approximately \$500,000 that was now down over half. Mr. Rajan said that it needed, then, to get back to \$500,000 for comfortable budgeting, by a rule of thumb. Mr. Permaul said that when they face the kind of shortfalls they faced for the past two years, basically from decisions made around this table, then they had to be sure, as Mr. Daal pointed out, that they're not in violation of their agreement.

Mr. Poullard said he didn't think they got Mr. Rajan's question answered, and asked if \$500,000 in operating reserves was the threshold. Mr. Permaul said he thought that was too low. Mr. Permaul said he thought it was too low. Mr. Poullard asked what the rubric they'd use to determine the amount for their operating reserve. Mr. Permaul said there were various ways to determine that. They could ask Internal Audit what it would recommend, or go to an actuary and have them work with the Auxiliary on its business model. Student services like this are unique, and there weren't very many models like them anywhere in the country. Nationally, other models like this don't exist. Other campuses would simply bail out operating problems occurring within their own departments. But because the ASUC is independent, they basically have been building this model for the last ten years. He inherited reserves of approximately \$3.5 million, and he's been trying to maintain that ever since. And that was in the face of expending dollars to improve the facilities, put money back to the students, and do a variety of other things. All those budgets have been approved around this table. What was interesting was that this year, students were taking a much more deliberate and interested approach to it, and he applauded that.

Mr. Coley said they were actually spending a considerable amount of time talking about the good news part of the budget. He really thought the question that Mr. Smelko asked on people's shock points really needed to be answered to determine whether they were getting value from the budgeted activities and services the Auxiliary provides, and if that was how they wanted to spend their constituents' money, for those services. If that was the case, then so be it. If not, then they needed to collectively think of a different model, whether on the macro level, including everything, or with each individual activity and its shock value. But he didn't think people understood what the bottom lines on the spreadsheet were.

Mr. Daal said people should keep in mind that the bottom line, the figure of \$307,784, comes from the reserves because with an activity-based spreadsheet, it's a positive number. If that number was negative, money would go to the ASUC.

Mr. Tran asked if they were planning to budget another \$150,000 for building maintenance, to maintain the building. His qualms with that was that this building, in the very near future, by the time it fell under code, was probably when they'll tear it down. Mr. Permaul said the \$150K was not investments to improve the building, but simply to maintain it. Most of those funds were spent on things like elevators. If people didn't want them to operate, they'd stop spending, but otherwise, they have to spend that money. Those were decisions the Board had to make. The Auxiliary was providing them with the estimates and the Board was deciding what it wanted to spend money on.

Mr. Spivey said he's been spending very little money on Eshleman. Mr. Permaul said that when they think about locks, they're not just items, but represented building safety. Cameras and locks were expensive, but that was a tradeoff against the security of students in the building.

Ms. Oatfield asked where in the column for each commercial activity was how much money it costs, total. Mr. Daal said indirect costs plus direct costs were the total costs to the Auxiliary. If they look at the Art Studio, it's \$267,414 in direct costs, plus \$150,578 in indirect costs.

Ms. Tang asked if it was correct that Reg Fees weren't accounted for on this spreadsheet. Mr. Spivey said the Auxiliary wasn't allowed to use Reg Fees. Ms. Oatfield said that Reg Fees were what the ASUC used for spring budgeting.

Mr. Daal said that Ms. Tang was mixing up two types of fees. Reg Fees were \$900 per student. That money went to the University and didn't come back to the ASUC, and came back to students indirectly. They fund Mr. Poullard. The ASUC doesn't get Reg Fees, but gets the ASUC fee. Reg Fee are campus-based fees.

Ms. Tang said that's what she meant. Mr. Rajan said it was his understanding that student fees were not used to support the Auxiliary. Student fees go directly to the Senate and the GA.

Ms. Tang asked, then, what the costs were for Government. Mr. Rajan said it was, e.g., for cutting checks to student groups; paying salaries; running the Art Studio; Reservations; and other costs for running this whole entity. Mr. Daal said it was staggering that the cost to run things was so much.

Ms. Tang asked how, when the ASUC debt was paid back in previous years, the Auxiliary was able to make that money. Mr. Daal said it was through commercial activities. Mr. Coley said it was primarily Bookstore revenue.

Ms. Tang said they used to, then, have a surplus. Mr. Smelko said it used to be more relative to the cost of inflation, and they used to get more money from commercial operations. Ms. Tang asked if it was just because businesses were doing less. Mr. Rajan said they could also think of it as revenues staying constant and costs going up. Mr. Daal said the total income from commercial activities has stayed flat for the past ten years. That contradicts the assumption that the Auxiliary would get more because books get more expensive.

Mr. Smelko asked if there was something they could view to compile a list of shock-value items. Also, when evaluating the priorities, he would like to know what the ideal would be for the Lecture Notes operators and the Art Studio, what they thought would run successful operations. The Auxiliary was already scraping the bottom of the barrel, he felt. They could ask the Art Studio what it would like to have, and the Cal Lodge, e.g., and Lecture Notes. If they can't get up to the ideal that would allow them to be as profitable as possible under any circumstance, and took money from somewhere else, he would view that as more expendable than something else. If people didn't want to go to the Cal Lodge and there were maintenance problems, and it would need an extra \$200,000 to even operate, if it made sense to keep it if the Auxiliary didn't have that money. And the same with Lecture Notes. If it needs more note takers or this or that to get the revenue it needs, and the Auxiliary didn't have that money, if it made sense to continue it.

Mr. Rajan said the lack they have was not a great basis for being able to judge these in isolation, which happens with any budget, at some level. It would be nice if someone in charge of Lecture Notes could come to the Board and why that couldn't balance the budget and what they'd promise to do in the future.

Mr. Permaul said they have already asked all of the programs that generate revenue to give the Auxiliary alternatives to their current budgets. So if they use the model of activity-based costs and had to balance their budgets, how would they do that. Unfortunately, they couldn't get that done by the time the Board met that evening, but they're working on it at that time. They'll see if the programs were able to do that and ideas they've suggested will be brought to the Board.

Mr. Daal said that in the meantime, people should think about access. The easiest thing to do from a business perspective was just to increase the fees of the Art Studio and of Lecture Notes.

Ms. Tang said that could lead to a greater deficit.

Mr. Permaul said they had to figure out whether the market would bear it. They have a whole series of criteria, and he was sure they'll look at raising fees as one possibility.

Ms. Oatfield asked if they know how many current students utilize Lecture Notes. Mr. Permaul said they could report that.

Mr. Daal said he also asked that question about the Art Studio, and asked if they got that.

Ms. Stager said that Lecture Notes went to 7,000 students. Mr. Permaul said they have the number for the Art Studio, and he shared that with Mr. Daal. They also got from Ms. Wees the percentage breakdown of the Art Studio. He didn't recall it off the top of his head.

Mr. Poullard said that just because something might have a lower number, the core issue was values, and what they wanted this operation to look like. That should drive the decisions they make on what to fund. They have champagne tastes and beer money. If they want champagne, they better have champagne money, and that involved looking critically at how they generate revenue streams to support these things, or if they decide they can't afford things.

Mr. Rajan said he thought they've gotten some shock value from the spreadsheet. They've talked about priorities, and they also needed to talk about new ideas. He wanted to make sure the Board was satisfied with the level of detail they've gone into. He asked if people wanted to talk more about that, or about shock values or priorities.

Mr. Franco asked about getting specific numbers from The Scholar's Workstation. Mr. Permaul said the Auxiliary collects revenue on commissions at the end of the fiscal year. Right now they expect about \$206,000 above their guarantee from Follett. Ms. Stager said that's what the Auxiliary received last year, but that included TSW. They're still going back and auditing that. Mr. Permaul said they're working with them to make sure the numbers were correct. But above the Auxiliary's guarantee, \$206K approximately has been identified that the Auxiliary did not budget as revenue for this year. Ms. Stager said that was the commission check from last year. They always receive the commission check in the subsequent year. Last year's commissions were \$206K. The Auxiliary received that money this year, in 09-10.

Mr. Rajan asked if that money will be budgeted next year or spent this year. Mr. Permaul said it covers this year. Ms. Stager said its revenue that came in this year that was not in the budget. So it's a pick-up of \$206K. Mr. Rajan asked if it could be budgeted next year, if they want. Ms. Stager said it could be. Mr. Permaul said that as it turned out, TSW was only open between January and March 31. That's when Follett's fiscal year ends. This year the Auxiliary will get a full year's commission revenue. Right now, he asked Follett for a projection of what they think the Auxiliary commission will be. TSW has already done about \$5.5 million worth of business, which was a good, healthy business.

Mr. Rajan asked if it was the Auxiliary's policy to budget a projection. Mr. Permaul said they use predictions when they put the budget together. Otherwise their estimates for revenue would be wildly off.

Mr. Spivey said it wasn't an unknown when they budgeted this time. Mr. Permaul said they never had computer sales before.

Mr. Rajan said all these numbers could change. Mr. Spivey said that was correct, and all the revenues fluctuate.

Mr. Daal said they could split up payroll ten different ways throughout the spreadsheet columns.

Mr. Poullard said they seemed to be jumping, and he didn't think they answered Mr. Smelko's question, and what on the sheet was shocking to people in terms of where they felt they should spend less or more money.

Mr. Rajan said he wanted to understand what the end goal was for the meeting that evening.

Mr. Daal said that this was a difficult discussion for students because they've had relatively little experience thinking about direct and indirect costs and balancing budgets. Maybe a modest goal to have in the next hour was to just to agree on some simple principles for their budgets. For example, the bottom line, \$307K figure, to generally be closer to zero or higher. They don't want to keep that positive because that was unsustainable. He thought they could easily tackle that general principle at this meeting. Another general principle might be whether they want to try and increase revenues in order to tackle that first goal, or if they want to try to decrease expenses, assuming they want a zero or negative number for the activity-based bottom line.

Mr. Coley asked if he thought everyone was familiar with the services of the Auxiliary. Mr. Daal said he didn't. Mr. Coley said a lot of the questions he was hearing were not at the level of being able to do an analysis of the data. People were asking what a column meant, and what it entailed, e.g., for Student Affairs. Questions were what exactly Reservations was, at half a million dollars. When Mr. Permaul went over things in a fairly superficial way, that would have been adequate if people had a basic understanding. People needed to understand the rows on the spreadsheet. The question was asked what an activity would cost, but people may not immediately understand what the various rows were. Understanding the frame may be a good place to start rather than focusing as much as what was inside. Some people have had a considerable amount of time familiarizing themselves with the totality of the spreadsheet, but for everyone else, this was the first time they've seen it. Understanding the spreadsheet might be a measure of success for that evening. Once people understood it, they could then see what was inside the columns and rows, and think if they should or shouldn't spend as much money on things as they do.

Mr. Daal asked if they should do that by specific questions, because they've tried to do that giving ex cathedra lectures. Mr. Coley said his general sense was that people didn't understand this. For example, he asked if people knew what was in Student Affairs.

Ms. Oatfield said that was payroll for students to do advising. Mr. Permaul said the direct costs involve the staffmembers in Student Affairs, Jan Crowder, Millicent Morris-Chaney, Robert Jittrikawiphol, and the position held by Ann Marie Molosky when she was here.

Ms. Tang said she thought somebody just said that was under Government. Mr. Permaul said part of Ms. Crowder's salary was under Government.

Mr. Poullard said these past comments reiterates Mr. Coley's point. This was what people needed to understand so they could make an informed decision about what should or shouldn't be done.

Mr. Daal said that revenues were not reflected in student government costs, but the expenses were reflected.

Mr. Poullard said it was hard to even have a conversation about shock value without understanding what was involved.

Mr. Rajan said they could have a shock-value discussion, or talk about priorities, or really understand what each line item in the budget actually meant. All of those were crucial and would take over an hour. They needed to figure out what the Board found to be a higher priority at that time. It was clear the Board wasn't going to envision the budget for next year at that meeting but simply understand the budget they have. They'll need another meeting to envision their budget.

Ms. Tang asked if money for building maintenance came from reserves. Mr. Permaul said it did.

Mr. Poullard said reserves was also how the ASUC balanced its books last year.

Mr. Spivey said half the operational reserve was depleted.

Ms. Tang asked how much was left. Mr. Spivey said it was about \$250,000.

Mr. Gaurano asked about Bain, and if Bain was doing an audit. Mr. Permaul said the University has a department, Internal Audit, that answers to the Controller and the Chancellor. That unit selects departments to audit. This year the Auxiliary was one of the departments to be audited. They haven't begun that process. The students are audited every year as a 501(c)(3) and as an independent agency. There were two different processes.

Ms. Tang asked if it wasn't illegal not to be audited. Mr. Coley said the rules that she knew about auditing didn't apply in this environment. They're applicable to 501(c)(3)'s. The University is one grand entity, so the type of audit Ms. Tang was talking was an audit the University went through to see that the University was run in a sound financial manner. Each operation inside the University is audited by the University. That's why they call it "internal audit." It's not someone from the outside. They audit themselves.

Mr. Rajan asked what people wanted to do for the rest of the meeting. Mr. Daal said he thought they should continue to answer people's questions, and not have as an objective determining goals for the budget. It seemed like they had a lot of catching up to do.

Mr. Poullard said it seemed that there were probably three or four conversations that had to happen before they set a vision for the budget. One conversation was the reserve issue. There are models they could look at, ASIs, and then guiding principles will allow them to have a conversation about a vision of what people wanted to spend money on.

Mr. Permaul said that when he arrived, he saw that expenses were going to crash into revenues. When the Board created a model to develop the Student Union and began the notion of bringing in new

businesses, the idea was to generate revenue, which hadn't increased for a decade, in order to sustain returning monies to students. Mr. Daal said that was the central symptom for all of this.

Mr. Permaul said they had assumed their predecessors had worked with them on the frame of this organization and where their resources were invested. They've tried their hardest to save the Cal Lodge, and maybe it couldn't be saved. Maybe somewhere else they felt there needed to be changes in services. The Board needed to hear that. That's what Mr. Coley and Mr. Smelko were trying to get at. Going back to Mr. Coley's notion of the frame, he asked if there were any other questions about services that people would like to ask, such as what people do, and what direct expenses go towards.

Mr. Rajan said he thought it would be useful to know the projected growth or depreciation of each column of commercial activities. For example, would Lecture Notes Online break even or make a profit? Last year they heard about the Art Studio turn around and it breaking even. He asked if it was still positive.

Mr. Permaul said it was moving towards break even. What they're attempting to do was to make it positive. And that was only to the operating budget now. When they look at the entire cost, which includes indirect costs, they could see there's still a whole piece that the Auxiliary has been subsidizing all along. This goes back to Mr. Poullard's question, and what their values were, and if they consider the Art Studio and Lecture Notes valuable enough to subsidize. It's a question of what it was that they have a tolerance to support. They'll try and do an ROI to the best of their ability.

Mr. Poullard said that when Mr. Permaul inherited the Executive Director position, the entire staff of the Auxiliary was not filled. He rounded out what was supposed to be in place, positions that had been vacant for a long time. That was to actually do the work that people said were the values of the Association. If those were no longer the values, that would dictate how much staffing was needed to actually carry out those functions and reduce the Auxiliary's costs. When they divide up the pile, it's not like they could get rid of one-tenth of a person. When they divide services up, they're spread across a variety of different things. Somebody had to get paid to get those services done.

Mr. Daal showed the graph that he talked about, showing flat total revenue from commercial activities for the past ten years, while expenses kept rising.

Ms. Tang asked how much the ASUC debt was. Mr. Coley said it was about \$6 million. Ms. Tang asked how long it took for it to be paid back. Mr. Coley said it was paid back in about three years. They were very fortunate because of the contract with Follett.

Mr. Smelko said that all the money from that contract was used to pay back the debt.

Mr. Permaul said he would like to get a quick discussion of shock values, to make sure they've covered all three things. He asked Mr. Smelko what he thought in the budget was really wrong.

Mr. Smelko said he thought Student Affairs was important. That's something he'd be scared to decrease, given the amount of student groups that apply, and advisors having to oversee hundreds of student groups. So he would leave that. As for the Blue & Gold Yearbook and the Library, that stood out to him.

Mr. Permaul said that most of those costs were the Library. The Blue & Gold was a self-sustaining business.

Mr. Smelko said that Library costs definitely stood out to him. That's a question of service, especially when campus libraries were cutting down.

Mr. Smelko said that for Government, he wanted to see more what went into direct costs, because that's where students could best address what they might need less of. So he'd like to see a more specific outlining of what those costs were. He thought there was potential to cut that down.

Mr. Smelko said Reception also stood out, because he didn't care about reception. Mr. Permaul said that was the Secretariat. Mr. Smelko said it's not something he used very much, but it was necessary.

Mr. Smelko said he thought the Multicultural Center and the GA were fine.

Regarding Lecture Notes, was a keeper, in his opinion, because of the service aspect and the amount of money it brought in, even with indirect costs causing a deficit. It was a critical service the Auxiliary supplied. So he thought that cost was worth it.

Mr. Smelko said the Art Studio stood out to him. It's a great service to have.

Mr. Daal said the Art Studio was a huge deficit. If they look at the \$307K bottom line number for the Auxiliary, the deficit, the Art Studio was \$235K right there. That stood out, even though he appreciated the service.

Mr. Smelko said the Cal Lodge was kind of a dead horse and costs a lot. He wanted to see better protection of how to get the most from the Cal Lodge. That might mean investing more in it, if they thought that would help. But it seemed more likely down the line that they might find the best opportunity to try and re-evaluate the Cal Lodge. He didn't think now was a good time to be scared and run off and sell it. So he'd hold off on that.

As for Reservations, Mr. Smelko said he'd say to change it, because he thought they should make more. There were lots of policy changes that could be taken into account. But that's a necessary service. He would leave that, but would want to change it to the positive. They need to boost the revenue side of Reservations.

Mr. Daal said that part of the criticism they routinely get from campus was the fact that the Auxiliary rents out its rooms to students in MLK. And because of that, the rooms were kind of off limits, and it was less of a Student Union and more of a conference center. He asked about stopping that practice. The revenue line would go away, but it seemed like the net cost of this service exceeded its revenue. He asked what would theoretically be the impact of that.

Mr. Spivey asked if staff with continue doing what they would do, or if they'd just leave it open. Mr. Smelko they would still need to have some order, and that would involve staff.

Mr. Permaul said they would shift the expense to 100% of the students. Mr. Daal said that was if they continue the function. Mr. Permaul asked who would run the Student Union, and asked if they would just open the doors. Mr. Daal asked, theoretically, what it would mean if they got rid of Reservations. Mr. Permaul asked how rooms would be reserved. Mr. Spivey said nobody would control who came and went. Mr. Permaul said it's an event facility. Mr. Daal said they could convert it into more of a Student Union rather than an event facility. Mr. Permaul said the report done by SACI was not an appropriate



analysis. In fact, students do not use the Student Union all day long. They only use it after they finish their classes, from 3 o'clock on and into the evening. The vast majority of rooms are reserved by student groups. The Auxiliary doesn't have people telling them that students were being locked out. What students would like are more free services, like set-ups. Where the Auxiliary runs into problems was in the spring, where there wasn't enough time in the Ballroom for all the groups that would like to use it, given that they only have one major facility. They don't have a theatre or smaller ballrooms. He didn't think they were really going to see students fill up the rooms that are currently reserved by outside people.

Mr. Daal said he understood, but he was talking about a paradigm shift. If they start outside the box and didn't think of MLK as a facilities rental arm, and kept the staff who were involved in opening doors, and custodial, just the bare minimum, and thought of it as a building of rooms that students could just use, he asked if that \$100K figure go down to something closer to zero, or if it would go up.

Mr. Smelko said that if it went down to zero, it would be in chaos, and it would also still cost some money.

Mr. Poullard said that whether it was an event space or a Student Union, a student union still had to be run. And the question was, who would run the Student Union.

Mr. Daal asked about the fractional cost of the \$100,000 deficit that was attributed to the events space aspect of the Union. That's what he was asking, the minimum cost to run it without having Reservations.

Ms. Oatfield asked if the Secretariat would handle reservations, and if that would reduce the cost for full-time staff. Mr. Spivey asked if the Secretariat would be able to handle the EMS and handle the hundreds of events they have there. Ms. Oatfield said having part-time student employees would be cheaper than having full-time salaries. Mr. Spivey said asked what kind of service would result.

Mr. Daal said the RSF was run almost completely by student employees, and its hours exceed the hours of any other operation on campus. Mr. Spivey said it still had an administrative arm.

Ms. Oatfield said it's been suggested by multiple students that Reservations for Eshleman and MLK should go through one central office. If a student looks for a room, they could talk to people at MLK, and if they didn't have something, then they could go to people in Eshleman. It would be easier to have it run by one agency. And as for the Secretariat's office, students take part-time jobs at all hours of the day. Mr. Spivey said that's what Reservations staff does. And Reservations staff was about 80% students. They open and close the doors and re-set the rooms.

Mr. Permaul said there were only two full-time staff in that unit. Most of the cost was for student labor.

Mr. Rajan said he thought the question was whether there were economies of scale to combine Reservations and Reception. He asked if it was possible for the Auxiliary to answer that question. Mr. Permaul said they'll go back and try and make sense of that.

Mr. Coley said that question can be answered. What he was hearing from Mr. Daal's question was whether MLK should be an event space at all, for fees. Whether students' value for that space could be better achieved by just having it as space for student meetings without it being a revenue generator at all. He asked if that was in accord with his question. Mr. Daal said it was, and said he wanted to know what

that would do to the bottom line. Mr. Coley said that was another alternative and the next phase that needed to be addressed in this analysis, to be able to answer the question about not using it for a convention space for fees and just having it open to students, with students just calendaring the rooms and other students doing clean up, and what that would mean to the financial model. He thought that was a legitimate question. Those were the things that needed to be answered, and what values people had. One thing students complain about was having enough space for student groups to do what they do. Revenue gained, \$300,000, may not be worth the amount of access that student groups forego.

Mr. Smelko asked if there was a lot more that went into events management. Mr. Spivey said there was quite a bit of advising as well, and coordination with campus police, and set-up. Mr. Smelko said he felt that revenue would subsidize that half, and if they lost that revenue they'd lose events services.

A speaker said there was a lot of unnecessary set-up for events that happen in MLK. A group will reserve a room for a meeting, and beforehand, staff will have come in and set up the chairs nicely, but then as soon as a group got in, they'd sit differently. They could have a system where students reserve the room and people would get there a half hour early to set it up the way the group wanted, because staff won't do it.

Mr. Patel said student groups are charged for some space in MLK, like Pauley. He asked if there could be a differently fee model that was applied, where priority would be given to student groups, and they'd be charged less, and potentially subsidized by charging outside groups more. That would lessen the effectiveness of space to other people seeking space for conferences or job fairs. But for him, that would be justified.

Mr. Permaul said that students already don't pay for the Ballroom unless they have an extraordinary set up. Students always get waivers for that. The Auxiliary charges outside people for events, and they don't charge students.

Mr. Patel said that in that case, student groups always pay a service fee. They get the set up waived. Mr. Spivey said the room is not changed. They get a fee to put it back in the shape that customers expect. If a room is set up in theatre style and is left that way, students are in charge. The public pays the highest, the campus pays less, and student groups get it free most of the time. That's the model, the mix they have in the reservations process. If students were charged and everybody paid full price, this revenue model would be \$7-800,000.

Mr. Patel said his priority would be to subsidize it. Several people have proposed the same thing for Cal Performances, which people felt was ridiculous. Mr. Spivey said that what Mr. Patel was saying was sort of the way model works at that time. Mr. Patel said that perhaps subsidies could be better.

Mr. Rajan said that perhaps there wasn't enough information to figure this out at that time. It seemed like there was a lot of interest in trying to make MLK more efficient, either by doing away with Reservations or combining it with the Secretariat. He asked if there were volunteers who were willing to work on those different models with the ASUC Auxiliary to see what the impacts would be and to make an informed decision next time.

Mr. Permaul said they basically were right in the middle of the budget process at that time. They welcome anybody who would like to join them. But they'll have to crunch the numbers themselves and do it

with staff. They're doing these with a one-week turn around. His suggestion would be that the Auxiliary give them the information and people could tear it apart and look at it. If people had ideas, those were welcome.

Mr. Daal asked if they didn't want to have a vision for the budget before they concoct the budget. He asked Mr. Coley if they could push that off and focus more on the modeling questions before they actually got to modeling the budget.

Mr. Coley said they could, but those things would have to be done in parallel. So he would encourage Mr. Permaul, for the budget he needed to make for the Auxiliary, to just continue to march. And then, when the SOB understood the priorities, adjustments could be made because they would very, very likely be on the margin. And if they're radical, that slice could be taken out.

Ms. Tang said she would volunteer. She asked if it was possible to bring in a line-by-line budget of actual costs for that year for the next meeting, and to standardize these documents. Mr. Rajan asked if she meant how much was spent for stamps and pencils, in that kind of detail. Ms. Tang that was correct. Ms. Stager said that in order to get the indirect costs, the answer was no. For the direct costs, the answer was yes, and she had them in the ledger, by salary, computer costs, telephone costs, travel, etc. But as far as allocating all that across indirect costs, they didn't have that in the way this has been done. If they look at the line, "Bldg Mant," that row went all the way across, to the right-hand side, and Building Maintenance was \$627,791. If they look at the footnote, the way that was allocated from last year was based on a modified square footage. "Modified square footage" meant that the Cal Lodge was not included and the Cal Student Store was not included. And then Building Maintenance allocated for Government was \$142,866. That's because the amount for the 1st, 2nd, 3rd, and 5th floors of Eshleman. So in essence, they've already done that with indirect costs. She didn't have the exact costs for the CALPIRG office, for instance, for her to take the actual two line items and say this many dollars exactly belongs to CALPIRG. She couldn't do that.

Ms. Tang said it didn't have to be to that extent.

Mr. Daal said he would suggest that the Board prioritize what it asked of the Auxiliary, and for questions to be more along the lines of what an alternate vision would be if they didn't use MLK as an events facility but as a student group meeting place, and what that would do to their bottom line. He would suggest the Auxiliary do that rather than telling the Board how many red pencils it bought versus blue pencils. He didn't think that was really helpful.

Ms. Tang said she didn't know if it was going to be that big a deal. If they don't record the actual costs they incur every year, that was irresponsible because they didn't know how much they've spent. They should have records on file.

Mr. Permaul said they already gave a line item. They'll take that line item and bring it to people for them to see whether or not it met their needs. If what people wanted went beyond that, the Board would have to decide how it wanted to prioritize the Auxiliary's time.

Ms. Tang said as long as it was more detailed that was fine. Mr. Permaul said it wouldn't be.

Mr. Rajan asked if Mr. Permaul, Ms. Tang, and Ms. Stager could work together and get the budget as resolved as they could in a fast manner, and go from there. If they need more resolution, he'd work with them on this. Mr. Permaul said he would like Mr. Rajan to participate with him.

Mr. Daal said he thought they should schedule another time to finish this.

Ms. Oatfield asked if Lecture Notes was projected to be more of a revenue generator in the future. Mr. Permaul said that Mr. Rajan asked if the Auxiliary could project all of the commercial activities could financially be better in the future or whether they'd be greater drains.

Mr. Spivey said people also had to think about what they offer students.

Ms. Oatfield said it was nice to offer lecture notes, but if it costs the Auxiliary so much money, students could go to class and take notes. Mr. Spivey said that from what he understood, students do go to class and also get the notes. Mr. Smelko said international students who don't speak English as well use Lecture Notes.

Mr. Coley said that before people start thinking about eliminating things, they might want to think about whether they're a value. And if something was a value, they had to consider whether it can be priced and marketed in a way to cover costs, or how much they were willing as an entity to subsidize it, or if they can't, and if over \$90,000 was too much of a subsidy, or if \$10,000 was reasonable. That's what the group needed to do on all of these.

Mr. Coley said they really needed to look very closely at the Art Studio because the organization has been operating under the illusion for the last five, six, seven, ten years, that there was a \$30-35,000 subsidy going to the Art Studio, when, in fact, according to these allocations, it was closer to \$250,000. If the Board wanted to spend that money to make the Art Studio available to the campus community, and the larger community, then that was how they'd spend that money. But they may want to rethink that.

Mr. Rajan said that with no objection, they'd adjourn at that time.

This meeting adjourned at 7:54 p.m.

These minutes respectfully submitted by,

Steven I. Litwak  
Recording Secretary

DECISIONS OF THE BOARD

Procedures

- Dec. '09 Welcomed to the Board Khira Griscavage.
- Nov. '09 Established a Food Subcommittee for the Bear's Lair Food Court.
- Sept. '09 Heard a presentation from Business Services on RFP procedures.
- Sept. '09 Voted to have \$20,000 from ASUC reserves, held by the Auxiliary, to be used for the Lower Sproul campaign.
- July '09 Welcomed to the Board Prof. Myers and Dean Poullard.
- July '09 Elected Mr. Rajan and Mr. Poullard as Chair and Vice Chair.
- July '09 Established a subcommittee to consider amendments to the SOB Charter and By-laws.
- July '09 Approved an operating principle of perspective vendors submitting an ROI to the Auxiliary before having the matter come to the Board.
- May '09 Welcomed Mr. Zuo and Ms. Coleman to the Board, undergrad reps in two-year and one-year terms respectively.
- May '09 Approved proposed changes to the CAA that would have the ASUC and the GA share commercial revenue.
- 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 first Board meeting as undergraduate representative.
- 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.

Procedures (cont'd)

- 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.
- Feb. '05 Mr. Miles and Mr. Williamson joined the Board.
- August '04 Formed an ad hoc committee to study increasing efficiency in information technology.
- July '04 Elected Elliot Cohen as Acting Chair of the SOB, for 2004-5.
- April '04 Considered and amended ASUC Auxiliary Budget Principles.
- Jan. '04 Agreed to send another letter to the ASUC Senate and the GA asking to resolve the question of GA representation on the Board.
- Dec. '03 Voted to send a letter to the ASUC and the GA 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.

Procedures (cont'd)

- 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 members orientation by August 30.
- May '03 Agreed on the need for a Board members orientation to be held before the start of the school year.
- Dec. '02 Enhanced Board minutes by adding "Decisions of the Board."

Vendors

- Jan. '10 Voted to enter into negotiations with Subway Sandwiches and Saigon Eats.
- Dec. '09 Passed a Resolution to extend the Taqueria lease until May 31, 2010; gave the Taqueria until January 10, 2010, to accept terms that were presented in July. A negative response or no response would have the Auxiliary issue an RFP on January 11, 2010,
- Dec. '09 Determined weights for the Bear's Lair RFP scorecard.
- Nov. '09 Reduced CUBS' rent 50% for the summer months the space was inaccessible due to University issues.
- Nov. '09 Decided to charge a \$500 deposit to CALPIRG.
- Nov. '09 Offered to extend the lease of the Taqueria through May, 2010.
- Oct. '09 Extended the lease of Healthy Heavenly Foods through May, 2010.
- Oct. '09 Extended the Daily Cal lease to September 30, 2012, adding CPI and electrical monitoring.
- July '09 Approved a one-year contract extension for the Daily Cal, through 2012.
- July '09 Approved Mr. Zuo as SOB rep to sit on the Daily Cal Board.
- July '09 Voted to present the SOB's contract to Food Court vendors, and to go to RFP if the terms were accepted.
- May '09 Approved an amendment to the Naia lease, to allow the sales of sushi and salads, with Naia to reopen in the fall.

Vendors (cont'd)

- May '09 Approved a five-year lease extension for CALPIRG, with new lease terms.
- May '09 Agreed to a three-year lease extension for the Daily Cal, and on terms to repay deferred rent payments, with an SOB member to sit on the Daily Cal Board until repayment.
- April '09 Amended the Panda Express contract and voted to renegotiate.
- April '09 Agreed to present draft contracts to the Coffee Spot, the Taqueria el Tacotento, and Healthy Heavenly Foods, going to RFP's if necessary.
- March '09 Approved the Tully's Coffee contract.
- Feb. '09 Voted to approve the CUBS contract.
- Feb. '09 Voted to move forward with the Tully's contract.
- Jan. '09 Voted to continue negotiations with Panda Express and Tully's Coffee.
- Dec. '08 Voted to go out to bid for all Bear's Lair Food Court vendors.
- Nov. '08 Approved Action Vending proposal to increase vending prices.
- Sept. '08 Agreed to Daily Cal terms for deferment and reduction of rent.
- 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.



Vendors (cont'd)

- May '09 Voted down approval of the proposed Panda Express contract.
- May '09 Voted to go to RFP, on June 30, for the STA Travel space, and any other spaces that become vacant in the coming year.
- May '09 Revised the agreement with CampusLink to end its monopoly on Student Union advertising.
- 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 used of an inspector suggested by the Alumni Association to inspect the Cal Lodge, to authorize pursuing an agreement for the Alumni Association to manage the Lodge.
- May '05 Approved the further exploration with Daryl Ross of placing a green café at the southeast corner of the Student Union.
- March '05 Heard a presentation by Daryl 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.
- April '04 Authorized negotiations for a 12-month contract with the current Bear's Lair tenant, and to terminate the lease if negotiations failed, and to issue an RFP.
- March '04 Agreed to a four-with pilot project for the New York Times Readership Pilot Project.
- March '04 Rejected contract proposals submitted by Pub management, called upon the Commercial Operations Committee to initiate a student survey on use of Pub space, and approved sending out an RFP for the space.

Vendors (cont'd)

- 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 community 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, begin Jan. 1, '05, to the Taqueria and Healthy Heavenly Foods.
- 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

- Nov. '09 Allocated \$30,000 out of Auxiliary reserves to fund a study on a maximum build-out option for Lower Sproul redevelopment.
- May '09 Learned that due to a possible FEMA grant, phase 3, of the Student Union seismic project would be postponed until the summer of 2010, including the Pub, and the Store, and the Multicultural Center.
- Dec. '08 Work began on the seismic retrofit of MLK.
- Oct. '08 Heard from, gave feedback to, Brailsford & Dunleavy, 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 Leybovitch, 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 SOB 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.
- Feb. '03 Approved a subcommittee to look into policies for Pauley Ballroom and for fee waivers.

Budget

- Feb. '10 Had a session to envision the Auxiliary budget.**
- July '09 Approved the 2009-10 Auxiliary budget.
- April '06 Approved the 2006-7 Auxiliary budget.
- April '05 Approved the 2005-6 Auxiliary budget.

Budget (cont'd)

- Sept. '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 OSA position for the GA.
- April '04      Approved the ASUC Auxiliary FY 2004-5 budget, including a transfer to the ASUC of \$50,000 from Auxiliary Contingency Reserves.
- Feb. '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

## STORE OPERATIONS BOARD MINUTES

March 9, 2010

Present: (Members and others)

Haitham Alloun (Coffee Spot)	Oscar Mairena (fmr. Senator)	Nish Rajan (Board member)
Ariel Boone (Senator)	Emily Marthinsen (Bd. mbr.)	Chaney Saephan (Senator)
Rebecca Coleman (Board member)	Arnoldo Marquez (Taqueria)	J.P. Shami (ASUC Senator)
Ron Coley (Board member)	Cynthia Nava (Senator)	Will Smelko (ASUC Pres.)
Miguel Daal (GA President)	NhuNhu Nguyen (Senator)	Tom Spivey (Auxiliary)
Lean Deleon (Senator)	Alan Ni (ASUC Finance Ofcr.)	Marilyn Stager (Auxiliary)
Jeff Deutsch (Bookstore Mgr.)	Christina Oatfield (Senator)	Viola Tang (Senator)
Christopher Franco (Senator)	Alberto Ortega (Bd. member)	Tu Tran (ASUC EVP)
Jonathan Gaurano (Senator)	Rahul Patel (Senator)	Matt Waid (Dean's Liaison)
Minji Kim (ASUC Senator)	Jonathan Poullard (Bd. mbr.)	Yishi Zuo (Board member)

### SUMMARY OF THE MEETING

The meeting was called to order at 6:43 p.m. in the Senate lounge, 2nd floor, Eshleman Hall.

#### Announcements

Christine Rasmussen was present, from the Tang Center's Health Matters Program, a faculty and staff wellness promotion program, to talk about the Eat Well Berkeley Initiative. It has three components: vending, requiring 50% of the products to adhere to California guidelines for healthier snacks; catering, with Healthier Meeting Guidelines; and restaurants, with checkmarks on menu boards to identify healthy items.

Guidelines were still under review, and the Board might want to give input. The main purpose was to help people make healthier choices when dining on campus.

The Eat Well Berkeley Initiative wanted to obtain support and participation from new restaurants coming to the ASUC.

#### Anji Singh, Subway Franchisee

Mr. Singh introduced himself and said he owned Subway, having worked with Subway since migrating from India in '91. He's had five Subways, including one at Cal State Hayward. He opened a Subway on Telegraph Avenue in 2007 and since then has dreamed of coming to campus.

There are three Subways around the campus, but those weren't enough. For owners of this franchise, it's their business, and they run it on a daily basis. With their population, a good Subway, with good management, could feed a maximum of 10,000 people. Mr. Singh said he had a strong conviction, from 20 years of experience in working with Subway, that this would be the best service for students.

Mr. Singh said he doesn't own the Subway across the street, which would remain there.

#### Arnoldo Marquez, Taqueria Tacotento

Mr. Marquez, owner of Taqueria Tacotento, said he didn't sign the contract that was offered to him the last time because he wanted longer terms. Going to an RFP would have better terms, and he was promised, at many meetings, that he'd a great chance to win his own spot. Now that he wasn't going to have an opportunity to bid for his space, he wanted to sign the contract, with the same terms the Auxiliary offered in the RFP.

At its December 8, the Board voted to go out to an RFP if Mr. Marquez decided not to accept the terms of his lease. So he could have bid on the space for the RFP.

#### Discussion of the ASUC Senate Resolution In Support of Going Out to RFP on Space No. 2

[See Appendix A for the text of the Resolution.]

The Resolution was passed by the ASUC Senate, the student representatives of the campus. It was sponsored and voted upon unanimously by the Senate. It addresses the SOB's decision in February to bypass the RFP process for space No. 2 by making an agreement to put in two businesses.

After Panda Express was voted down, an agreement was made to have every potential commercial service go through an RFP process.

An RFP process would reflect this community's desires and values, which would help ensure businesses coming in would be successful. The Senate looked at finances and understands they'll have to cut programs. But they wanted to set principles and precedence for how they do business. They're asking that space No. 2 go out for an RFP process, as was decided in December.

It was noted that space might remain vacant lay fallow for the next three months as they did another RFP process. And the Board would turn over.

It was noted that establishing a new business would take a minimum of 120 days.

In response to a question, it was noted that the Food Collective wouldn't go through an RFP because Berkeley it was an exceptional circumstance, not an external business coming on to the campus, but was non-profit and student-run.

According to the CAA, the Board had to go out to RFP for third-party commercial vendors.

#### Update on the Judicial Council Advisory Opinion

[See Appendix SB for the text of the Advisory Opinion.]

Because of a difference of opinion on whether the proper procedure was followed at its last meeting, an Advisory Opinion was requested of the ASUC Judicial Council to look over the CAA the Board was supposed to follow.

It was noted that the Board didn't necessarily have to abide by the J-Council.

It was suggested that this be considered at their next meeting.

Space No. 3 went through an RFP process, and there were two bids for the two spaces they had open. Saigon Eats was under negotiations for space No. 2. If they thought Saigon Eats was the winner of the RFP, the Board would enter into negotiations on space No. 3 with Saigon Eats, as opposed to Subway.

Regarding Mr. Marquez' proposal to sign a lease at that time, the contract was for three-years, with a two-year performance clause at \$400,000, where vendors reaching that criteria in three years would be awarded two years. The RFP was for one space, No. 3.

If Mr. Marquez won the bid, he'd have an opportunity to negotiate for a five-year contract. Speaking time on the question expired.

#### Update on the ASUC Auxiliary Budget

An activity-based, costing model was developed and presented at the last Board meeting reflecting the cost of doing business. They were classifying items into "Core Services," such as ASUC student government and Student Affairs; "Targeted Services," such as the Studio, the Cal Lodge, the Multicultural Center, and the Library, things that weren't necessarily core to the functioning of the student government and of the ASUC, and are services provided by the ASUC to the greater campus; and "Commercial Activities," which provide the revenue and include the Bookstore and vending.

Vendors brought in \$213,000 that past year.

Last year the Auxiliary was \$307,784 in deficit. For this fiscal year, a \$70,000 deficit was projected, although the numbers were still being worked on.

Mr. Rajan and Ms. Stager were proposing savings from the Library, with about \$100,000 in direct cost savings, in salaries, benefits, and expenses from not replacing an empty position and by eliminating some student positions. The proposal would save about \$100,000, which was proposed to be spread among their core services.

The GA needed to increase support for the Funding Advisor, who is supported only at 70%, with the GA making up the other 30%.

The proposal would not fill Ann Marie Molosky's position. The Library wouldn't be open to the extent it was now, and there would be a reduction in service.

The Board could make recommendations to the Auxiliary, which would implement them into the budget, with the Board to then approve the budget.

If Library services were cut, it could be easily redeemed, and could be brought back.

It was noted that the Art Studio had a net loss of \$250,000.

Ms. Coleman said she had a conflict of interest and would recuse herself from discussion about the Auxiliary budget. She sent out an e-mail about this.

The Studio had \$182,000 worth of revenue. A suggestion was made to charge more. It was noted that possibly more than half of Studio users were from outside the campus community. The Auxiliary Director and the Studio Manager could be charged with turning the numbers into something more acceptable. It didn't have to be a decision to either keep it open or close it.

A suggestion was made about possibly increasing the price of Lecture Notes, which was losing \$31,000.

It was noted that it was at a late stage for the budget, with little flexibility.

Concerns were raised with Lecture Notes, with costs of \$31,569; the Art Studio, \$237,695; the Cal Lodge, \$94,053; and the Library, \$235,643.

It was suggested that members of the GA and the Senate discuss those services further and take that back to the Board. Mr. Rajan asked people to please get their feedback in.

A question was raised about core services, such as Student Affairs, \$314K, and Government, \$1M, and if they were getting that amount in value.

The GA wanted more money for the Funding Advisor position, \$33K. With GA/ASUC allocations at one-third/two-thirds, another \$67,000 would go into the ASUC, with the Auxiliary to determine how to structure the addition.

A request was made to discuss the possibility of signing Mr. Marquez' lease. Mr. Zuo said he talked with all of the students and they all agree. They came to a consensus that they don't want Subway in that space. A motion was made and seconded to negotiate with Saigon, and to sign or go to RFP on Mr. Marquez' space. Board members would fill out the score sheets by Friday.

It was noted that in making these decisions, the Board had to consider estimates of revenue for next year.

It was noted that having indicated to Saigon Eats that it would move into space No. 2, the motion would mean the business would now be told No. 2 would be bid.

A question was raised as to considerations of business practice.

The above motion was withdrawn, and a motion was made to end negotiations with Subway, sign a contract with Mr. Marquez, and negotiate for space No. 3.

Reservations were raised by Board members.

With no objection, the meeting was adjourned at 9:19 p.m.

## **End Summary of the Meeting**

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This regular meeting of the Store Operations Board was called to order by Nish Rajan at 6:43 p.m. in the Senate lounge, 2nd floor, Eshleman Hall.

## ANNOUNCEMENTS

### Christine Rasmussen, Tang Center, Health Matters Program

Christine Rasmussen introduced herself and said she was from the Health Matters Program in the Tang Center, a faculty and staff wellness promotion program. She was there to talk about the Eat Well Berkeley Initiative. It started with a vision for a healthier Cal by improving access to healthier programs. The leads on the program are University Health Services, Health Matters, UCB Nutrition, and the Physical Activity Work Group; and their partners are the City of Berkeley, Kaiser, the ASUC, and RSSP.

Ms. Rasmussen said there are three components to the program: vending, catering, and restaurants. For the vending component to the program, for all vending machines on campus, this new policy requires 50% of the products to adhere to California guidelines for healthier snacks. With this initiative, they hope to make these snacks more present by using a checkmark symbol on snacks that adhere to healthy guidelines. To give an example of the requirements, these snacks had to be less than 35% calories from fat, less than 10% calories from saturated fat, with no trans fats added, and with less than 35% of total weight from sugars.

The screen showed some examples of some products in vending machines. They could look at the comparisons for checkmarks on the ones that adhere to the guidelines. Vending machine products tend to have a lot of salt because they're processed food, and this program will help identify some better choices when buying from vending machines.

Ms. Rasmussen said the second component to the Eat Well Berkeley Initiative was the catering component. The nutrition guidelines for catering were developed by the Nutrition Subcommittee of the Nutrition and Physical Activity Work Group. They're also working with the Strategic Sourcing Project to implement the program. Some of their pilot partners to launch this catering component were Bancroft Catering, Cal Dining Catering, and the Faculty Club.

They're also working with the Health Matters Program. They have Healthy Meeting Guidelines they created for event planners to help them choose healthier options. The Eat Well Berkeley Initiative will help people identify those healthier options. The screen showed an example of Healthier Meeting Guidelines. Some of the Guidelines include having fresh fruits and vegetables when they have food, to always have water available, and to really focus on decreasing portion sizes, and increasing fruits and vegetables, with no trans fats, having healthy fats, lean protein, and whole grains.

Ms. Rasmussen said there was also a sustainability component. For example, they encourage the use of water pitchers over water bottles. The third component really was why she was there that evening, the Eat Well Berkeley Restaurants. The Guidelines were still being worked on, and that might be something they could hear the Board's voice on. This will reflect the City of Berkeley's program, which was similar, for restaurants around the City. The guidelines were also integrated with sustainable Food Service Practices Guidelines. Unlike the other two components, there will be checkmarks on menu boards to

identify the items. Their Pilot Partners for the Restaurant Component are the ASUC, specifically the Coffee Spot, Cal Dining Cafés, and possibly dining halls. With this program they'll be able to have these checkmarks all over campus restaurants to help identify healthy choices.

Ms. Rasmussen said the Guidelines for this were still under review. The main purpose was to help students, staff, and faculty make healthier choices when dining on campus. Promotion will be a key factor to the success of this program, because as they knew, on campus they get bombarded with lots of signage and symbols. So they really want to let people know what these checkmarks stand for, and if they choose to look for these checkmarks, to know what they mean.

Ms. Rasmussen said that some other initiatives surrounding this program, are the I (heart) tap water. They also have a TGIF grant proposal for hydration stations in existing buildings. Another initiative was a Sustainable Food Service Practices Action Plan and the Food Choices Policy, which was still under review.

Ms. Rasmussen said that one of the next steps with the Restaurant Component for the Eat Well Berkeley Initiative was to obtain support and participation from new restaurants coming to the ASUC. They want to work with the food committee that will be established soon, hopefully. They want to assist restaurants with the Guidelines and help them adhere the Guidelines, understand what they mean, and encourage healthier choices in food options, help to get the message out to customers, and help with talking to students, because that was the best way to do this. They might possibly seek to incorporate Eat Well Berkeley Guidelines into restaurant contracts. They're also thinking about a possible fall tasting event for Eat Well Berkeley options. If people have any questions, they're looking for their feedback. She called for any questions.

Ms. Oatfield asked what she thought about bringing nationally branded large food restaurants into the Bear's Lair Food Court. Ms. Rasmussen said that obviously that was not very successful. She wasn't on campus for that. What they really want input from the students was on what they want. That didn't work because of the student voice. They're really looking for restaurants that will adhere to health guidelines and to sustainable food service practice guidelines.

Ms. Coleman asked if she thought Subway met healthy food criteria. Ms. Rasmussen said they might meet the calorie and protein guidelines, but guidelines also include sustainable food service practices, and Subway didn't necessarily adhere to those. But she didn't know the whole story on that.

Ms. Rasmussen said she would like to thank them for having her.

#### Anji Singh, Subway Franchisee

Mr. Rajan said the next speaker was Anji Singh, of Subway, who would like to make a statement.

Mr. Singh introduced himself and said he owned Subway. He introduced his wife. They have been working for the Subway franchise since they migrated from India in '91. He has a Master's in Geography, as did his wife. He's gone to law school for three years. Before he came to America, he helped his dad in his family business. When he came to America, he was looking for a business, and opted to go

with Subway. He's been a franchisee with Subway since '92. Up to '96 he had five Subways, including one at Cal State Hayward. He opened his first Subway at Cal State Hayward in 1996. It was so popular, they had to build one more in the same building, and a third one, to meet the demand. They were until 2006, when they lost the lease. The school hired him as a director to run food businesses, but he didn't last long at that and resigned from the job after two months, and went back to Subway. He opened his second Subway on Telegraph Avenue in 2007 and since that day, his dream was to come to campus and to serve the community there. He's been there for almost three years and came to the office about a year and a half ago, talked to people about coming there, although there was no space at the time. He asked to be kept on the list for when an opportunity came up, and to be called when that happened. He normally comes to Bancroft every second day.

There are three Subways around the campus, but those weren't enough. He's a franchisee looking for a spot to meet the local demand of students. Two months ago they got a letter from the Auxiliary. He came to the meeting for the RFP. He's talked to groups of people in the last two years. His feeling was that a lot of people didn't understand what Subway was corporate and what a franchisee was. As a franchisee, owners have nothing to do with Subway. They pay Subway royalty, but the amount they pay was nothing compared to the service they get from them. Once somebody is a franchisee of Subway, it's their business, and they run it on a daily basis. They decide the prices, they hire their own people, and it's their business. Subway had nothing to do with it. Subway was involved because its name was used. It was involved to procure production at a much lower price, and bought in bulk. That's why Subway was able to provide production at a lower price. And they're able to give good prices to customers. Subway helps franchisees in designing the stores and with checking quality of meats. There are some check-marks, but it's a franchisee business, and corporate had nothing to do with it. Most of the people he met during the last two years from the campus haven't understood this and have said corporates were bad. But this was not corporate. Every Subway owner owns the restaurant and decides what needed to be done to meet the demands of people.

Mr. Singh said it will be his investment and his people working. It will be their store. It's not a franchise store.

Mr. Singh said that was the reason he was there, to make sure people who make the decisions knew about this. With their population, a good Subway, with good management, could feed a maximum of 10,000 people, if they want to serve them the best way. The campus needed a lot more. If they put one Subway inside, it was only a matter of time before they'd be asked for more at different locations inside the campus to meet the demand.

He had a strong conviction, from 20 years of experience in working with Subway, that this, for sure, would be the best service for students. Mr. Singh said he wanted to thank the Board so much, and said he was open to questions on anything they needed to ask him on Subway corporate and franchise relationships, or anything else.

Mr. Deleon said he would like to thank him for coming. He asked if the Subway across the street would remain there if Subway were to come to the ASUC. Mr. Singh said it would. The reason is if they find a spot three or four blocks away, they'd open another one. Subway was looking for space so it could serve the student community in the best way. The store across the street serves the students because it's close by. But a store inside the Student Union would be open to student demands and open according to their demands. They'd open according to students' times and close at 10 o'clock or so, and would be able to

accept credit cards issued by the campus. They could also deliver sandwiches to houses. He had experience working for the Subway at Cal State Hayward and they delivered to dorms. The Subway outside couldn't do that.

Mr. Rajan asked if he had nothing to do with the Subway across the street. Mr. Singh said he wasn't the franchisee of that store, but he had a Subway down the road, less than a mile away. There are three Subways around the campus, less than half a mile away.

Seeing no other questions, Mr. Rajan said he would like to thank Mr. Singh. Mr. Singh said he would like to thank them. (Applause)

### Arnoldo Marquez, Taqueria Tacotento

Mr. Rajan said the next announcement was from Arnold Marquez, of the Taqueria. Mr. Marquez introduced himself and said he was the owner of Taqueria Tacotento. He wanted to thank them for allowing him to speak and to plead his case. He hoped all of them had a chance to read the e-mail he sent to them yesterday.

Mr. Marquez said he wanted to explain a little why he didn't sign the contract that was offered to him the last time. He always wanted a longer contract, and by going to an RFP, he could have better terms, because he was promised, at many meetings, that he would have a great chance to win his own spot. Now he saw that he wasn't going to have an opportunity to bid for his space, even though he was waiting for the RFP. So he now believed that the best thing for his business, for the students, and for the ASUC, was to sign this contract. He thought the best way to secure a long-term relationship with the ASUC was to provide exceptional service for the next few years, and he hoped to have strong support from the students and the community. He wanted to thank them so much for all their support. He was open for any questions.

Mr. Rajan said that when he said he was ready to sign a contract with the Auxiliary at that point, he asked if he would be willing to accept the same terms the Auxiliary offered in the RFP. Mr. Marquez said he would be. He was just asking to re-sign the contract they offered to him. The reason he wanted to go through an RFP was because he wanted longer terms. He liked being there and felt a lot of support. Everyone wanted him to stay there. He was just asking for the same things. Mr. Rajan asked if those were the same terms the Auxiliary asked for in the RFP. Mr. Marquez said that was correct. He always just wanted a longer contract.

Mr. Rajan said that Mr. Marquez was offered the same terms previously, and didn't feel he could sign. He asked if something changed since that time. For instance, he had until January 4, at least, to sign before. Mr. Marquez said he knew. But by talking with friends and family, and with many meetings with Mr. Spivey and Mr. Permaul, he thought he had a great chance to win the RFP. The reason they did that for the other spaces was because the Auxiliary wanted to find out what the market rate was. He could stay open late, and all those other things, and would have more marketing, and work with the ASUC. He could show what he could do. He just wanted to concentrate on business. It's been too long for him and the Auxiliary. He just felt he was ready to sign and concentrate on the business.

Discussion of the ASUC Senate Resolution In Support of ASUC Senate Resolution In Support of Going Out to RFP on Space No. 2

Mr. Patel asked if the reason he didn't sign the contract initially was because he wanted a longer contract than the SOB was willing to offer him. Mr. Marquez said that was correct. That was the reason. He just wanted to feel he could have more time to stay in business and try to help that community. Mr. Patel asked if he was told that if he were to go to an open RFP process and were to bid, he would have a really good chance of winning and getting a longer contract. Mr. Marquez said that was the reason. That's when they offered it to some other people. He felt that wasn't fair, but he decided to go for that because he had everything the Board needed and he thought it was the best thing for the students. He felt a lot of support and he liked being there.

Ms. Coleman asked if Mr. Rajan could talk about how the Board voted at the December 8 meeting to go out for an RFP for the space, and how the Board configured the terms of the RFP, potentially. She asked if he could make that clear for everyone. Mr. Rajan asked if she wanted him to recount that from memory. Ms. Coleman said she was asking as to what the Board voted on at the December 8 meeting. Mr. Rajan said there are minutes online that he could look at. And anybody was welcome to help him. He asked if she wanted him to find it.

Ms. Coleman said that on the meeting of December 8, the SOB voted and decided to go out to an RFP if Mr. Marquez decided not to accept the terms of his lease. She just wanted that to be stated very clearly, and that Mr. Marquez' point, that he could have bid on the space for the RFP, should be taken seriously. Mr. Rajan said he thought he agreed with that assessment, and asked if there were any objections to that.

Mr. Smelko asked if they could please be cordial. Mr. Rajan wanted to be accurate, and Mr. Smelko said he hoped they could be respectful.

Mr. Rajan said he would like to thank Mr. Marquez. (Applause)

DISCUSSION OF THE ASUC SENATE RESOLUTION IN SUPPORT OF GOING OUT TO RFP ON SPACE NO. 2

Mr. Rajan said it was important for the Board to understand how the Senate felt about this issue and why. Hopefully people will take this opportunity to ask questions on why the Senate took this step and to ask if it considered all the possibilities. Mr. Rajan said members of the Board should have the text of the Resolution.

Mr. Patel said he would preface the presentation by talking about why the Resolution was important. He didn't want to lecture on the structure of ASUC government, but the Resolution was extremely important because it was passed by the ASUC Senate, comprised of student representatives of larger student communities on the campus. The Senate represented the students' voice.

Mr. Patel said he, Ms. Oatfield, and Mr. Franco wrote the Resolution, but it was sponsored and voted upon unanimously by the Senate. That meant that all of the student representatives were in agreement with it.

Mr. Patel said the Resolution sought to address a specific issue, the decision that was made in the February Store Operations Board meetings that essentially bypassed the RFP process for space No. 2 by making an agreement to put in two businesses, and in doing so, bypassing the RFP process for that space. This was an issue of process, nothing more or less.

There were many Board members who weren't on the Board last year, but last year, when a similar incident happened with Panda Express, which resulted from this going into negotiations without an RFP process. There was much student dissatisfaction, and many student protests. And after a long period of time, with a lot of time and money wasted, an agreement was made, after Panda Express was voted down, to have every single space from now on that was open for a commercial service, go through an RFP process with various bids from the public. That was a precedent that the Board at that time agreed to. That would be the most transparent and public process, and a process that would find the best options possible for those spaces, so as to reduce both their chance of getting a bad business and their chance of getting a business that wasn't widely accepted by the student community at-large.

Mr. Patel said that not even a year after that precedent was made, by bypassing the RFP process, the Board was essentially going back to that mind frame and the position they had with Panda.

Mr. Franco said the SOB was in charge of running ASUC businesses, but the Senate has seen what has been going on with the Board and felt they need to check themselves. The Senate has looked at the Board's decision and has taken into consideration finances, the context they're in, with specific situation, and the setting of a precedent on how they run their businesses. It was very dangerous.

Mr. Franco said he viewed the RFP as a collective process, where Senators' constituents, the student body and patrons of these businesses, and Board members, collectively create criteria for the RFP that went out to the public. Those criteria would reflect the community's desires and values. So bids they get would be from businesses the Senate and the student community wants. What happened was the RFP process being suspended. In doing that, they suspend that collective process. They want to set up their businesses for success, and when criteria that was created as a whole is ignored, he asked how businesses would be successful. This Senate has looked at the finances. They understand it wasn't going to be beer money and champaign tastes, and they understood they have beer money and will be drinking beer. They know they'll have to look hard at their budget and cut their programs. They understand they may have to scale things down. But they had to set principles and set precedents for future Senators and for future student bodies as to how they do business.

Ms. Coleman said they're asking that space No. 2 go out for an RFP process, as was decided in December. She thought it reflected poorly on the ASUC as a landlord and as a student government for them to make promises to some of their vendors about having the opportunity to bid on their space, and then to rescind that promise because it seemed inconvenient to follow through on a promise they made.

Mr. Patel said that Mr. Rajan talked to Senators at a Senate meeting, and that resulted in a Whereas Clause, that the Senate understood lost revenue would result in tough decisions.

Mr. Patel said he wanted to emphasize that Senators understand the fiscal situation and the dire constraints they were under. They've been turning away student groups for funding. It's a very difficult process. But at the same time, these are their businesses and this was their space; and they decided as

student representatives that to skip an RFP process would allow for a process where non-weighted criteria would take precedence. So therefore there was no ability for student input into the criteria. That may result in criteria being prioritized that the Board might want that didn't necessarily reflect what the students want on their campus. And personally, he felt that not going through the RFP process could also create a situation of lost revenue. As they saw last year, the negotiating process can be excruciatingly long, and increasingly frantic, and can waste a significant amount of time. An RFP process could avoid later grievances and disagreements that could stall leases being signed and operations beginning. He called for any questions.

Mr. Rajan said the SOB was charged to carry out the commercial activities of the ASUC. By design, it was somewhat separate from the political process. The Senate confirms members to the SOB, and he'd think those two student members, and the student members confirmed by the GA, would have enough input to represent the points of view they should be representing. He asked if students on the Board were being charged with not representing students correctly, or if Senators were saying there were different points of view, with the Board deciding on a point of view that was different from the Resolution authors' own.

Ms. Oatfield said she didn't want this interpreted as a personal attack, but she thought there were certain members of the Board who needed to do a little more due diligence, and do their homework a little bit more, in following up on the issues and thinking through things carefully, and doing what they needed to do to be good decision makers on the Board. In a sense, she felt that responsibility in this case has kind of fallen on to the Senate.

Ms. Boone said it wasn't necessarily that the representation of student opinion was different, but the weight of, and importance of student opinion in this case was so important. That's why people were at the SOB meeting in solidarity, and not to undermine the voices of other students on the Board. Mr. Franco said that not only do folks on the Board get to participate in finances, but all 20 Senators also get to participate. And they were there that evening, actively taking part in this process.

Ms. Oatfield said the two students the Senate appointed last year actually voted against the motion to put Subway and Saigon Eats into those two spaces without an RFP process. So she thought their representatives represented them.

Mr. Rajan said that this was something that was considered deeply by the Board, over time, and wasn't a split-second decision. It was always an issue of process versus revenue. It was clear that the ASUC Senate has taken a very strong opinion about the process, and that people were worried about the precedent. But the Board has gone through a process where it set minimum criteria. It was excruciating to get to that minimum criteria, and it took years. And once they got to that, they put out that minimum criteria and got a very low response rate. The Board made the decision it did, but he wasn't sure there could be a different outcome in the future.

For instance, now they have at least one more vendor who was interested in meeting the terms of the criteria. Mr. Rajan said it was surprising to him that this vendor was willing to meet those terms since the vendor got slightly more favorable terms in the past, and rejected them. It was hard to know how seriously to take this offer. With lack of real evidence that someone else would go into that space, that space might lay fallow for the next three months as they complete another RFP process. And then this

entire Board will turn over and the ASUC will get to reset all over again next year. He didn't want that to happen and wanted something to happen this year. He asked how he could guarantee that.

Ms. Oatfield said that Mr. Marquez' space has been on a month-to-month basis for years, so she didn't see what the problem was with waiting another month or two for him to get a contract, or for someone to get a contract for that space, following proper procedure.

Mr. Patel said that Mr. Rajan mentioned that Mr. Marquez was proposed favorable terms, but as Mr. Marquez mentioned, "favorable" was a very personal and subjective word. His favorable terms were for a longer contract and he didn't see that possibility in the contract that was offered. So Mr. Marquez elected to go to the RFP process, which he was told would enable him to potentially get a longer term contract.

Mr. Spivey noted that the campus would need 60 days to review plans for renovation of the space and another 60 days possibly for build out. So they're looking at 120 days, at a minimum, to establish a new business in this area.

Mr. Marquez said he was disillusioned by them. He could sign the contract right now. He's been there for so long, and was established and proven. He thought that was best for the students, the ASUC, and for his business.

Mr. Smelko said he wanted to ask something for future reference, because it's been an issue and was something he was originally in favor of. If they go this certain route now, what the Senate was saying, he wouldn't be able to support that any more. He asked if they would be willing to state that they were no longer in favor of letting the Student Food Collective go through any other process than an RFP in the future. Ms. Oatfield said she saw those as two separate issues.

Mr. Smelko said that since the Food Cooperative would be doing the same thing Panda Express did, with Panda being cited as a prominent example of what a violation was, he asked how they could do the same thing with the Co-op if that was a violation. He asked if she could explain that distinction.

Ms. Oatfield said that in this particular case, a vendor was promised the right to bid on his space, and the Board was going to deny him that right. That was a personal promise made to someone. That was an exceptional circumstance. The Food Collective was another, very different, exceptional circumstance. The Senate has deliberated about that and unanimously passed a Resolution about it.

Mr. Smelko said that didn't answer the RFP question.

Mr. Poullard said he would like to hear the question about the RFP answered. He asked why they would do that with one and not the other.

Ms. Oatfield asked if either of them read the Food Collective bill the Senate passed. Mr. Smelko said he did. Ms. Oatfield said she'd try to summarize what it said. The Senate considered the Food Collective to be an exceptional circumstance because it's not an external business coming on to the campus. It's a student, non-profit organization. But it did have some similar features that other food businesses on campus would have. The Senate believed that based on precedence at other universities, where student-



run businesses get priority over outside businesses, that this was that they wanted their SOB to replicate here, because it was a priority to them, and they felt that because as a non-profit and student-led organization, it shouldn't be compared to outside businesses head-to-head. They specified in the bill that they thought it was an exceptional circumstance. And the bill even acknowledges that the ASUC would be making an exception to policy and that they would be okay with that, as long as the ASUC was very intentional and very transparent about that. A public statement was issued saying it knew an exception was being made to the Commercial Activities Agreement and they thought it was justified because it was an exceptional circumstance. If other students wanted to have a say, she would think a lot of time for public dialogue and discussion was available before the Board made any final decisions.

Mr. Franco said the Food Co-op would be analogous to CALPIRG. It was very separate in the eyes of the SOB and its dealing with student groups. The Co-op would be a different classification than dealing with Panda Express or Subway, or their own vendors. They would be setting precedent in the issuing of RFPs that they were dealing with two different animals, in a sense.

Mr. Patel said that to add to that, since it would be student run and student initiated, it would be an extremely public process, with the ability for students to have input. If the student response was overwhelmingly that the Food Co-operative was the spawn of Satan, then it wouldn't come into that space. But since it's student run, it would be open to student response and input on whether or not this potential exception was a good enough, principle-based process to go by.

Ms. Coleman said she would encourage the SOB to see the Food Cooperative a separate issue that wasn't germane to this discussion. And about time scale, it was worth it to spend 130 days to go through the correct process if they're going to invest in a business that might be for five or ten years.

Ms. Tang said that one group was external and the other was student initiated. The RFP exists to evaluate businesses that come in, and to have student concerns voiced in that process. The Food Cooperative hasn't been opposed by any students and had a lot of weight in different student communities, showing that students wanted it to be here. So it didn't face the same issues with an external business would face coming on campus.

Mr. Rajan moved to extend the discussion for five minutes so he could ask a question. The motion was seconded by Ms. Coleman and passed by hand-vote.

Mr. Rajan said he was going to wait for this from the Judicial Council, but he'd ask the question now, a follow-up on Mr. Smelko's question. He didn't think the Board has exactly come to an understanding or a resolution on whether the RFP process was the best process. They have tried many different things over the last few years, not all of them successful. They tried direct negotiations, which didn't work as planned; tried writing their own terms, which had its own troubles; and they tried the RFP process, and that didn't go as planned either. It was unclear to him that an RFP process, which was what people have settled on, was the best way to do business. It was certainly maybe the way they've always done business, or maybe a theme in how they should do business. He asked if she had any stand on the efficacy of the RFP process compared to everything else, or if it was just for the transparency they suppose the RFP process accords. That had to balance that against the fact that small businesses were not necessarily able to write great RFPs, and Subway could just churn out 99-page RFPs with no problem, because corporate had a template. That might be more impressive than a five-page RFP and could skew things. It didn't

accomplish their goals. He asked if there's been any consideration of whether an RFP was the right process.

Ms. Coleman said she didn't think the Board had the discretion to decide whether an RFP was the most efficacious thing to do because they have an agreement with the University. It's in the CAA, section 3.2, where it clearly states that it was necessary and appropriate to circulate RFPs from would-be third-party commercial vendors. That was an unambiguous statement that they needed to go out to RFP on any of their spaces.

Mr. Rajan said that was duly noted. He was just wondering if the ASUC Senate found that to be enough justification for the RFP process as a whole, outside the CAA.

Mr. Patel said they did. The way the question was asked and how Mr. Rajan has been discussing this issue, was a question of process versus revenue. Mr. Patel said he didn't think the two were mutually exclusive. He thought that if the process was followed, it would reduce the amount of student disagreements or grievances with specific businesses, because it was the most transparent process that allowed the most student input. As such, it would not only prevent a delay in negotiations because of protests or complaints, or endless public comment that the Board loved so much, but it would also ensure that students would go to the business, because it was a business they decided to bring to the campus because of an RFP process that allowed for student input. If students were part of the process, they'd take ownership of the business and go there and buy food.

Mr. Rajan asked if the RFP process was the only process that could do that. Mr. Patel said that at the moment, from what Ms. Coleman stated from the CAA, it was. Mr. Rajan asked about outside the CAA, if they had to re-write the CAA. He was asking for a point of view if the RFP process was the best process, not if it was legal.

Mr. Patel said that at this moment, the Resolution states that all 20 Senators agreed that this would be the best process at this time. Personally, he thought it was. If he asked the Senate, he thought there would be a different response.

Ms. Nava moved to extend speaking time by three minutes. The motion was seconded by Mr. Rajan and passed by hand-vote.

Ms. Tang said she thought this was an unfair process. They haven't gone through a process of evaluating the RFP process, and that skewed the discussion a bit.

Mr. Franco said they think RFPs were the most efficient/transparent way to engage in what students want in those spaces at this moment. If they were to reconsider going to an RFP, there were 20 Senators who would put time, or at least he would, into making sure they did outreach. He knew businesses in this area they could reach out to. The Board has been lacking in its effort to reach out in terms of marketing. They're going to be working with the community of all these Senators to ensure it will be a welcoming environment to have bidders. They had ten bidders, but a bunch dropped out because of the environment the students created, and because the rent was too high. There were things in the RFP process that could be fixed to make it more efficient and more transparent, and to make sure that what they brought in would be successful.

Mr. Smelko said the reason he brought up the question about the Student Food Cooperative was because it was germane, at least in his mind, to resolve the apparent contradiction. As Ms. Coleman talked about it, he would define the Co-op as a commercial vendor, and under 3.2, if the Board were to abide by that standard, and they set this precedent, he asked what would happen in a world where there were multiple student organizations who compete for commercial space, and asked if they would play favorites based on the ones they liked or knew. He would ask if they wouldn't go through an RFP in that world, if they're talking about setting precedence. That's why he wanted to resolve this.

Mr. Coley said that maybe that could be on the agenda at a future meeting.

Ms. Oatfield said she would be happy to respond that question, but in the interests of time, she would rather make that a separate discussion. Mr. Smelko said that was fine.

#### UPDATE ON THE JUDICIAL COUNCIL ADVISORY OPINION

Mr. Rajan said that many members of the Board haven't seen the J-Council's Advisory Opinion, and he just sent it out to the listserv earlier that day. Hopefully people have a copy.

Ms. Coleman said that she and Mr. Rajan decided that because of a difference of opinion on whether the Board followed the appropriate procedure at its last meeting, they decided to request that the ASUC Judicial Council, which is a neutral, adjudicating body that was part of the ASUC, look over what the Board did in comparison to the ASUC Commercial Activities Agreement, which was the Board was supposed to follow, an agreement that created the SOB. The issue of the non-binding Advisory Opinion was that if the allegations that she and Mr. Rajan stated in their Charge Sheet were true, then the Board basically did violate the CAA in two places. She thought the Board should take this really seriously and should respect the J-Council's decision, even though it was technically non-binding.

Mr. Rajan said all of them haven't had a chance to read the Advisory Opinion, so maybe they could take a minute or two to read it, if needed.

Mr. Rajan said he didn't expect resolution about this that evening, so they'd discuss this quickly and move on to other business. He believed there were two ways they could approach this issue. Those two ways perhaps embody the attitude that Ms. Coleman and he had in filing the Charge Sheet. One way was to suspend the decision the Board made at a previous Board meeting and go out to space No. 2; and clearly there was a lot of support for that. The other was to recognize or stand by the Board's decision, and then justify it ex post by changing the Commercial Activities Agreement. That wasn't something that would be done soon and might require a whole other year, and maybe for the next ASUC Senate. Or maybe these two options weren't viable. But the Board needed to have a discussion about them. If there were other ways to move forward to address the J-Council opinion, he would ask people to please mention them.

Mr. Zuo said the Board is an entity that didn't necessarily have to abide by the J-Council. The Board operated independently of the ASUC and had to keep in mind that there were other things at stake that

the J-Council didn't recognize. So he didn't think the J-Council Advisory Opinion had any bearing on what the Board's mission was.

Mr. Rajan asked if he was saying that they don't need to make any changes to the CAA agreement and that they should just proceed. Mr. Zuo said he was.

Mr. Rajan said he thought they needed to do something about this and thought it needed to be taken seriously, to contain a public relations nightmare at the very least. What he intended to do with this was to really talk about this as an identification of a weakness in the CAA. He thought that being constrained to an RFP was a weakness of the CAA. He hasn't found a better solution yet, and he'll work on that. That will be the tack he'd take on this, absent other guidance from the Board. Other members of the Board feel very strongly differently, and they were more than welcome to take their tacks on this as well. But he would like the Board to think about this and a little and coalesce on some opinion, not necessarily that evening, but maybe in the future.

Mr. Poullard said he was not prepared after three minutes of reading the Advisory Opinion to respond to it. If that meant they would have to take this up at the next meeting, he would be more than happy to do that. Mr. Rajan said he wasn't expecting people to take it up that evening.

Mr. Patel asked if they could make an agreement to put this on the agenda for the next meeting to reconsider going to RFP for space No. 2, or to vote on the reconsideration of going to RFP for that space.

Mr. Rajan asked if the Board was okay with that. A member of the Board could make a motion to include that on the agenda.

Ms. Coleman said she thought that should be a motion. She also thought they should probably also go out to RFP for space No. 3, because another component of the Advisory Opinion stated that the Board didn't do its evaluation, that it never used its scorecard, and Subway didn't bid on the space the Auxiliary was negotiating with them on. So this wasn't just about space No. 2, but space No. 3.

Mr. Rajan said this did affect both spaces 2 and 3. Perhaps there will be a motion at the next meeting about that.

Mr. Spivey said they have two viable bids from two companies. Whatever the Board chose to decide, for either space, direction was needed for the Auxiliary to expedite the decision in order to ensure having tenants in place on August 15.

Mr. Smelko asked if Mr. Rajan could explain the relation to space No. 3, given Saigon Eats. Mr. Rajan said his understanding was that space No. 3 went through an RFP process, and there were two bids for that space. Those bids were the only two bids that were viable. They were evaluated, although not formally. He asked members of the Board to look at the criteria and look at bids. Although they didn't use that information explicitly in making the decision, maybe it was used implicitly. The two bids were evaluated, but they didn't pick a winner of the RFP. This was all in closed session, so he wasn't sure whether his memory reflected what actually happened. But they took those two bids and awarded them to the two spaces they had open. The Board did not award them in any particular manner that comported with RFP criteria and did what they thought was best.

Mr. Smelko asked if they'd just have to look at the bids they got and award Saigon Eats space No. 3 officially. Mr. Rajan said Saigon Eats was under negotiations for space No. 2. But if they thought Saigon Eats was the winner of the RFP, then the Board would enter into negotiations on space No. 3 with Saigon Eats as opposed to entering into negotiations with space No. 3 with Subway.

Mr. Zuo asked why they couldn't negotiate space No. 3 with Subway and Saigon Eats at the same time. Mr. Rajan said he didn't know. If Stacy Templeman were there, perhaps she could answer. He asked if the Auxiliary needed any direction from the Board at that time.

Mr. Spivey said the Auxiliary's position was that the further they delay this process, the further they don't have a viable space at the required timeframe that the Board asked them to comply with.

Mr. Rajan said he'd make this more explicit. The Auxiliary was engaging in negotiations and probably needed to know if it could continue negotiating with the current vendor. He would ask the Board about making that decision at that time. Mr. Spivey asked which spaces were being referred to.

Mr. Rajan asked if the Auxiliary would proceed with what it's doing or should the Board ask it to suspend what it was doing and wait for further instructions. That was the motion on the table. He asked if people understood, and asked if there was a second for that motion. It was a motion to allow the Auxiliary to continue negotiations.

Mr. Patel said that if negotiations on these potential contracts continue and an agreement was reached before the next SOB meeting, when they're going to reconsider going to an RFP process, he asked if the whole point of reconsidering going to an RFP process was moot. Mr. Rajan said the contract wouldn't be signed, but maybe it will be rendered moot by the decision of the next meeting if the RFP process was upheld. He asked if that was correct.

Mr. Spivey said they have one space that went through the RFP process, space No. 3. Two viable bidders were vetted through Business Contracts. The direction the Auxiliary needed was whether to negotiate with only space, No. 3 with one vendor. Mr. Rajan said they've just been told they could continue to do whatever it was that the Auxiliary was doing at that time. And that vote was 8-1.

Mr. Zuo said he would like to see the Auxiliary try to negotiate with both bidders. He didn't see how that would hurt the Auxiliary. Mr. Spivey said it doesn't hurt to negotiate and was just that the needs of both bidders were different. The spaces were different. Much planning and improvement would be needed in those spaces, whatever happened. When the successful bidders come to the Auxiliary and say they need direction, without a space and a plan, there was really not a lot of direction. They'll continue on the terms of the RFP and report back to the Board.

Mr. Rajan said the members of the Board understand that.

Ms. Coleman said she thought the Board also needed to respond to what Mr. Marquez put forward and vote on that, or discuss it.

Mr. Rajan asked if she would like to add that to the agenda at that time. Ms. Coleman said she would. Mr. Rajan asked if she wanted to discuss that at that time. He said he'd put that at the end of the agenda.

Ms. Tang said she would ask to hear the proposal at that time. They're voting on whether or not to continue negotiations. Mr. Rajan said that vote has been taken and was passed.

Ms. Coleman said that Ms. Tang wanted to move Mr. Marquez' proposal forward, and move it up on the agenda. The motion was seconded by Ms. Coleman.

Mr. Rajan said he would like some discussion on this motion because he would like to get to other business the Board had on the agenda. He didn't know how much more time they had.

Ms. Coleman said that this discussion had bearing on the other items, so it would make sense to talk about it at that time.

Ms. Tang said that as students, they voice a very strong opinion about what they think of the process that has taken place. They feel decisions were being made by the Board that just perpetuate what has already been happening, and what students have been opposed to, such as continuing to negotiate and not allowing for Mr. Marquez to make his case and to consider different bidders on an equal footing.

Mr. Rajan said they had 60 minutes left on their current agenda. The request was to move up Mr. Marquez' proposal. He asked how much time Ms. Coleman would like to allocate for this. Ms. Coleman suggested ten minutes. Mr. Rajan said the motion was to move item No. 7, Mr. Marquez' proposal, to under agenda item No. 2, and to add ten minutes to the agenda. They'd still have an hour left to conduct their business. The motion to amend the agenda passed by hand-vote 4-2-3.

Ms. Tang asked if they just voted to make a decision on the J-Council decision to the next meeting. Ms. Tang said the arguments that have been made by the same members were that they don't want to prolong this process. If they do that, it would allow for less time to find bidders and they'd lose even more time to make revenue. She was worried that that argument would be used again, that they were the ones who were delaying the process.

Mr. Rajan said he could discuss that afterwards, but now they needed to start talking about Mr. Marquez' proposal.

Mr. Marquez said that by the Board having issues and delaying this process, he felt that he was the best fit for the students. He'd resolve these questions by signing his lease and start to make more revenue for the ASUC and the students. That was the quickest process the Board could do about the RFP and deciding who will be in his spot.

Mr. Poullard said that just to be clear, Mr. Marquez wanted to use the RFP that the Board outlined, and Mr. Marquez wanted to submit a bid to that RFP. Mr. Marquez said he was promised before to have a longer contract. That was the reason why he didn't sign last time. Mr. Poullard said he wanted to make sure he understood this. As he recalled correctly, when they went through this process, everybody who was currently in the Bear's Lair could have gone through the RFP process when the Board actually had the bids submitted by vendors. They had the opportunity to submit bids at that time. He asked why Mr. Marquez didn't do that at that time. It was an open RFP and anybody could have come to the meeting, and go to the walk-through, and submit a bid. He asked why that didn't happen.

Mr. Alloun said that Mr. Marquez was waiting for an RFP on his business. Now he was waiting to sign the contract that was offered to him that evening and to move on. Whatever the Board was asking for in

the RFP was actually in Mr. Marquez' contract, because it was identical to the Coffee Spot's contract. Mr. Marquez was waiting to sign it that evening. Mr. Marquez thought his chances were better to go through an RFP to get a longer-term contract, instead of two years or three years. The vendors were originally offered two years. Mr. Marquez thought that was promised by the Auxiliary, by the SOB, and that he would get that space because everybody loved him. Mr. Permaul, the SOB, everybody loved his operation and his space, and he was promised that he had a great chance to win an RFP. That was the original idea. When the Board came out with the RFP, or the contract, Mr. Alloun said that Mr. Marquez thought it was unfair because of the length of the contract, and that was the reason he didn't sign it. Now they're not going through an RFP, and Mr. Marquez was losing the space either way. He wanted to show what he could do and hoped to get a long-term contract in the future. That's why Mr. Marquez has decided to sign it. To be honest, Mr. Alloun said he influenced Mr. Marquez to sign the contract, because otherwise he would be out.

Mr. Rajan said he would recap the disconnect. It seemed like the minimum RFP terms or criteria were harsher than what was offered to Mr. Marquez in the past. Mr. Spivey said he didn't know if they were harsher. Both the lease and the RFP that were offered were for five years. What Mr. Alloun was talking about was three-years and a two-year performance clause. The Board first asked the Auxiliary to put two years to the vendors, but by the time they got to write a lease, they had to make it three years and with two-year performance clauses because they had to have a chance to measure performance. So the lease was for three years at \$400,000 performance, and at that point, if the vendors reached that criteria in three years, two more years would be awarded to the leases. When the RFP went out, it was a five-year lease agreement, with vendors from the outside knowing they could recover their capitalization over five years. So the reason it was three years and two years was because the vendors were already in their spaces.

Ms. Martinson asked if the RFP was published for one space only. Mr. Spivey said it was for one space, space No. 3. They were still discussing terms with Mr. Marquez until January 4, or 10.

Mr. Poullard asked if Mr. Marquez still had the opportunity to sign the lease at that time. Mr. Spivey said he did. They didn't get space No. 2. Two bidders came through after January 10, and they were able to award two.

Mr. Poullard said Mr. Marquez had the opportunity to sign the lease in January, and now he wants to sign a lease that he could have signed in January. Mr. Poullard said he was trying to figure out what was different about the lease in January that the one he would be willing to sign. Mr. Spivey said if he had signed the lease in January, it would have been the same lease that Mr. Alloun signed.

Mr. Poullard asked why he didn't sign the lease. Mr. Spivey said the RFP is a bid on a space and doesn't guarantee that the bidder would get it.

Mr. Rajan said he would recommend that the Board start moving this toward a decision or agree that more information will be provided.

Mr. Patel said his understanding was that if Mr. Marquez was to win the bid, he would have had an opportunity to negotiate for a contract that was offered in January on the basic level of a five-year contract. But five years was still longer than a three-year lease with a two-year performance clause, and that's what Mr. Marquez wanted, a longer, guaranteed contract. Mr. Spivey said that was correct. But in

going through a bidding process, the vendor might not be a successful bidder. Mr. Patel said that Mr. Marquez was willing, however, to take that gamble.

Mr. Tran said that if Mr. Marquez signed the contract that evening, and the Board agreed with that, he asked if there was some legal document that would guarantee any lost revenue to the Auxiliary if Mr. Marquez put the Auxiliary in that position. He would apologize for the question, but this was business. He asked if Mr. Marquez would be okay with that. Mr. Marquez said he would be, and that was exactly what he was asking. He just wanted to sign the contract.

Mr. Smelko said that Mr. Tran's question assumed that Mr. Marquez signed the contract that evening, and then, for some reason, there was hesitation in the future about signing that contract. If the Board, in trying to go back on it, was in a place where they were without a tenant for three months, the question was whether Mr. Marquez would be willing to make up that cost. He asked if that made sense.

Mr. Rajan said the time for this issue had expired. He'd entertain a motion to extend time. Ms. Coleman moved to extend time by ten minutes. The motion was seconded by Mr. Tran and failed by hand-vote 3-5-0. Mr. Smelko moved to extend time by three minutes. The motion was seconded by Ms. Coleman and passed by hand-vote 4-3-0.

Mr. Patel said he didn't understand what Mr. Smelko was saying. He didn't see the need to make up the loss of revenue that would result from a vacancy or lack of a tenant in that space. From his understanding, Mr. Marquez has been a tenant in that space on a month-by-month lease. He thought there wasn't any lost revenue to make up because Mr. Marquez was still in that space. Mr. Tran said he was just asking about a hypothetical situation, if the Board chose to move forward and there was hesitation in three months. He would apologize for making that assumption, but given what's happened from January until now, he had to put that on the table. But if they were in that situation, he asked if Mr. Marquez was willing to sign a document saying there would be legal, financial recourses.

Mr. Marquez said he didn't understand the question.

Mr. Franco said that if Mr. Marquez didn't sign the contract, then the Board would have to do this whole process for three months, and they wouldn't have a tenant for three months. The question was if Mr. Marquez would be willing to pay for the three months he wasn't in the space, if he didn't sign the contract.

Mr. Rajan asked if they needed an answer now. Mr. Tran said they didn't.

Mr. Zuo said that from what he's been hearing, all the student members, and maybe some administrators, were open to the idea of signing the contract that was offered in January. But in order for that to happen, they'd be looking at a timeframe of one, if not two months. So the step to take at this meeting would be to offer the contract that was offered to Mr. Marquez in January, move on from there, and see what happened. The contract would need to be finalized at the next meeting anyway. So they could offer it now, start negotiating, and then finalize it at the next meeting, if he wasn't mistaken.

Mr. Rajan said speaking time had expired. Ms. Coleman moved to extend time by five minutes. The motion was seconded by Mr. Zuo and failed by hand-vote 2-4-0.



## UPDATE ON THE ASUC AUXILIARY BUDGET

Mr. Rajan said he would like people's attention because this was one of the more important things they'd consider that spring. It was hard to get information filtered there and this was the Board's opportunity to contribute to the budget. So their attention was appreciated.

Mr. Rajan said an activity-based, costing model was developed at the request of Mr. Smelko and Mr. Daal, and the Board heard details of that presented at the last Board meeting. It was broken up into things like Direct Costs and Indirect Costs, which reflect the cost of doing business for all the different positions that weren't directly billed to a particular column. But they were still costs associated with the administrative positions that serve those particular columns or projects that the ASUC Auxiliary undertakes.

There was a certain classification before, and they'll note that they changed the classification into another bin of three that they're calling "Core Services," "Targeted Services," and "Commercial Activities."

"Core Services" included what they think are the core services of the ASUC Auxiliary. They are to support ASUC student government, and there's a column for Government and for Student Affairs, which was mostly advising. There are administrative costs to run the government. And there are administrative costs to run Reception and various interactions government has with other entities and the greater campus. The Graduate Assembly was lumped in on its own, but has similar functions as the ASUC, but without the breakout the ASUC had.

And then there are Facilities. Under "Facilities" was included "Facilities Maintenance" and "Reservations," both of which were considered core services.

Mr. Rajan said the other thing that would go into Core Services would be Marketing, the investment that the ASUC Auxiliary made to ensure that its other services were profitable. That also seemed to fall into a Core Services category.

Mr. Rajan said the next column was a set called "Targeted Services." "Targeted Services" before was called "Commercial Activities." Targeted Services would otherwise be considered commercial activities. People might expect leaseholder costs to be from the Studio, the Cal Lodge, the Multicultural Center, and the Library to be profit centers, or if not the last two, then the first three. But they're not profit centers. Generally, if things that are commercial services aren't profit centers, they either undertake radical decisions to make them profit centers, by which he meant revenues were larger than costs, or they eliminate them, unless they provide a service to students. It was maybe the Board's opinion that leaseholders, the Studio, and the Cal Lodge, which the ASUC supports, are services to students that also bring in some revenue to defray their costs. However, they're not core necessarily to the functioning of the student government and of the ASUC. Rather, they're services provided by the ASUC to the greater campus.

Finally, there are "Commercial Activities," which they hold to a different standard. They don't necessarily provide a service component, but they do generally provide the revenue that the Auxiliary was looking for. They include the Bookstore and vending, which balance and grow their budget.

Mr. Rajan said this was the taxonomy that they'd use, if there were no objections, to do allocations in the future. He called for any questions about that.

Mr. Poullard asked if leaseholders and vending was broken out into all of the folks in the Bear's Lair, Naia, etc. Mr. Rajan said it's been conflated to that, and he believed those were the components in there. Leaseholders, vending, all the money that came in from the Bear's Lair Food Court vendors, the Bookstore, and so on. Or not the Bookstore. Ms. Stager said that was correct.

Mr. Poullard said if he was reading the chart correctly, the vendors brought in \$213,000 that past year. Mr. Rajan said that was correct. The Auxiliary was spending a negative \$213,948 on revenues. They're spending a negative amount on that; so that was revenue.

Mr. Rajan said that given this taxonomy, he had very modest goals for what he's been doing with this budget.

And of course, he would love input on the budget in as open a way as possible. But his modest goal basically involved taking the suggestion that was made by Mr. Smelko and filtered over time, on what to do with the Library. As they could see, regardless of what they do, they were projected at that time to be in a net deficit of \$304,000. That was an operating deficit. They don't know if they'll make that up, because all the numbers were dynamic. The screen showed last year's actuals. As of last year's actuals, they were \$307,784 in deficit. There was no reason to think that will be different this year. So they would go with that assumption.

Mr. Poullard asked if they're done forecasting through the end of this fiscal year. Ms. Stager said they're projecting a \$70,000 deficit at that time.

Mr. Poullard asked if they were saying they'll have a shortfall of \$70,000 by the end of this fiscal year. Ms. Stager said that was correct. That was an estimate, and they're still working on the figures.

Mr. Rajan said he would have liked more Senators to hear this. It was really hard to nail down any one particular number on the budget because every number was dynamic. It causes a lot of frustration and it was really hard to answer questions. There's a barrage of questions he would like filtered before it got to this process so that they could get some work done. Unfortunately, they haven't found a solid filtering mechanism. If people could communicate that to the ASUC Senate that would be very appreciated. They don't want to shut the Senate out of this process, and that was not the role at all. However, work was progressing assuming numbers that each had their own uncertainty associated with them. For instance, the \$307K deficit could be as low as \$70K, and maybe it will even be positive, or negative, which meant money would be coming in.

Mr. Rajan said what he was doing with the budget, with a very modest goal at that time, was to take the savings that would be associated with shutting down the Library. This would be a strong step forward because they'd actually closed down a unit rather than doing across-the-board cuts. There's about \$100,000 worth of direct cost savings with closing the Library. He would explain that. This was direct costs, actual money that would be saved in salaries, benefits, and expenses, by not replacing a position that was empty and by eliminating some student positions.

A memo was introduced from Mr. Permaul, dated March 9, 2010, on the Board meeting that evening.

Mr. Rajan said that from the Library, they're proposing savings of about \$100,000, which he would like to spread it out around their core services.

One thing the GA really needed was to increase support for one of its Auxiliary staff positions, the Funding Advisor, who is supported only at 70%, with the GA making up the other 30%. So \$33,000, which was one-third of the \$100,000, would be very useful to the GA. So there's a clean use for those funds that the GA was willing to advocate for. But he knew that only because he was the GA Budget Officer. Mr. Rajan said that what he needed guidance on was how the rest of that money could be used. They were hoping to spread the rest of it around core services. He and Ms. Stager will work on figuring out the best way to do that, and bring back to the Board a proposal for the Board to vote on. And they could offer input at any level of this discussion.

Ms. Nguyen asked if he was proposing to cut the 7th floor of Eshleman and asked how that would be mediated, because that space was used. She asked if it would still be open. Mr. Rajan said the position associated with the Library would be closed. There would no longer be an advising component. Ann-Marie Molosky's position would no longer exist. So whatever advising she was doing would no longer be done. Some of her duties would be separated out, depending on how things went. Other people have taken on Ms. Molosky's duties. They will either be compensated for those duties or the Auxiliary will try to find another way to provide some of them. Some of those duties may no longer be provided. They haven't identified what those will be. There would no longer be any student staffing on that floor. That would be a direct savings. This is what he meant when he said they weren't assuming any indirect costs would change because there's a lot of indirect costs associated with the Library, including utilities and maintenance. The only thing he was assuming was that the direct costs would be split. The Library could still be open, but it might not be staffed. He didn't know how that would look.

Mr. Zuo asked if he thought the Library could still be open to the extent it was now. Mr. Rajan said it wouldn't be to the extent it was now. It would be a reduction in service. They're cutting a position, so there will be reductions in service. But those reductions are necessary because the Auxiliary could no longer afford to provide the various services that were being demanded from the ASUC Auxiliary. Some of those services need to go, and this was a step in eliminating one. They won't provide all the services next year that they're providing this year. There just wasn't the money to do that.

Mr. Poullard asked if this was normally a direction that the SOB took, as opposed to saying it will cut \$100,000, Mr. Permaul figuring out how that would happen. Mr. Rajan said that was unclear to him. Mr. Poullard that as to how he understood it, the Board could decide this was a management-level decision with regard to staffing, and while the it may have a recommendation, he would not want to usurp on the Auxiliary, because there may be other ways how service positions happened. But to say they will cut X position might not be the best decision for the whole Auxiliary, depending on how it functioned and served students.

Mr. Daal said they could make a recommendation to the Auxiliary, which the Auxiliary would implement into the budget for the year, with the Board to then approve the budget. So if there was some disconnect, then the budget wouldn't get approved.

Mr. Smelko said that the budget could still include X amount of money for the Library. Mr. Poullard said he didn't think micromanagement was the role of the SOB.

Mr. Daal said the Board will make a recommendation that the Auxiliary will hopefully implement and bring back a proposed budget.

Mr. Franco said what line they were drawing in terms of providing guidance. For the Library, he asked if the Board would decide it wanted to reduce it an amount, and asked if the Auxiliary would take care of the "how." Mr. Rajan said that's why he showed the budget the way it is. The level of guidance in this case was from him and Ms. Stager. If she was comfortable with recommending that they make a very specific cut to one column, they could try to spread it out over the larger column. That was the level of guidance they could provide.

Mr. Franco said that was a balance between providing direct implementation and leaving it open ended as to how it would be carried out. Mr. Rajan said that meant they wouldn't be micromanaging. Mr. Franco said that meant the Board wouldn't provide details. Mr. Rajan said the Board would provide some details.

Mr. Rajan said he would go ahead on this course with the Library unless somebody told him otherwise.

Mr. Coley asked if everybody understood what the net number meant, and the net in all the other categories. He asked if he was to assume that the students want to invest the amount of net of their resources in all these things that they were calling "Targeted Services."

Mr. Rajan said that was the second modest goal he had that he didn't get to talk about. As of now, he and Ms. Stager haven't gotten to a point where they would feel comfortable making a recommendation on that yet. Of course, as always, they would love information that would help them make that decision or participation. What they would like to provide in the second order was to note that each of these services was being subsidized, and they would like to provide at least a projection of how much their revenues had to grow over time to break even, to help make that decision in the second round.

Mr. Coley said that in his role of trying to bring a solution, he thought they needed to deal with the ambiguity of what was happening there and let Board look in the light of day at what these things cost. From a values standpoint, he asked if this was what the Board and Senators wanted, and if they wanted to invest that much money in those particular services. If they do, then the question they' should try to answer was how that would happen. That was the next tier question.

Mr. Rajan said he was currently taking point on this. He had no idea of how to filter that information. One thing he was comfortable saying was that he didn't think they need to renew the Library at the level of support it currently had. He wouldn't have been surprised if there was a lot of push back. There might still be a lot of push back on it. He hasn't consulted the parties who would be directly affected to the level where he would know for a fact that this was okay with everybody. He didn't know if he'd be comfortable with saying that with any of the other ones either. Mr. Coley said he didn't have to say that. All he needed to do was put it in the middle of the table.

Mr. Coley said that so people understand, they were considering net costs for particular services, and if people had comments, they got to inform them of those comments.

Mr. Poullard said that's where he was trying to go, trying to figure out why they were dealing with the Library, and why not the Cal Lodge. Somehow they came to the Library somehow, and it wasn't just

random. Mr. Rajan said it was the easiest. Mr. Poullard said he wasn't sure how students felt about that in terms of service.

Ms. Nguyen asked if he could go through his train of thought on why the Library was the easiest. Mr. Rajan said it doesn't have a face attached. There's no one in that position, and it was much easier to eliminate a position and the associated costs when it didn't affect an existing person.

Mr. Coley said he was happy to hear him say that, because A should have nothing to do with B. It was all about providing service, and what services their constituents valued most. It wasn't about employees in a particular job.

Mr. Rajan said he didn't want to make the perfect the enemy of the good. He thought it was good what they were doing. The recommendation was to eliminate a service. If that service was truly valuable, he would expect push back. If there's no push back, it's probably the least important. If it wasn't, someone on the Board or the Senate would let him know, and identify a different service to go after.

Mr. Smelko said that assuming there's a world where they had to make a cut, this was the easiest. They're looking at a huge deficit and their reserves were shrinking. The Library was an easy option, not just because there was no face there, but it was the easiest thing to redeem and get back eventually. The space would still be there.

Mr. Coley asked if he missed a meeting where this discussion took place. Mr. Rajan said there was no meeting, and it was him and Ms. Stager and a set of e-mails. This meeting was where the discussion was taking place. Mr. Coley said this was not a decision being made, it's a decision being served up as a recommendation.

Mr. Rajan said he would backtrack, and said that wasn't his intent. The only reason he was coming on strong was because he wanted something to happen. The other time he tried to filter information to make a decision at the level they were talking about, it imploded because there was no way to get the input he needed, in one channeled way. They tried to set up a bSpace, but that hasn't really gone anywhere. He didn't know how to make this decision and was looking for help in making it.

Mr. Smelko said that if he had to make a decision, he would lean in the direction of the Library. He thought all of the services were worth providing, and there were ways they could all be provided if they change the costs for those services and looked at ways to increase revenue. He thought the Art Studio, Lecture Notes, the Cal Lodge, the MCC, and the Library were all valuable; and he thought student government should provide them. Maybe they wouldn't provide funding at the same levels, but he was comfortable eliminating them entirely because the levels were too high. He would prefer cutting all of them down, not one specific one.

Mr. Poullard said they were out of time for this. Mr. Rajan said he would move to extend time by ten minutes. The motion was seconded and passed by hand-vote.

Mr. Zuo said it was Mr. Permaul's role to make these tough decisions. Senators and Executives should meet informally with him to give guidance. Ultimately, the Board will have to pass it anyway.

Mr. Rajan said the Auxiliary brings the Board a budget to vote up or down. If they vote the budget down, it's just sent back. The budget comes to them in April and there's no direct line for input. Ideally,

what would happen is that the two Presidents would sit down with Mr. Permaul and develop a budget together. They don't have the structure for that yet. His proposal was an attempt to provide student input into the budget as opposed to having Mr. Permaul divine what student intent is.

Mr. Tran said the Board tends to have a habit of discussing process a lot. He thought they should vote on whether to do this and move forward. He didn't think they need to discuss the merits of whether or not Mr. Permaul or the Board should do it, and he would recommend making some adjustments to the budget that evening and moving on.

Mr. Zuo said he didn't think they had what they needed at that point. They have 20 minutes left in the meeting and didn't have what it took to come up with a detailed analysis and a recommendation on what to cut. If Senators, Executives, and Presidents were interested, they should meet with Mr. Permaul informally. The Board shouldn't be a body that spends an hour on these things and decides.

Mr. Rajan said that they're not making decisions, and he was just telling the Board what he was doing.

Mr. Poullard said he agreed with what Mr. Rajan was saying. Mr. Poullard said he thought there had to be more transparency and student input into the process. However, he thought there was a way. He asked why they couldn't have in the By-laws, the Executive Director bringing forth a proposal to the Board in January for the following academic year. At that point the Board would have opportunities to have severe input. He thought the Board was going in a good direction, but thought they were tying the hands of folks who were paid to make these decisions and bring to the Board decisions that were best for the organization. And since students have a majority on the Board, they could say if they didn't want a service cut, and to look at something else. Mr. Poullard said he thought there was a way to make that happen.

Mr. Rajan said they had to do it this year, and he was doing what was best for this year. Again, he was just letting the Board know what he was doing. Inertia was very powerful. When they see the budget again, it will have so many numbers and his input. He didn't want it to be a surprise, or for people to think he was working behind the scenes trying to manipulate the budget. By all means, he would ask them to join him, and help him do it right.

Mr. Poullard said that again, in the same way he would not vote in three minutes by reading from the Judicial Council decision, this was the first time he was seeing these budget proposals. Mr. Rajan said he wasn't asking for a vote. Mr. Poullard said he was asking for input. But he didn't feel he had the information to do that. Mr. Rajan said he didn't need input or help in the next ten minutes, but over time, whenever people were comfortable. As for timescale, he asked Mr. Coley if the budget was due April 2. Mr. Coley said it's due before that, on March 19. Mr. Rajan said that was in ten days, so there was a little pressure on this. Mr. Rajan said he picked up the ball a little late, they could say. So they had ten days to get input into the budget. He's described this input into the budget, and he would ask them to please give him more.

Mr. Coley said that if they go to the Art Studio, that was a quarter of a million dollars. The question was if this oversight board was okay with continuing to invest what appeared to be a net loss of a quarter million dollars in the Art Studio.

Mr. Rajan said he could explain why he didn't do anything with the Art Studio. Mr. Coley said he would like to hear from the other members of the Board.

Ms. Coleman said she should have been more clear about this, and would recuse herself from discussion about the Auxiliary budget. She e-mailed the Board about this. She had a conflict of interest.

Mr. Poullard asked if that conflict of interest was as a Board member. Ms. Coleman said she should have stated that earlier. She was recusing herself on the budget.

Mr. Coley asked what the conflict of interest was. Ms. Coleman said she decided to recuse herself. Mr. Coley said the only discussion was about the budget. Ms. Cohen said she didn't want to participate in this discussion.

Mr. Rajan said he would like to move past this.

Mr. Poullard said that with the limited knowledge he had, and what he's heard students talk about, and what they utilize, if he was making a decision just based on student usage, then for him, the Art Studio was at the bottom of the pyramid in terms of rank order. Clearly, Cal Lecture Notes, the Multicultural Center, and the Library were higher, especially with what was happening with Moffitt and other services on campus, where library spaces for students were decreasing. And the Cal Lodge he thought was underutilized and an untapped resource. If they did something with it, they might be able to make some money.

Mr. Coley said he would agree.

Mr. Ortega said he didn't know if they had information on this, but he asked about the current way in which the Art Studio charges fees and how much was subsidized. Mr. Coley said it had \$182,000 worth of revenue. Mr. Ortega asked if they could charge more.

Mr. Coley asked if Ms. Stager knew what percentages of the clientele were students and were from the outside. Ms. Stager said she didn't know. However, the number from outside campus was a fairly big percentage. Mr. Coley asked if it was correct that it was the majority. Ms. Stager said she thought it might be, but she wasn't sure.

Mr. Poullard asked if that was outside people from the community taking courses. Ms. Stager said that was correct.

Mr. Coley said if that was the case, what that translated to was students subsidizing not students, but the community. He was having a hard time connecting those dots. He asked if anybody had any comments.

Mr. Poullard asked if any other Board members had comments. This was their money and they needed to hear from students. He asked what they felt about this.

Mr. Coley asked why they were willing to pay for community members to use their services, their space.

Mr. Zuo said he was sure there were probably other things involved. Mr. Coley asked if he approved of it. Mr. Zuo said he didn't. A former president probably tried to do an experiment and they're seeing what the result was now.

Mr. Coley said it was less relevant knowing why they do it, and he was more interested in knowing whether people approve of it being done, and continuing.

Mr. Smelko said for him, the next step, if this was on people's minds, was to not simply cut, because he thought it was a valuable service, but figure how they could do the budget cuts, or offer more Art Department courses in the Art Studio, and offer more services to students and make money from it, or how can they cut the cost down. They could decide they just don't want it entirely and they don't want to offer it at all, as 50% of students use it.

Mr. Coley said he'd help with that thought. If they decided that this was not okay, that didn't mean they'd get a big eraser out and get rid of it. It meant they'd charge Mr. Permaul and Kate Wees with turning that number into something that was more acceptable. And then the question would be what was acceptable, and if it was \$100,000 in costs, or \$200,000, or break even. When they come back in three months, or six months, or whatever time they give, they'd come up with a plan. Or, if they didn't have a plan to be able to meet criteria the Board sets, then they'd come out with a sharper knife. There were a lot of ways to approach this, and not just an on-off switch.

Mr. Smelko said he thought they do that with all of them. He thought the Cal Lodge needed the same treatment. He didn't think they need to erase it, but set a target.

Mr. Coley said the point of this exercise was not to make a final decision that evening, but to make sure everyone was informed and that they were making a decision that that they agreed to spend a quarter of a million dollars on a particular function, and that 75% of that quarter million went towards subsidizing non-students. If that wasn't okay, then they didn't have to solve the problem. If they want to participate in that, they could, but they'd give the problem to Mr. Permaul and ask for a plan to be able to make the numbers happen that they want.

Mr. Tran said he was guessing they were going to go ahead and do this. He asked if they could go through each activity and make those recommendations that evening, or if people still didn't want to do that. He asked if they could vote on that. He moved to add an item on the agenda that evening to make recommendations on the budget to the Executive Director for each activity. The motion was seconded by Mr. Rajan.

Mr. Patel asked if the recommendations were on how to cut them. Mr. Tran said they were recommendations in general. It didn't necessarily have to be framed as a cut or an augmentation.

Mr. Rajan said speaking time had expired. Mr. Tran said he would like to amend the motion to have 15 minutes for this discussion. The motion to extend time by 15 minutes was seconded by Mr. Rajan and passed by hand-vote 6-1-0.

Mr. Rajan said they would try and detail a list of recommendations for Mr. Permaul.

Mr. Coley said they could go through the drill of detailing recommendations or they could tell Mr. Permaul that for the budget that will be proposed, in ten days, it will have \$100,000, \$200,000, or \$300,000 surplus, and ask him how he'd do that. The Board had that as a choice. Or they could go through things function by function, and say they want to carve out this or that. They didn't need to deal with this from the micro environment.

Mr. Poullard said that given what Mr. Coley just said, in a perfect world, in this economy, he would love it if there was a surplus, but he would be happy if the Board turned in a budget that just broke even for next year, versus a deficit of \$300,000.



Mr. Ortega said that maybe they could look at how to get \$100,000 from Targeted Services to go into the main services the Auxiliary provides, and that the major priority they would like to see was with Lecture Notes and the MCC. And the least priority would be to subsidize non-student community members who use the Art Studio.

Ms. Nguyen asked if they could increase the price of Lecture Notes. She honestly didn't think that one person paid the full amount any way. She thought they charge \$50, and to take notes for an entire semester, paying \$50 was very little. She thought that was an option they could take.

Mr. Coley said that from the Lecture Notes standpoint, it was losing \$31,000. They had a choice, to be able to say they want it to break even or they want it to be cash cow, and to actually generate revenue, and help cover the costs of some of the other areas. If that was one of their most attractive businesses, and one they think was significantly underpriced, and somehow possibly been abused, they have an opportunity for it to not just break even, but to maybe make \$50,000, or \$100,000.

Mr. Patel said that with regard to Lecture Notes, he didn't think it will ever be feasible for Lecture Notes to be an extremely profitable venture. He thought for many students it was seen as extremely optional. There have been classes where Lecture Notes have been provided where he hasn't gotten them because instead of paying \$50, he would rather take the notes himself. And that was partially because of the cost. It cost \$50, and the Auxiliary was still spending \$32,000 on Lecture Notes.

Mr. Coley said they didn't have to solve these problems. They could say they want Lecture Notes to be a net revenue generator. That didn't mean that revenue was on the backs of their students there. The notes made here are of value to other campuses. There were a lot of other things that could be considered. If they open up the aperture, a lot of light could get in.

Mr. Tran said they should go by activity, and say up, down, zero, etc. That was the scope of what he wanted their recommendations to be, not necessarily other specific mechanisms. Those were up to the service providers to figure out.

Mr. Rajan said they would do that, up, down, or zero. They'd start with targeted areas. He'd say that going up in one place meant down somewhere else.

Mr. Poullard said he heard what Mr. Tran was saying, but they'd be micromanaging the process. It wasn't necessary.

Mr. Rajan said he could tell them the flip side. He could micromanage this a lot further and say which position, student or otherwise, to cut, or which pencil they could no longer buy. He could also just say to Mr. Permaul to bring them a budget for the SOB to vote up or down. There were dangers on both sides.

Mr. Poullard said that wasn't what he was saying. Mr. Rajan said he was just trying to point out why he came to this point. The aperture could be opened up a little bit. The problem in the past is that they don't like the solution that was brought back. They could say that they wanted something to go up, but the way it was implemented was not necessarily something they were comfortable with. To get to that point at a late stage was very tricky, because at this point there's no flexibility, and they could get a solution that didn't do the things that they wanted out of that budget. It was trying to balance that without micromanaging. That was the goal in making these recommendations. He understood this was not

necessarily his job, and he didn't want that as a job. He would so much rather have it done by the Auxiliary and then just vote on it at a Board meeting; but that hasn't worked in the past.

Mr. Tran asked if they could just point out specific activities that they're concerned with instead of going through all of them. He asked if people would be okay with that.

Mr. Tran asked what activities people were concerned about. Lecture Notes seemed to him to be one, as was the Library, the Cal Lodge, and the Art Studio. That was four, rather than all of them.

Mr. Rajan asked if he meant having those four numbers reduced from their current levels, Lecture Notes, \$31,569; Art Studio, \$237,695; Cal Lodge, \$94,053; Library, \$235,643.

Mr. Franco said he needed something more tangible. He would recommend the GA and the Senate discuss these services further and take that back to the Board, and use that feedback. Most of the Senators who had been at the meeting were gone, and Mr. Rajan didn't represent all of the GA. So they should get feedback on what they'd get back from Mr. Permaul, so that it would be a budget that reflected the discussions they've had. Mr. Rajan asked when he'd get those things from those students.

Mr. Tran said that now that they've identified four areas, he asked if they could get the relevant parties together and have a joint GA/ASUC session, maybe next week, if that wasn't too late. He thought it was important that evening that people identify what activities they were interested in. They could assemble the relevant parties next week, grads and undergrads.

Ms. Nguyen said she thought they should have a general outline.

Mr. Rajan said he wasn't going to do the work people were asking him to do. He was doing the work he could commit to. He gave a specific recommendation. They could ask him what they'd like. But he honestly couldn't guarantee he would get something done next week, as people were suggesting.

People knew what he planned to do. As he said, inertia was very powerful in the budget, and he would ask them to please get their feedback in before this became too big to move.

Mr. Coley said his question might be rhetorical, and nobody needed to respond. What he would encourage them to take just a moment, to think about something, which they may have already done. There are no revenues in the core services. His question was whether they were getting value for the money that was being spent, or if they wanted more services. When they look at those numbers, Student Affairs was \$314,000. His question was whether they and their constituents thought they were getting \$314K worth of value. That question needed to be asked and answered. It might be easy to just kind of accept; and if it was, that was fine. But he didn't think they should just immediately go to the other services. Government was nearly a million dollars. There's some detail behind all of that. A lot of money was being spent, and somebody should spend a moment to be able to ask if that was the right way to spend that money.

Ms. Stager said she wanted to voice a concern about the budget being due a week from Friday.

Mr. Ortega said that one thing he would like to see in the budget was adding more money to the GA for a staff position. He would like to look at how to get the \$33,000 they need for the Funding Advisor

position. He thought in the role of having one-third/two-thirds process of allocations between the GA and the ASUC, and he thought they should look at how to get another \$67,000 into the ASUC. The Auxiliary could figure out how to do that. Maybe it could be through cuts to the Library, or not losing as much in the Art Studio, or with Lecture Notes. But he would like a proposal to give more funding to the GA.

Mr. Rajan said that what Mr. Coley has asked them to do, they were doing for column H, the Graduate Assembly, which needed more services. He was asking for help on the other columns.

Mr. Coley said they might want to ask for some agreement on that.

Mr. Franco said his only concern was that they would swap undergraduate advising for graduate advising. He didn't want to swap monies. Mr. Rajan said that wasn't the case. They're bolstering undergraduate advising. They're noting the fact that the undergraduate advising going on was not sustainable. People who provide this advising were not being compensated for it. What they would like to do was to realize some cost savings, compensate some of the people for the advising they're already doing, and realize the very unfortunate fact that they just don't have money to pay for all of the advising that students get. When he asked the Senate what they meant when they said that their revenues were going to go down, this was what he meant. They're just too big for their revenue sources and need to get smaller. He was asking for out-of-the-box solutions, not one term, political sort of stuff. He was willing to defend the GA, even in the global context. It was hard for him not to be biased, so that's why he was telling the Board what he was doing.

Mr. Zuo said he thought this was something the Board needed to deal with, and to discuss the possibility of signing Mr. Marquez' lease, and what that would mean. Mr. Zuo said he's talked with all of the students. In the interests of time, he'd try to speak for the majority of them; and they all agree. They've come to sort of a consensus that they don't want Subway in that space. They want to negotiate with Saigon and they want to sign or go to RFP on Mr. Marquez' space, to give Mr. Marquez a chance. There was a lot of confusion in the beginning regarding whether the other Subway across the street would stay open, and a lot of the concern was having a diversity of options. This was something they've talked about many times. If they didn't hash out a solution to this at that time, and he thought a solution existed, then this session would be a wasted meeting because they're still headed in the wrong direction. If there was any question that he could answer now, he thought a good starting point would be to have Mr. Rajan send Board members a reminder to fill out the score sheets by Friday and following that, to start negotiating with the vendor that will ultimately win space No. 3, which was what the RFP was for.

Mr. Zuo said he thought they could negotiate with both Saigon and Subway for space No. 3 at the same time. He didn't think there was much conflict and ultimately, they could decide to approve one or the other. But for Mr. Marquez' space, they could go out to RFP for that and still work on contract negotiations. It was a win-win situation for space No. 2. They'd go out to RFP and would negotiate a contract, and they could sign the contract next month for space No. 2. For space No. 3, they could negotiate with Saigon and Subway at the same time, and hopefully come up with a winner at the next meeting, and save time.

Mr. Spivey said that when they look at the proposals they have on the table from the two vendors, and look at the lease terms, he thought they had to weigh their revenue stream in this decision. Everybody was talking about what was more suitable. Just to let the Board know, the decisions they make on these

leases could have a potential revenue cost, or potential cost. Also, anything they decide about discounting or counting someone needed to go through Stacy Templeman and the Business Contracts office. Ms. Templeman could help them and get them through the contract negotiations, and extract them out of the negotiations, so to speak.

Mr. Zuo said that before they'd start preparing revenue streams they'd have things on the table. He didn't think they're looking at everything on the table.

Mr. Spivey said that both the RFPs that came through have revenue streams attached to them, that were estimates. The idea was that if they pick up Mr. Marquez' lease, there was a revenue stream and probability attached to that as well. That was important. In making these decisions, next year, when the Auxiliary estimates the revenue it will make, he would ask what those estimates would be. He just wanted to make that clarification to the Board when it made the decision.

Mr. Tran moved to withdraw negotiations with Subway and sign Mr. Marquez' lease.

Mr. Rajan asked if Mr. Zuo made a motion as well. Mr. Zuo said he would withdraw his motion. He thought Mr. Tran was moving too quickly for this and Mr. Zuo said he thought they should go out to RFP and maybe sign, and in the meantime, decide on signing Mr. Marquez' lease. It was sort of a compromise to letting Mr. Marquez hang out to dry.

Mr. Tran said he would rescind his motion if they could consider Mr. Zuo's motion. Mr. Tran seconded Mr. Zuo's motion.

Mr. Rajan said that initially they indicated to Saigon Eats that it would move into space No. 2. They will now go back to Saigon and tell them that Saigon was no longer eligible to move into space No. 2 and then negotiate on space No. 3. He asked if the Board was going to limit them from applying for space No. 2. Mr. Zuo said they wouldn't, and there were no limits.

Mr. Rajan asked if there were any business practice-type considerations. Mr. Spivey said he would love to have Ms. Templeman in the room at that time.

Mr. Tran said he agreed that this was bad business practice, so he would not vote for this motion.

Ms. Coleman said they're compensating for what was originally a bad business decision.

Mr. Rajan asked if people were ready to vote.

Mr. Zuo said he would withdraw his motion, and ask to have Mr. Tran's motion considered instead.

Mr. Rajan said the motion was to end all negotiations with Subway and sign a contract with Mr. Marquez. He asked what the Auxiliary would do about Saigon Eats and space No. 3. Mr. Tran said they'd still have negotiations for that space.

Mr. Poullard said that as the Dean of Students, in all good conscience, he could not be a part of what they were trying to attempt to do there. He couldn't do it, and he wouldn't, so he was leaving. There would then not be quorum, and they couldn't take a vote.

Ms. Marthinson said she was concerned about this too, and was new to all the deliberations.

Mr. Tran moved to adjourn.

Mr. Rajan said they did have quorum.

Ms. Marthinson said she was going to leave. There was something about this that also didn't seem well to her as well.

Mr. Rajan said that seeing no objection, the meeting was adjourned.

This meeting adjourned at 9:19 p.m.

These minutes respectfully submitted by,

Steven I. Litwak

Recording Secretary

APPENDIX A

ASUC SENATE RESOLUTION IN SUPPORT OF GOING OUT TO RFP ON SPACE #2

WHEREAS, the Store Operations Board (SOB) is able to issue out a Request for Proposal (RFP) which is a means to identify a potential tenant to reside within ASUC owned commercial space; and

WHEREAS, the RFP is a process where students, elected officials and SOB Board members are able to establish criteria together that reflect the values and desires of the community; and

WHEREAS, the SOB, elected officials and community members created a set of criteria that would be used to systematically evaluate the Request for Proposals that were submitted to the board for space #3 (currently occupied by Healthy Heavenly Foods) in December 2009; and

WHEREAS, at its meeting on January 26 2009, the SOB did not carefully follow the RFP criteria that were established; and

WHEREAS, the values and desires of the Board and community members were honored until the very end when the RFP criteria were suspended; and

WHEREAS, during the same SOB meeting, members of the Board decided to bypass the previously determined process to establish a new set of criteria for the new RFP for space #2 (El Tacontento) and instead immediately assigned both commercial spaces -- #3 and #2 -- to Saigon Eats and Subway; and

WHEREAS, in order to complete another RFP process, the Store Operations Board may need to spend approximately three months conducting this process to find an alternative vendor, which could result in the loss of that much revenue from rent; and

WHEREAS, the Senate understands that the lost revenue will force this body to make some tough decisions on the budget in the coming months; and

Whereas, the Senate is able and willing to make these necessary budgetary decisions for the sake of preserving the process for the Store Operations Board described in this bill;

WHEREAS, the decision to go straight into negotiations with Subway has breached the following:

- 1) The collective process of students, elected officials and SOB members to establish RFP criteria that would reflect the values and desires of the community; and
- 2) The previous decision the Board announced that it would go to RFP on space #2 if it were not to renew its lease agreement with the Taqueria

APPENDIX A

ASUC SENATE RESOLUTION IN SUPPORT OF GOING OUT TO RFP ON SPACE #2 (cont'd)

THEREFORE BE IT RESOLVED, that the ASUC Senate request that the ASUC Store Operations Board issue a new RFP for space #2 (currently occupied by the Taqueria El Tacontento) and evaluate bidders based on criteria similar to those which were published in the RFP process for space #3.

BE IT FURTHER RESOLVED, that the Senate request that the SOB use a scorecard reflective of the criteria set out in the RFP in order to evaluate a winner for the bid for spaces #2 and #3.

## APPENDIX B

### ASUC JUDICIAL COUNCIL ADVISORY OPINION

ASUC Judicial Council

Advisory Opinion

On this date, the Seventh of March, Two Thousand and Ten

By Assistant Chair Chen 'Dawn' Ling, with whom Chair Kiira Johal, and

Associate Justices Daniel Mangels, Sumeet Ajmani and Adam Schlesinger join

The ASUC Judicial Council, at the request of the ASUC Store Operations Board Chair Nish Rajan and Undergraduate Representative Rebecca Coleman, met to consider whether the ASUC Store Operations Board would be in violation of the ASUC Commercial Activities Agreement if it 1) entered into negotiations with a tenant for a space in the Bear's Lair Food Court without issuing a request for proposal (hereafter RFP) or 2) entered into negotiations with a business that did not earn the highest score based on evaluation criteria set forth in the RFP for the negotiated space.<sup>1</sup>

Regarding the first issue, the Council is of the opinion that the Store Operations Board (hereafter the Board) would generally be in violation of the Commercial Activities Agreement if it failed to issue a RFP before initiating negotiations with a third party vendor. Section 3.2 of the ASUC Commercial Activities Agreement (hereafter CAA) clearly states that "The parties [the Regents of the University of California and the Associated Students of the University of California] acknowledge that it is necessary and appropriate to prepare and circulate requests for proposals ("RFPs") from would-be third party Bookstore operators and other commercial vendors."<sup>2</sup> Section 3.2 of the CAA establishes a standard procedure by which the Board is to engage in commercial contracts, leases and operations, including the issuance and evaluation of RFPs based on criteria defined in the RFPs themselves.

However, Section 3.3 of the CAA, titled "Non-RFP Contracts,"<sup>3</sup> does provide for conditions under which the Board may bypass the RFP process outlined in Section 3.2 of the CAA. Specifically, the Board, in approving the negotiations of the ASUC Auxiliary, may execute "certain minor leases ... which may be necessary for the normal conduct of business."<sup>4</sup> Thus, the CAA makes clear that most -- but not all -- Board negotiations with commercial vendors require a RFP.

In issuing an Advisory Opinion, the Council makes no judgment on the factual allegations of this case, including whether the alleged facts of the case fall under the "minor lease" exception. However, the Council will take the opportunity to provide certain factors that might distinguish 'minor' from 'major' leases. 'Minor' is commonly defined as "being less important or serious" or involving, relating to, or dealing with less important matters."<sup>5</sup> With respect to leases, factors that relate to how "minor" a lease is may include, but are not necessarily limited to, the expected revenue from the lease, the length of the lease term, and the area and value of the leased space.

In regards to the second issue, the Council is of the opinion that the Board would be in violation of the CAA if it entered into negotiations with a business that did not earn the highest score based on evaluation criteria set forth in the RFP for the negotiated space. The Council finds the language of Section 3.2 of the CAA clearly indicates that the RFP process is both "necessary" and



APPENDIX B

## ASUC JUDICIAL COUNCIL ADVISORY OPINION (cont'd)

"appropriate," and once initiated, should proceed in the manner specified in this section. In summation, the Board should not enter into negotiations with a business in a manner that would conflict with the procedure outlined in Section 3.2 once a request for proposal has been issued. Again, however, the Council makes no judgments on the specific factual allegations of this case.

The Council also emphasizes the advisory nature of this opinion and notes that in the event of a dispute or complaint regarding the operation of ASUC commercial activities, Section 11 of the ASUC Commercial Activities Agreement outlines the procedure for seeking a resolution.<sup>6</sup> If plaintiffs wish to pursue this matter further, they must do so according to the procedures therein.

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<sup>1</sup>The Judicial Council has jurisdiction to opine on potential violations of the ASUC Commercial Activities Agreement because it has been incorporated into the ASUC By-laws. Title III, Section 7.2 of the ASUC By-laws states: "All commercial activities contracts shall be negotiated and managed by the ASUC Auxiliary pursuant to the ASUC Commercial Activities Agreement."

<sup>2</sup>Section 3.2 of the ASUC Commercial Activities Agreement states: "The parties acknowledge that it is necessary and appropriate to prepare and circulate requests for proposals ("RFPS") from would-be third party Bookstore operators and other commercial vendors. All RFPs will be issued by the Auxiliary at the direction of the Board, only after such RFPs are approved by the Board. Unless otherwise agreed by the parties hereto, the initial RFP for operation of the student bookstore shall be in substantially the form [sic] attached hereto and made part hereto as Exhibit E, and the responses to the initial RFP shall be evaluated using the evaluation criteria attached hereto in Exhibit F. The Board (i) shall evaluate the proposals submitted in response to an RFP and (ii) shall select the party whose proposal resulted in the highest score to be offered a leasehold interest, substantially on the terms [sic] set forth in the RFP, for operation of a ASUC Commercial Activity in Commercial Activity Space. After such selection, the Auxiliary shall negotiate a lease, license or operating agreement with the selected party which, upon approval of the Board, shall be signed by the Chancellor and the ASUC President, and such other officers as may be necessary."

<sup>3</sup>Section 3.3 of the ASUC Commercial Activities Agreement states: "The Board may authorize the Auxiliary to negotiate and, upon approval of the Board, execute certain minor leases, licenses or operating agreements which may be necessary for the normal conduct of business, where permissible under applicable University policy. The Board may delegate, to the Director of the Auxiliary, the authority to approve certain types of agreements which may be executed by the Auxiliary."

<sup>4</sup>Section 3.3 of the ASUC Commercial Activities Agreement

<sup>5</sup>Merriam Webster's Dictionary of Law. 1996.

<sup>6</sup>Section 11 of the ASUC Commercial Activities Agreement states: "Any dispute or controversy between the parties hereto, arising out of or related to this Agreement, shall be resolved as follows:

11.1 Initial Procedures. All concerns, complaints, or disagreements of the ASUC concerning the operation of ASUC Commercial Activities or any action or inaction of the Auxiliary shall be originally directed in writing to the Director of the Auxiliary. The Director of the Auxiliary shall attempt to resolve such

APPENDIX B

ASUC JUDICIAL COUNCIL ADVISORY OPINION (cont'd)

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matters informally as promptly as possible. If the matter cannot be resolved informally, the ASUC may request a meeting to confer with the Director of the Auxiliary. Such request shall be in writing, and the meeting shall take place within ten (10) business days after delivery of the request. 1.2 Appeal to the Chancellor. If resolution of a dispute cannot be achieved through the measures described in Section 11.1, above, the President of the ASUC may appeal directly to the Chancellor whose decision shall be final. Any such appeal shall be in writing, setting forth the basis for the appeal. The Chancellor may, but shall not be obligated to, meet and confer with the President of the ASUC regarding such appeal. Any decision of the Chancellor hereunder shall be in writing, shall be delivered to the President of the ASUC and to the Board, and shall be accompanied by a written statement of the basis for such decision."

DECISIONS OF THE BOARDProcedures

- March '10**    **Emily Marthinsen joins the Board, replacing Ms. Griscavage.**
- Dec. '09        Welcomed to the Board Khira Griscavage.
- Nov. '09        Established a Food Subcommittee for the Bear's Lair Food Court.
- Sept. '09        Heard a presentation from Business Services on RFP procedures.
- Sept. '09        Voted to have \$20,000 from ASUC reserves, held by the Auxiliary, to be used for the Lower Sproul campaign.
- July '09         Welcomed to the Board Prof. Myers and Dean Poullard.
- July '09         Elected Mr. Rajan and Mr. Poullard as Chair and Vice Chair.
- July '09         Established a subcommittee to consider amendments to the SOB Charter and By-laws.
- July '09         Approved an operating principle of perspective vendors submitting an ROI to the Auxiliary before having the matter come to the Board.
- May '09         Welcomed Mr. Zuo and Ms. Coleman to the Board, undergrad reps in two-year and one-year terms respectively.
- May '09         Approved proposed changes to the CAA that would have the ASUC and the GA share commercial revenue.
- 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 first Board meeting as undergraduate representative.
- 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.

Procedures (cont'd)

- 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.
- Feb. '05 Mr. Miles and Mr. Williamson joined the Board.
- August '04 Formed an ad hoc committee to study increasing efficiency in information technology.
- July '04 Elected Elliot Cohen as Acting Chair of the SOB, for 2004-5.
- April '04 Considered and amended ASUC Auxiliary Budget Principles.
- Jan. '04 Agreed to send another letter to the ASUC Senate and the GA asking to resolve the question of GA representation on the Board.
- Dec. '03 Voted to send a letter to the ASUC and the GA 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.

Procedures (cont'd)

- 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 members orientation by August 30.
- May '03 Agreed on the need for a Board members orientation to be held before the start of the school year.
- Dec. '02 Enhanced Board minutes by adding "Decisions of the Board."

Vendors

- Jan. '10 Voted to enter into negotiations with Subway Sandwiches and Saigon Eats.
- Dec. '09 Passed a Resolution to extend the Taqueria lease until May 31, 2010; gave the Taqueria until January 10, 2010, to accept terms that were presented in July. A negative response or no response would have the Auxiliary issue an RFP on January 11, 2010,
- Dec. '09 Determined weights for the Bear's Lair RFP scorecard.
- Nov. '09 Reduced CUBS' rent 50% for the summer months the space was inaccessible due to University issues.
- Nov. '09 Decided to charge a \$500 deposit to CALPIRG.
- Nov. '09 Offered to extend the lease of the Taqueria through May, 2010.
- Oct. '09 Extended the lease of Healthy Heavenly Foods through May, 2010.
- Oct. '09 Extended the Daily Cal lease to September 30, 2012, adding CPI and electrical monitoring.
- July '09 Approved a one-year contract extension for the Daily Cal, through 2012.
- July '09 Approved Mr. Zuo as SOB rep to sit on the Daily Cal Board.
- July '09 Voted to present the SOB's contract to Food Court vendors, and to go to RFP if the terms were accepted.
- May '09 Approved an amendment to the Naia lease, to allow the sales of sushi and salads, with Naia to reopen in the fall.

Vendors (cont'd)

- May '09 Approved a five-year lease extension for CALPIRG, with new lease terms.
- May '09 Agreed to a three-year lease extension for the Daily Cal, and on terms to repay deferred rent payments, with an SOB member to sit on the Daily Cal Board until repayment.
- April '09 Amended the Panda Express contract and voted to renegotiate.
- April '09 Agreed to present draft contracts to the Coffee Spot, the Taqueria el Tacotento, and Healthy Heavenly Foods, going to RFP's if necessary.
- March '09 Approved the Tully's Coffee contract.
- Feb. '09 Voted to approve the CUBS contract.
- Feb. '09 Voted to move forward with the Tully's contract.
- Jan. '09 Voted to continue negotiations with Panda Express and Tully's Coffee.
- Dec. '08 Voted to go out to bid for all Bear's Lair Food Court vendors.
- Nov. '08 Approved Action Vending proposal to increase vending prices.
- Sept. '08 Agreed to Daily Cal terms for deferment and reduction of rent.
- 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.

Vendors (cont'd)

- May '09 Voted down approval of the proposed Panda Express contract.
- May '09 Voted to go to RFP, on June 30, for the STA Travel space, and any other spaces that become vacant in the coming year.
- May '09 Revised the agreement with CampusLink to end its monopoly on Student Union advertising.
- 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 used of an inspector suggested by the Alumni Association to inspect the Cal Lodge, to authorize pursuing an agreement for the Alumni Association to manage the Lodge.
- May '05 Approved the further exploration with Daryl Ross of placing a green café at the southeast corner of the Student Union.
- March '05 Heard a presentation by Daryl 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.
- April '04 Authorized negotiations for a 12-month contract with the current Bear's Lair tenant, and to terminate the lease if negotiations failed, and to issue an RFP.
- March '04 Agreed to a four-with pilot project for the New York Times Readership Pilot Project.
- March '04 Rejected contract proposals submitted by Pub management, called upon the Commercial Operations Committee to initiate a student survey on use of Pub space, and approved sending out an RFP for the space.

Vendors (cont'd)

- 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 community 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, begin Jan. 1, '05, to the Taqueria and Healthy Heavenly Foods.
- 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

- Nov. '09 Allocated \$30,000 out of Auxiliary reserves to fund a study on a maximum build-out option for Lower Sproul redevelopment.
- May '09 Learned that due to a possible FEMA grant, phase 3, of the Student Union seismic project would be postponed until the summer of 2010, including the Pub, and the Store, and the Multicultural Center.
- Dec. '08 Work began on the seismic retrofit of MLK.
- Oct. '08 Heard from, gave feedback to, Brailsford & Dunleavy, 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 Leybovitch, 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 SOB 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.
- Feb. '03 Approved a subcommittee to look into policies for Pauley Ballroom and for fee waivers.

Budget

- Feb. '10 Had a session to envision the Auxiliary budget.
- July '09 Approved the 2009-10 Auxiliary budget.
- April '06 Approved the 2006-7 Auxiliary budget.
- April '05 Approved the 2005-6 Auxiliary budget.

Budget (cont'd)

- Sept. '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 OSA position for the GA.
- April '04      Approved the ASUC Auxiliary FY 2004-5 budget, including a transfer to the ASUC of \$50,000 from Auxiliary Contingency Reserves.
- Feb. '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

## STORE OPERATIONS BOARD MINUTES

April 13, 2010

Present: (Members and others)

Ariel Boone (Senator)	Sam Lee (Senator)	Jonathan Poullard (Board mbr.)
Rebecca Coleman (Board member)	Philippe Marchand (GA VP)	Nish Rajan (Board member)
Ron Coley (Board member)	Matt Marks (Student-at-large)	Chaney Saephan (Senator)
Miguel Daal (GA President)	Arnoldo Marquez (Taqueria)	Neel Shah (GA)
Lean Deleon (Senator)	Emily Marthinsen (Bd. Mbr.)	Will Smelko (ASUC Pres.)
Jeff Deutsch (Bookstore Mgr.)	John Myers (Board member)	Tom Spivey (Auxiliary)
Christopher Franco (Senator)	Cynthia Nava (Senator)	Marilyn Stager (Auxiliary)
Elliot Goldstein (Senator-elect)	NhuNhu Nguyen (Senator)	Noah Stern (Senator)
Ricardo Gomez (Student-at-large)	Christina Oatfield (Senator)	Viola Tang (Senator)
Karyn Houston (Auxiliary)	Alberto Ortega (Board member)	Tu Tran (ASUC EVP)
Minji Kim (Senator)	Rahul Patel (Senator)	Yishi Zuo (Board member)
Eunice Kwon (Senator)	Nadesan Permaul (Auxiliary)	

### SUMMARY OF THE MEETING

The meeting was called to order at 6:53 in East Pauley Ballroom.

#### Announcements

The Board formed a subcommittee last fall to look at the SOB's By-laws and Charter. It got pretty far, and will resume that job and meet again. Members were Mr. Daal, Ms. Coleman, Mr. Permaul, and Mr. Smelko. Others could attend.

#### Discussion of Funds Related to Lower Sproul Expenses

The SOB previously allocated \$30,000 to Lower Sproul-related expenses for the Referendum. The campaign was over and the Lower Sproul Student Council was \$3,000 short of funding, money used for information and campaign materials.

#### Public Comment

Christina Oatfield said she had a big philosophical issue with the Board conducting most of its business that evening in executive session. She wanted to mention some key points regarding the Food Court. In December '09 the Board voted to extend the Taqueria lease until May 31, '10, with an RFP to be issued if there wasn't a positive response. The RFP was never issued. In February the Senate unanimously passed a Resolution calling for an RFP for the Taqueria space. In March the Judicial Council issued an Advisory Opinion stating that the Board would be in violation of the CAA by not issuing an RFP. In March Mr.

Marquez wrote the Board asking to bid on his space. The Board was considering Subway Sandwiches, and Subway disregards all of the sustainability criteria the Board set forth in an RFP.

Elliot Goldstein, Senator-elect, said there was a Subway right across the street. Bringing another in would be detrimental to diversity. Its business model was not sustainable and there was also a health issue with the high calories of Subway's food.

Alejandro said that Subway was cheap, but disgusting. There are Subways near campus, but only one Mexican food restaurant. Subway would be boycotted. Bear's Lair vendors actually respond to small requests that students have.

Ricardo said that in spring '08, the ASUC Housing Commission did a survey and found that 75% of students wanted to preserve the unique character of Berkeley and protect the City from corporate interests. Tacotento was an important part of his community, and to get rid of it would be a slap in the face of the Raza community.

#### Executive Session

The meeting entered into executive session to discuss a motion on the Bear's Lair Food Court. Newly elected student government officials were included.

#### Motion on the Bear's Lair Food Court

By a vote of 8-1-2, the Board approved having leases prepared for space No. 2, Saigon Eats, and for space No. 3, Subway Sandwiches franchisee, for a maximum of seven years, with both vendors to invest over \$100,000 in infrastructure and appearance of the spaces.

#### Lower Sproul Referendum Expenses

With no objection, the Board approved an appropriation of up to \$3,000 from Auxiliary reserves for Lower Sproul Referendum-related expenses.

#### Motion to Extend The Lease of the Coffee Spot

The Food Court has two cooking hoods that are both out of compliance. EH&S will not allow the cooking areas opened in the fall unless work was done to bring the hoods up to code. The Auxiliary was getting an estimate, at a cost of about \$6,200. The cost per hood was estimated to be \$40-100,000. Both incoming vendors agreed to make that investment. The Bear's Lair Pub and the Coffee Spot were sharing part of those costs, with spaces No. 3 and No. 2, respectively, in order to gain access to the cooking area. Given the size of this investment, the Auxiliary was recommending all Food Court leases be given lease extensions, from a three-year lease with a two-year option, to, instead, a five-year lease with a two-year option, for the three vendors. Performance criteria would be included.

It was suggested that if vendors don't meet the performance threshold by year No. 4, \$400K, that the Auxiliary go out to RFP.

With no objection, the Board approved the extension of the Coffee Spot lease by two years.

### Motion to Prepare an RFP to Provide Printing Services

UC Printing and UC Copy have been closed. At the same time, the ASUC was considering how to save money on printing and copying. The Auxiliary was proposing to go out to RFP for such a service, to be located in the old Postal Annex space. The ASUC's costs for copying and printing were about \$300K a year, and with no blanket agreement, they were getting the worst prices. This is a viable business and something the campus needed.

It was noted that copying was a commodity, and people would go where prices were lowest, on campus or off.

It was noted that the campus has not yet prepared a campus contract for this, and the ASUC vendor might not be the campus vendor.

By a vote of 1-6-2, the Board voted down a motion to prepare an RFP for copying services.

It was suggested that the Auxiliary continue to work with Business Contracts on a campus-wide service.

### Motion on the Definition of Section 3.3 of the CAA

The proposal would define as "minor" leases all those under \$250K. They would not have to go out to RFP. This could be changed by future Boards.

UC General Counsel Lloyd Lee suggested a figure of \$120K. Choosing an amount was not well defined, and was based on the size of leases the UCOP President and Chancellors were authorized to approve.

This change wouldn't require an amendment to the CAA. And bypassing an RFP could occur with the Chancellor's approval.

With no objection, the Board amended the definition of a "minor lease" to be \$150,000 yearly.

This was simply a Board procedure and didn't need UCOP approval.

By a vote of 10-0-0, the Board amended 3.3 of the CAA to define "minor leases," which don't require an RFP, at \$150,000.

### Discussion of the ASUC Auxiliary's Proposed Budget

The Board was scheduled to vote on the budget at its next meeting.

The 2010-11 budget will be the third year in succession the Auxiliary will run a deficit. They will begin cutting core services to students next year. A student advisor for student groups will be eliminated and the number of student groups served by the Auxiliary will be cut. The Auxiliary will also propose closing the ASUC Library, which would then be available for reservation. For MLK, the Auxiliary will take the composite of the last two years of student rental, accounting for 45% usage of the Student Union. The Auxiliary will translate that into a dollar amount for the Executive VP to establish a process to issue credits for facilities waivers to student groups. Once credits are used up, students would pay to use the facilities.

The Auxiliary will have a \$70,000 shortfall. The only fund remaining was the old Worker's Compensation reserve, which was moved to operational reserves. The Associate Vice Chancellor has only authorized potential use of \$100,000 of those funds, since in the last two years, the ASUC has used almost half a million dollars out of operational reserves to cover its deficits.

Student government or groups request waivers so they don't have to pay to rent the facilities, typically Pauley. Waivers typically total \$326K for the ASUC and \$17K for the GA. Pauley was \$140,000 a year, for 102 events.

The Auxiliary had a total of \$3.6M in carryforward on 6/30/09. Carryforward for 6/30/10 was projected at \$3.3M. Most of that was in restricted reserves.

The only undesignated reserves were for operations and building maintenance. The operational contingency was too small to continue to deplete. The building maintenance contingency was tied up with capital improvements over ten years.

Reserves had to be deposited in a campus fund and the Chancellor collects the interest. Student government has tried to retain that interest in the past, and perhaps should try again.

Campus auditors will do a complete audit of the Auxiliary, as a campus entity. Senators and others should feel free to suggest areas for the auditors to look at.

Discussion of the ASUC Auxiliary Proposed Budget

It was suggested that the Board consider the Auxiliary budget in late June, in order to consider deep structural problems.

The meeting adjourned at 8:56 p.m.

**End Summary of the Meeting**

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This regular meeting of the Store Operations was called to order by Nish Rajan at 6:53 in East Pauley Ballroom.

APPROVAL OF THE AGENDA

Ms. Oatfield proposed adding a public comment time. Mr. Rajan said they had to be out of their by 9:30. Ms. Oatfield said they could put a cap on the time. Mr. Rajan asked if ten minutes of public comment would be useful. Ms. Oatfield said it would be, and suggested hearing it after Mr. Daal's announcement on the By-laws. Mr. Rajan said they would add that after item No. 3.

Mr. Daal said he would entertain a motion to approve the agenda, as amended. It was so moved and seconded by Mr. Ortega and Prof. Myers . THE MOTION TO APPROVE THE AGENDA, AS AMENDED, PASSED WITH NO OBJECTION.

### ANNOUNCEMENTS

Mr. Daal said last year, in October or November, the SOB put together a subcommittee to take another look at the By-laws and Charter of the SOB. They got pretty far, although they didn't finish the job. What they'd like to do was to resume that job. So he was making this announcement to notify everyone that the By-law Subcommittee will be reformed. Mr. Daal said this Committee includes himself, Ms. Coleman, Mr. Permaul, and Mr. Smelko. Others were invited to attend. Mr. Daal said he'll contact people about a meeting.

### DISCUSSION OF FUNDS RELATED TO LOWER SPROUL EXPENSES

Mr. Daal said the SOB allocated \$30,000 to Lower Sproul-related expenses at a previous meeting, in November, he believed. As the campaign was now over and the results are in, the Lower Sproul Student Council finds it's a little short on funding. They're trying to reconcile this. So he would move to request that an additional amount, up to \$3,000 of Auxiliary reserve funds to go towards Lower Sproul-related expenses.

Mr. Poullard asked if they were over-budget by \$3,000. Mr. Daal that was correct, approximately.

Mr. Coley asked what the nature of the expenditure was. Mr. Daal said it was for information and campaign material.

Mr. Poullard asked if he was making a motion. Mr. Daal said he was. The motion was seconded by Mr. Ortega. Mr. Daal said the motion was to appropriate \$3,000 from the Auxiliary reserves, however the Auxiliary chose, to reconcile Lower Sproul Referendum-related debts.

Mr. Rajan called for any discussion, and called for any objection to approval.

THE MOTION TO APPROVE THE ALLOCATION OF \$3,000 FROM AUXILIARY RESERVES TO PAY FOR LOWER SPROUL REFERENDUM-RELATED DEBT PASSED WITH NO OBJECTION.

### PUBLIC COMMENT

Mr. Rajan said they would next hear up to ten minutes of public comment.

Christina Oatfield said she didn't want to speak in closed session and actually had a big philosophical issue with the Board conducting most of its business that evening in executive session. She could explain her reasons some other time, if people wanted to ask her about it, but basically, she wanted her constituents to hear what she was saying, on the record, so that they could hold her accountable.

She would distribute a summary of what she was about to say. These were all factual pieces of information that she hoped all of them, as Board members, were already familiar with. She would apologize if she sounded repetitive, but these were some key points that she thought were incredibly important for the Board to keep in mind when voting on the next proposal, the proposal regarding the Bear's Lair Food Court.

Ms. Oatfield said that for those who don't remember, on December 8, 2009, the Store Operations Board passed a motion by a 6-1-1 vote to have the lease of the Taqueria extended until May 31, 2010. The Taqueria was given until January 10, 2010 to accept the terms that were presented in July. However, if there was a negative response or no response from the Taqueria, then the Auxiliary was directed to issue an RFP on January 11, 2010. As the Board was aware, the RFP never happened.

On February 17, 2010, the Senate passed a Resolution, SB 50, unanimously calling for an RFP to be issued for space No. 2, the Taqueria space.

On March 7, 2010, the Judicial Council issued an Advisory Opinion stating that the Board would be in violation of the CAA by not issuing an RFP for space No. 2, and by not issuing the Healthy Heavenly space to the highest bidder, according to the agreed upon scorecard.

Finally, on March 8, 2010, the SOB received a letter from Arnolando Marquez asking to have the opportunity to bid on his space. He had been led to believe verbally, and by actions taken at SOB meetings, that he would have the opportunity to bid on his space.

Ms. Oatfield said she would also like to add that yesterday, she believed, she received an e-mail that was forwarded to her by a student who had been hired by the University of Michigan sustainability program asking about the sustainability criteria the Board used in its RFP process for the Healthy Heavenly space. The student wrote that she was really impressed by the Board's sustainability criteria and wanted to use it as a model for food services. She asked how members of the Board came up with these criteria and how it was going. Ms. Oatfield said she was going to write an e-mail in response saying she was glad the writer was looking at sustainability criteria that Ms. Oatfield said she helped write into the contract. But Ms. Oatfield said she was also really disappointed to have to report to the writer that the Board was considering bringing Subway on to campus, and that Subway completely disregards all of the sustainability criteria that the Board set forth in its public Request for Proposal. So if the Board brought Subway on to campus, it would be making a joke out of those policies when it could be that Berkeley could have been seen as a role model in the sustainability movement by other major universities around the country.

Ms. Oatfield said the Board will have to make decisions that evening. She'll remain in closed session with the Board that evening, but there were a lot of conversations that she would prefer to see on the record.

Elliot Goldstein introduced himself and said he was just elected to the Senate. He thought there was something to be said about redundancy. He thought there was something to be said about redundancy.



He thought there was something to be said about the fact that there's a Subway right across the street. As Ms. Oatfield pointed out, the vote the SOB was about to make was very detrimental to diversity on the campus. The Subway approach of saturating an area was similar to Starbucks', which was everywhere. That isn't a sustainable approach, and Starbucks was now closing down stores.

Mr. Goldstein said the vote involved three issues. They include diversity available to students, which was being severely limited by bringing in a Subway, that was right up the street. He would ask them to consider how sustainable that was, and whether the Board was putting revenue before a real goal of sustainability. The decision was also a health issue. A Web site compares Subway to McDonalds. Subway has five of the fattiest foods, with the highest calories. The double meatball melt is 1,260 calories. So it's not healthy or sustainable, and decreases diversity, and is an "F-U" to the students after the Senate approved unanimously that they didn't want a Subway there. He wanted to thank them.

Alejandro introduced himself and as was pointed out, said there was already a Subway right across the street. He never ate there because the food was bland and tasteless. It's cheap, but disgusting. There are Subways within range of campus. As far as he knew, there was only one Mexican food restaurant, and that was directly below them. Chipotle was not Mexican food, and was something else he couldn't eat, because it was also gross. If Subway was approved to go downstairs, it will be openly boycotted around the clock. That will mean that it will become financially unfeasible for Subway to actually function and it will have to back out of its contract because it wouldn't be able to pay the rent. And that would make the SOB look pretty bad. It's a bad business model. If the Board was looking at a business model, there already were businesses in the Bear's Lair that were sustainable and provide for the dietary needs of students.

Lastly, Alejandro said there was something very curious about the way they operate as a small local businesses in that they actually respond to small requests that students have. He had a friend who has gone to businesses down there and told them he didn't eat meat, and asked if there was a way to alter their food so that he had choice. And the businesses made a vegan option. Subway would never be able to do that because that wasn't how the corporate model functioned. He would leave the Board with those thoughts when they decide whether or not to allow Subway to actually come into the ASUC's premises.

Ricardo said he didn't have anything prepared but just wanted to let the Board know that in spring 2008, the ASUC Housing Commission conducted a survey of students and found that 75% of students on campus felt that it was important to preserve the unique character of Berkeley, and specifically, wanted to protect that unique character from corporate interests. So to vote something like Subway into the Bear's Lair would directly challenge what 75% of students felt was important for the campus to retain. It would be a slap in the face to all students for the Board to bring Subway into this space, regardless of how much more money it could bring to the campus, which it probably will; but 75% of students don't want it to be here. He really supported Tacotento, which was an important part of his community. To get rid of it would also be a slap in the face of his community, the Raza community. They didn't have that many Latino people on campus, so for Tacotento to be kicked out and another vendor brought in was not acceptable to his community. He also wanted to say that when the Board goes into closed session, it was also a slap in the face to this public space. One of the CSU campuses was under fire because of information that wasn't released about a speaking engagement on campus because another auxiliary organization, like the ASUC Auxiliary, wasn't being public. For the SOB to kick them out and say they've had enough of the public would be a slap in the face. He would ask the Board to please remember that this was a public institution. He wanted to thank them.

Mr. Rajan said they would move on with the agenda, and the next item, unfortunately, was in closed session.

A speaker said he had something to say. Mr. Rajan said there was no time on the agenda and some Board members had to leave at 8:00. They needed to get this business done. There might be an opportunity after closed session was over.

The speaker asked if a student member would move to extend time. Ms. Coleman moved to extend public comment time. Mr. Rajan said a motion to amend the agenda required a two-thirds vote. Mr. Patel asked if the motion was to actually extend a current agenda item. Mr. Rajan said he would entertain a motion to overrule the Chair.

Ms. Coleman moved to amend the agenda to include an additional five minutes of public comment. The motion was seconded and failed by hand-vote 1-8-0.

Mr. Rajan said the next three items to consider it were in closed session.

#### Executive Session

Mr. Rajan asked people to please leave if they weren't a member of the Board or a Senator. Hopefully they'll be done by 8:00. People were welcome to hear the budget and the other discussion after that.

Mr. Patel asked if he could move to include newly elected ASUC officials. The motion to have newly elected members of the Senate remain, as well as to include Mr. Marchand, Neel Shah, Ms. Stager and Mr. Spivey. The motion was seconded and passed with no objection. Mr. Rajan asked all those who were not named, or weren't on the Senate or GA for this year or next year, to leave.

Ms. Coleman there wasn't a motion to add item 2, so if they required a two-thirds vote to amend the agenda, a motion was needed to amend the current agenda. Mr. Rajan said they'd have to amend the agenda when they return to open session.

This meeting entered into closed session, to consider a motion regarding the Bear's Lair Food Court.

#### Motion on the Bear's Lair Food Court

Back in open session, Mr. Rajan said he would entertain a motion to vote on item No. 4. It was so moved and seconded by Mr. Smelko and Mr. Tran.

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Begin agenda item No. 4

4) Motion on the Bear's Lair Food Court

The Store Operations Board authorizes the ASUC Auxiliary to prepare leases for space No. 2 (Saigon Eats) and space No. 3 (Subway Sandwiches franchisee) for signature by the ASUC President and the Chancellor or his designee. The lease terms will be modified to grant a maximum of seven years to both vendors to cover over \$100,000 of respective investment in the infrastructure and appearance of the spaces. The Board will see the final lease documents electronically before signature. All new or amended leases will include clauses for business interruption and relocation based on the outcome of the BEARS Referendum.

End agenda item No. 4

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A roll call vote was requested.

Mr. Patel asked if they could wait for the vote until people returned from executive session. Mr. Rajan said they could, as long as people understood they were going to be excluded again in two minutes.

Roll call was taken:

YES	NO	ABSTAIN
Mr. Smelko	Ms. Coleman	Ms. Marthinsen
Mr. Ortega		Mr. Rajan
Mr. Daal		
Prof. Myers		
Mr. Tran		
Mr. Coley		
Mr. Zuo		
Mr. Poullard		

A motion to close the rolls was made and seconded and passed with no objection.

THE MOTION TO APPROVE AGENDA ITEM NO. 4 PASSED 8-1-2.

Ms. Nava asked what just passed. Mr. Rajan said it was item No. 4, a motion to prepare a lease with Saigon Eats and Subway.

Mr. Rajan said he would entertain a motion to go back to closed session to discuss item No. 5.

Mr. Zuo asked if there was a way the Board could talk about non-financial stuff at that time. Mr. Permaul said they weren't voting on the budget that evening, and this was just discussion.

Mr. Zuo asked about the item on the Bear's Lair Pub. Mr. Permaul said that was another issue.

Mr. Rajan said he would entertain a motion to amend the agenda to include Mr. Daal's motion on item No. 3, as Mr. Daal stated earlier. They also needed to amend the agenda to remove item No. 5, the motion on the lease of the Bear's Lair Pub, until more information was available. He asked if there were any other amendments. It was so moved and seconded by Mr. Poullard and Mr. Daal. THE MOTION TO AMEND THE AGENDA PASSED WITH NO OBJECTION.

LOWER SPROUL REFERENDUM EXPENSES

Mr. Rajan said that Mr. Daal's motion was to appropriate up to \$3,000 from Auxiliary reserves for Lower Sproul Referendum-related expenses. It was so moved and seconded by Mr. Daal and Mr. Zuo. THE MOTION TO APPROVE THE APPROPRIATION OF UP TO \$3,000 FROM AUXILIARY RESERVES FOR LOWER SPROUL REFERENDUM-RELATED EXPENSES PASSED WITH NO OBJECTION.

MOTION TO EXTEND THE LEASE OF THE COFFEE SPOT

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Begin agenda item No 6

6) to Extend the Lease of the Coffee Spot

A recent analysis of the cooking hoods in the ASUC Bear's Lair Food Court found them to be out of compliance with the currently physical safety standards for such equipment. New vendors moving into the Food Court will have to improve those hoods. The Coffee Spot, our existing vendor, has sought access to the hood in space No. 2. The potential new vendor, Saigon Eats, has agreed in concept to such a shared arrangement and improvements. The Store Operations Board agrees to extend the lease of the Coffee Spot vendor by two years if the Capital Projects department authorizes renovations to add hood access to space No. 1 in the Bear's Lair Food Court. The extension will cover costs to improvements in infrastructure and appearance of space No. 1. All new or amended leases will include clauses for business interruption and relocation based on the outcome of the BEARS Referendum.

End agenda item No. 6  
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Mr. Permaul said the Bear's Lair Food Court has two sets of cooking hoods. As part of the investigation for new leases, the Auxiliary recently had professional staff come in to assess those hoods. Both hoods are out of compliance, and the campus' Environmental Health and Safety Department has instructed the Auxiliary that the cooking areas could not be opened in the fall unless work was done on those hoods to bring them up to code. The Auxiliary was currently getting an estimate and will have to pay about \$6,200 for that estimate. The estimate ranged anywhere from \$40-100,000 per hood. Both vendors the Auxiliary just approved to bring in have agreed to make that investment. The Bear's Lair Pub was ensuring parts of

those costs, with space No. 3. And the Coffee Spot was interested in sharing the expenses with space No. 2 in order to gain access. In order to do that, the Coffee Spot has requested that its lease be extended by two years in order to return the investment over time. The Auxiliary agrees with that assessment and recommends that the Board do that for all of the leases in the Bear's Lair Food Court, given the size of the investments that will have to be made. So instead being a three-year lease with a two-year option, they would be five-year leases with a two-year option, for the three vendors. And they would have to meet performance criteria, which was to meet the threshold for revenue sharing in order to get the lease option.

Mr. Rajan said he would like to make sure that in year No. 4, that vendors meet the threshold. If they don't, he would like to go out to RFP a year after because it seemed to take that long. He would also like, if possible, to keep that at \$400,000 for the last three years of their contract. If, in the fifth year or sixth year they don't meet that threshold, then they'd have an RFP. Mr. Permaul said he would negotiate that into the leases.

Mr. Rajan called for any discussion or questions about extending the Coffee Spot lease.

Mr. Rajan asked how much the Coffee Spot would be willing to spend as an investment. Mr. Permaul said they'd have to spend from \$40-100,000 for hoods. In the previous lease, they already required the Coffee Spot to do a complete cosmetic change. They would also have to define their boundary line with an actual gate that would close their space. So the Coffee Spot had substantial investments it would have to make into that space.

Mr. Coley asked what they were using for proof of revenue. Mr. Permaul said part of the new lease is for them to use point-of-sale cash registers. The Auxiliary will receive results of their sales. Mr. Coley asked if all of them understood that. Mr. Permaul said they did, and Mr. Alloun was already in compliance, and a point-of-sale system was already in place.

Mr. Daal said that point-of-sales systems then, were in place for the Coffee Spot and the Pub. Mr. Permaul said that was correct. Mr. Spivey said one was also in place at Tully's.

Mr. Rajan asked if there was any further discussion, and if they could vote on the extension of the lease. He called for a motion to approve. It was so moved and seconded by Mr. Smelko and Mr. Zuo.

THE MOTION TO EXTEND THE LEASE OF THE COFFEE SPOT PASSED WITH NO OBJECTION.

Mr. Rajan said the Auxiliary was authorized to negotiate an extension of the Coffee Spot by two years. He assumed the Board would see those terms before they're finalized. Mr. Permaul said that was correct.

MOTION TO PREPARE AN RFP TO PROVIDE PRINTING SERVICES

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Begin agenda item No. 7

7) Motion to Prepare an RFP to Provide Printing Services

The Store Operations Board authorizes the ASUC Auxiliary to develop an RFP for at least the following copy services (listed below) on the Berkeley campus, to be located in the space that was occupied by the "Postal Annex" in the ASUC Mall. Such a bid process would be reviewed by the Board in May or June, with the goal of seeking approval to implement a lease during the Fall Semester of 2010.

- 1) Blanket copy services for the ASUC, including government and student groups at a rate based on annual purchasing volunteer.
- 2) Blanket copy services for campus department, based on annual purchasing volunteer.
- 3) Blanket digital image services, banners, posters, fliers.
- 4) Orders and sales of readers, sold in conjunction with the ASUC Bookstore.
- 5) Copying and binding of graduate dissertations in collaboration with the campus Book Bindery.
- 6) Other services requested by campus.

End agenda item No. 7  
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Mr. Permaul said the University has closed UC Printing, which includes UC Copy. The ASUC has also currently been considering how to save money with the use of ASUC fees for printing and copying. There was currently no blanket agreement negotiated at a good price for the ASUC. Sen. Nguyen and Vice President Tu Tran have talked about going out to bid for a copy service to provide reader sales at the ASUC and very good printing and copying prices for ASUC student groups and student government. It would provide a service to the campus as well, a place where departments on campus could request copying. The Auxiliary would go out to RFP for this for the space that used to be the old Postal Annex space. Any local vendor could bid, and the vendor would be awarded the bid according to the best terms and conditions for the ASUC and the campus, and would be offered that space.

The Auxiliary has been approached before about this, but waited in the hope of negotiating a partnership with UC Printing. But since it's been closed, there was nothing to prevent the ASUC from going out to bid for that service.

Mr. Rajan said that to be clear, the Auxiliary was applying for an RFP that the campus was putting out, as opposed to soliciting a bid. Mr. Permaul said the Auxiliary would put out an RFP and solicit bids for the ASUC.

Mr. Zuo asked why they were limiting themselves to printing, and asked why they couldn't go out to RFP for anything, not just printing. Mr. Permaul said it's because they have a specific need. The copying the

ASUC does at that time was about \$300,000 a year in expenses, for copying, printing, and other areas. And they're getting the worst prices, because they go to individual vendors, and had no blanket agreement. If the ASUC bid a blanket agreement, they could cut that price down dramatically, and those funds would be returned to the Senate, to be allocated to student groups and other purposes. The whole idea was to get a package deal in which the ASUC would get photographic services, banners, fliers, and copying. And they could extend that to the campus. That would generate revenue to the ASUC because the ASUC would have revenue sharing with whatever business comes in. This was a business that was viable and something the campus already needs. The campus Business Contracts Office has been inundated with requests from campus departments asking where they should go for their printing. So this was an opportunity for the ASUC to corner a business for itself that the campus and students need.

Mr. Daal asked why the campus closed UC Printing. Mr. Permaul said UC Printing apparently did not have a financial model that was sustainable across time. Unfortunately, the demise of the economy has driven down the printing business for the broad range of services that UC Printing needed to sustain its business model. That's not the case with private copying services, which were flourishing around the campus. Those models work. But UC Copy and UC Printing were doing a very specific kind of business at a very high level, and could not sustain their financial models. He asked Mr. Coley if that was a fair assessment.

Mr. Coley said that was fair in terms of what Mr. Permaul was saying. As to whether or not a vendor will come to the ASUC, that was possible. There's no certainty that a vendor coming there would be a success, because the same issues would remain that all of the other vendors have. The service was a commodity, a very price-competitive business, and people were indifferent about whether or not the provider of that service was on campus or off-campus. People will go to wherever the lowest price was. So he thought the Board needed to be careful about assuming there's an opportunity to corner the market on this. He considered putting UC Printing inside this space, but the financials could never work in terms of the equipment, staffing, and rent. The University was paying going wages, and the Board had to keep in mind whether or not other vendors had the ability to under-price the service, and whether or not the campus would accept vendors who price things in ways that were suitable to the campus.

Mr. Coley said they also needed to answer the question whether or not, all things considered, this was the best use of this space. He heard this as an opportunity and it may be an opportunity, but in the analysis he's done, and the operation he just closed down, after looking at this for several years, whenever the analysis was done, the numbers never worked.

Mr. Poullard asked if he had an idea of what the campus expected to do with regard to printing issues. He asked if departments would just go wherever. Mr. Coley said that was what people have been doing. Operational Excellence is establishing a new model, and procurement was the centerpiece of that model. He was also responsible for procurement on the campus, so they'll create strategic vendor agreements. There was a risk, and establishing a business on campus of this type did not in any way guarantee that such a strategic vending contract would be a winner.

Ms. Oatfield said she thought this was a good idea. There was concern about UC Printing recently, but she's a part of student groups that use part of their money for fliers, and she's wanted to see this happen for a long time. She thought an RFP was worth pursuing, or at least investigating. However, she would like to see a preference for businesses that could do posters on recycled paper using plant-based inks. Mr. Permaul said that was included in the statement. They fully intend to meet the sustainable criteria that the campus has.

Ms. Oatfield said those sustainability criteria actually should be used in the process of deciding a vendor, because they saw what happened with the last sustainability criteria. Mr. Rajan said that was noted.

Mr. Daal said it seemed premature to move ahead and prepare an RFP for copying services in an ASUC space. If the campus didn't move forward in preparing an RFP, a strategic campus contract for copy and printing services, he would imagine the vendor would get the business the ASUC wanted. One route the ASUC could go was to wait on this and maybe work with the campus, and offer space in the ASUC to the winning bidder, if one was identified. That was one possibility. But he was a little concerned about the OE strategic contract that he thought will materialize.

Mr. Smelko said that if the point was for the ASUC to become the campus' vendor, then the faster they get a service in there, the faster the campus could potentially use ASUC services. If they got one in there, the goal would be for the ASUC to be the primary vendor for the campus.

Mr. Daal said he thought the risk of the ASUC doing this, and then not being chosen as the campus vendor, was too great. He thought it was less risky to do what he suggested, and work with the campus to offer space to whatever vendor they would award a contract to. Then they'd have a sure winner at the space.

Mr. Rajan said they were out of time on this agenda item. They could amend the agenda to add more time to this if there was a motion to do so.

Mr. Permaul said that he and Lila Mauro, the Director of Business Services, talked about using this as an opportunity to provide campus services to meet this goal, because she was getting a lot of requests from campus departments. He asked if Mr. Coley was suggesting a separate OE initiative for copying that was independent or was being contemplated separate from Business Services trying to do something in the near future. Mr. Coley said that will be the initiative. There will just be one, and it will satisfy the requirements of OE, which was fundamentally that for all things that they order, to the extent they could have a strategic vendor relationship, they will have one. And printing and copying services will be one.

Mr. Permaul said that when he discussed this with Ms. Mauro, his goal was to see if the ASUC would be a partner with the campus to have that service. They wouldn't be in competition, but would work together to finally have whatever vendor is selected be the one that would meet all the criteria they have. Mr. Coley said that was not in Mr. Permaul's original presentation.

Mr. Rajan said that if they're going to stick to the agenda, which they have been doing, they should either advance a motion to extend time or move on.

Mr. Permaul said he would leave that to the Board. Mr. Rajan said he would entertain someone advancing that motion. It was so moved and seconded by Mr. Tran and Mr. Ortega.

On a point of information, Mr. Permaul said he will certainly work with the campus to try and make sure they do not somehow step out in a way that would preclude the Auxiliary from being a potential campus vendor, because that would be a death knell. So their goal would be to work with Business Contracts to make sure this business service option could come to the ASUC, and meet campus requirements or the need for the best prices.



Mr. Daal said the Auxiliary, however, wouldn't prepare the RFP, and it was the campus that would prepare the RFP. The proposal needed to be reworded. It would be more to create a memorandum of understanding or contract with the campus to accept a bidder in ASUC space.

Mr. Rajan said the Board either needed to discuss this a little longer or move on. A motion was on the table and was seconded.

The motion to allow the Auxiliary to prepare an RFP for copying services failed by hand-vote 1-6-2.

Mr. Rajan said he thought the Board would like to see an amended motion with issues they just discussed left out.

Mr. Coley said he wanted to emphasize that he thought Mr. Permaul was going in the right correction. The path the Board took was not the precise one in the current climate, but the framing that Mr. Daal offered had, he thought, a lot of potential. So he and Ms. Mauro and her staff should talk about that in looking at this as a site and as a proponent in the RFP by the campus, and the ASUC could possibly participate in the revenue.

#### MOTION ON THE DEFINITION OF SECTION 3.3 OF THE CAA

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Begin agenda item 8

#### 8) Motion on the definition of Section 3.3 of the CAA

The Store Operations Board authorizes the term "minor leases" in the parlance of business contracts defined as all leases with rent at \$250,000 or less annually and lease terms at 5 years or less. These leases must meet the general terms and conditions hereafter called "The Berkeley Terms," used in the most recent RFP's placed out to bid by the ASUC. Any exemptions from those terms will be discussed with the Board and made with their approval. This does not include CAM costs, utilities, capital investment, or other facility related issues.

3.3 Non-RFP Contracts. The Board may authorize the Auxiliary to negotiate and, upon approval of the normal conduct of business, where permissible under applicable University policy. The Board may delegate, to the Director of the Auxiliary, the authority to approve certain types of agreements which may be executed by the Auxiliary.

End agenda item No. 8  
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Mr. Rajan said this was the section that dealt with major and minor leases.

Mr. Smelko asked if Mr. Permaul wanted to clarify. He thought the number they wanted to look at was \$250,000. This would basically allow them to expedite the process for a lot of minor leases. It provides clarification along the lines that UCOP considers to be a minor lease, and it also fit under the language of

the CAA. So it just provides extra specificity for them to be able to try and arrange minor leases, under the \$250,000 figure.

Mr. Daal said they were just considering the definition of “minor leases.” It's a broad procedure and could be changed by future Boards.

Ms. Coleman said she agreed that the Board needed to define “minor,” and that it was appropriate for the Board to do that. But she had a problem with the figure of \$250,000. That's not the same number that the General Counsel of UCOP gave. She felt it should be \$120,000. She felt that if the Board established definitions of terms for themselves they should standardize those terms according to what the University followed, in order adhere to their agreement with the University. She would like to know more about how Lloyd Lee came up with a number, \$120,000.

Mr. Daal said he happened to be at UCOP on Monday. He visited Mr. Lee and asked him about this issue. Mr. Lee said this was a very undefined region to consider. Mr. Lee said the President of the University can sign leases \$500,000 a year, for up to 20 years, and that Chancellors can sign leases of up to \$500,000 for ten years. And Mr. Lee said a minor lease should be below the authority that the Chancellor had. But how much under the authority that the Chancellor had was up to the Board. Mr. Lee said he didn't think that half the Chancellor's authority, which would be \$250,000, for ten years, perhaps, was far enough from the Chancellor's authority. So Mr. Lee halved that number again and called it around \$120,000. So it was very poorly defined. The Board was making a decision that was relative to what the Chancellor's authority was. Mr. Daal said that's what Lloyd Lee had to say about it.

Mr. Marchand said it seemed that this was a clause that bypassed the usual process. And for the sake of expediency, usually in other comparable processes in the GA and the ASUC, it needed a simple majority to do that. It would seem to require two votes of the Board to make an exception. Also, minor leases, in some places, might be defined in some ways, but \$250,000 was nearly 10% of the Auxiliary's annual budget. To put it in perspective, that was \$20,000 a month. The three Bear's Lair Food Court vendors pay \$15,000 a month, and a “minor” lease would be more. One thing that could be done was to define the value of the contract on the lifetime of the contract, or \$250K over the timeline of the contract. So for example, they could have a one-year contract with a large amount of money, or five-year contract with a lower amount of money. In some ways that made sense for students because they wouldn't want to put too much into a particular decision. The longer the term there was for a decision, the more future Boards and students would be affected. So he thought a two-thirds vote, and having the term of the contract be for \$25,000 for just five years, for each year, could prevent this from being used too much and prevent the RFP from being bypassed too much.

Mr. Rajan said that as a point of information, he wasn't sure if a two-thirds vote would require amending the CAA directly as opposed to defining what a “minor lease” was under the CAA. He didn't realize that when he spoke to Mr. Marchand earlier.

Mr. Daal asked if he was saying that to define a minor lease would require amending the CAA. Mr. Rajan said he thought that what Mr. Marchand was saying was that to bypass an RFP would require a super majority, and the procedures for bypassing an RFP was that it could be for a minor lease and didn't need to go through an RFP, according to the definition of a “minor lease.”

Mr. Permaul said he didn't believe it would require an amendment to the CAA.

Mr. Rajan said that on the other hand, requiring a two-thirds vote to bypass might need such a change. Mr. Daal said to bypass an RFP could be done with the Chancellor's approval. The CAA binds them to having an RFP. But the agreement is between the Chancellor and the ASUC. If both parties agree and it was within applicable University policy, there was no reason an RFP couldn't be bypassed.

Mr. Patel said his concern was the fact that "minor" lease terms were never truly defined before. So he felt it was kind of an arbitrary number. He was wondering what the process was to go about defining that number was a "minor lease," and if any outside sources were referenced, such as the numbers Mr. Daal said.

Mr. Daal said that's what Mr. Lee was saying, and said they just had to decide.

Mr. Patel asked what the thought process was, and asked how \$250,000 was decided. Mr. Daal said they just went over that.

Mr. Franco asked him if he could re-summarize that. Mr. Rajan said that the number \$250,000 comes mostly from their experiences over the last few years. It seemed like most of the spaces of the ASUC Auxiliary require a lot of investment.

Mr. Permaul said the figure was a composite of four elements. The four elements were base rent, annual investment for capital improvement, revenue generation, and shared costs for maintenance and facilities. The base rent was approximately \$120,000 a year. The Board can define what it considers "rent" in the way it wants to. If people would feel more comfortable using \$120,000 they could. Mr. Permaul said he used a figure that would encompass on an annual basis over the course of the lease what could potentially be the composite of all those elements.

Mr. Rajan asked if \$250,000 was over the term of the lease. Mr. Permaul said it wasn't, and was per year. They have one reason for \$250K. Mr. Rajan said Mr. Lee, General Counsel, seemed to think \$120,000 was enough for base rent. But perhaps his definition of "base rent" encompassed everything. Mr. Permaul said it didn't, and was just base rent.

Mr. Rajan said that as for the five years, in the past they've used five years as the amount of time in between going out to RFPs. So that's where those terms came from. Mr. Permaul the extension was based on capital investment.

Ms. Coleman said she thought it would make sense to define a "minor lease" in the context of the ASUC, such as maybe 5% of the ASUC Auxiliary's budget. So maybe \$150,000, or \$120,000 which was what the recommendation was.

Mr. Rajan asked if people could start to frame these in terms of actual changes. What they're asking was perhaps to move the \$250,000 down to \$120,000. Ms. Coleman said that \$150,000 would be the most that she would agree with.

Ms. Coleman said she would like to make that a friendly amendment.

Mr. Rajan said the number \$250,000 has been amended to \$150,000, barring objections. **THE MOTION TO AMEND THE DEFINITION OF A "MINOR LEASE," TO BE \$150,000 PASSED WITH NO OBJECTION.**

Mr. Coley asked if he should assume that if this was approved, this would go to the Office of the President. Mr. Daal said he asked Mr. Lee what they had to do to make this official, and he said all they had to do was write it down in the minutes.

Mr. Rajan said these were simply Board procedures, and next year's Board could change them. Ten years down the line, these numbers might not make sense.

Mr. Daal said that as long as it was under the Chancellor's amount, it could be defined.

Mr. Zuo moved to approve. The motion was seconded by Mr. Tran. THE MOTION TO AMEND 3.3 OF THE CAA, TO DEFINE "MINOR LEASES," WHICH DON'T NEED AN RFP, AT \$150,000, PASSED BY HAND-VOTE 10-0-0.

#### DISCUSSION OF THE ASUC AUXILIARY'S PROPOSED BUDGET

Mr. Rajan said the Board will vote on the budget at its next meeting. They were presenting the budget so Board members and anybody interested could see the situation as it stood. Perhaps they could give Mr. Permaul a few minutes to present the budget and then take any questions.

Mr. Permaul said the ASUC Auxiliary budget for 2010-11 was the third year in succession that the Auxiliary will run a deficit. He came to the Senate almost three weeks ago and presented to them what the changes would be. He then had a meeting with the ASUC and GA Presidents, and the Associate Vice Chancellor for Administration, and laid out the terms and conditions of the Auxiliary's budget. They are now running on fumes as an operation. They will begin cutting core services to students that coming year. They will eliminate one of the student advisors for student groups and they will pare down the number of student groups served by the ASUC Auxiliary.

Mr. Permaul said he's already asked Student Affairs to identify a list of eligible student groups that were currently ASUC groups that could continue to receive services from the office.

The Auxiliary will also propose to close the ASUC Library and to eliminate those student work positions. The Library will become a facility that could be reserved and would no longer be used for library purposes. As for the facilities in the Martin Luther King, Jr. Union, the Auxiliary will take the composite of the last two years of student rental, which account for 45% of the use of the Student Union. Students typically use Student Union facilities after 3 p.m. daily and on weekends. For Pauley Ballroom and other facilities, the Auxiliary will translate that into a dollar amount. That will be given to the Executive Vice President to handle, like all other facility allocations, and the EVP will establish a process whereby those dollars could be issued as a credit to student groups in the ASUC. Once those credits are used up, students will pay for access of the building and there will no longer be waivers. All waivers would be eliminated.

Mr. Permaul said these are among the changes the Auxiliary was proposing. They'll end up with a \$70,000 shortfall. As for whether the building would go under seismic renovation that coming summer, and they still have not received approval from the State of California to do that, the ASUC had put aside

\$160,000 out of its reserves over the last four years of revenue collection, to go towards coverage of lost revenues. If they do not go under seismic renovation, then those funds are not available to the ASUC. The only funds remaining was the old Worker's Compensation reserve, which have been moved into the operational reserve of the ASUC. The Associate Vice Chancellor has only authorized at that point the potential use of \$100,000 of those funds. The reason is because the last two years, the ASUC has used almost half a million dollars out of its operational reserves to cover its deficits. That also means that funds that could have typically gone to the ASUC student government from the Commercial Holding Account, which happened up to two years ago, were no longer available. So that was one reason why the ASUC Senate's reserve has dropped so precipitously low. So in essence, if the Auxiliary doesn't start to generate revenue to cover its operating expenses, the ASUC was in a slow spiral back to the circumstances it was in during 1998, which resulted in the creation of the Commercial Activities Agreement.

Mr. Permaul said this was not a happy budget, not for the Auxiliary and not for the students. It was not happy a year ago when they laid off employees in order to cover the deficit and still maintain their operations. But they are in this position, and until they could find a long-term, sustainable financial model, they will have to deal with the lack of available resources.

Mr. Permaul said he would stop there and let anybody who had questions about the budget feel free to last them.

Mr. Poullard asked if he could talk more about the waivers. Mr. Permaul said that currently, ASUC student government and/or student groups may request waivers for outside groups or campus groups, to not have to pay for the rental of facilities, typically for Pauley Ballroom. That was basically waiving funds that would have come as revenue to the ASUC. The Auxiliary was proposing to eliminate those so the ASUC could garner all the revenue it could.

Mr. Poullard asked about how much waivers typically were. Mr. Daal said that last year it was about \$326,000 from the ASUC and \$17,000 from the GA.

Mr. Permaul said he would modify that slightly. Mr. Poullard was asking how much the waivers were, not the whole subsidy for Reservations. He asked Ms. Stager if they knew that information. Mr. Spivey said Pauley was \$140,000 a year. That was raised from \$102,000. In 09-10 it was 102 events at a value of \$140,000.

Mr. Poullard asked if those were waivers given to outside groups. Mr. Permaul said they're waivers given to groups to use ASUC facilities.

Prof. Myers asked about the fourth line down, the rental of real property, budgeted at \$2,296,000. He asked where that money came from. Mr. Permaul said those were all of their commercial revenues. Prof. Myers asked if those included the ones the Board just voted on that evening. Mr. Permaul said the largest was \$1.7 million from the guarantee with Follett. If sales break the \$17 million barrier, then the Auxiliary begins collecting on a very lucrative revenue sharing program. Two years ago the Auxiliary got \$200,000 from revenue sharing on top of their guarantee.

Prof. Myers asked if the figure includes Subway. Mr. Permaul said that for next year it includes the rental that would be paid by the two new vendors. It will start in September because the Auxiliary had to finish renovations and give the businesses time to open.

Mr. Permaul said it also includes Auxiliary Events and Reservations revenue.

Prof. Myers said that revenue was down, but he was surprised it wasn't down as much. He thought they were in terrible, desperate trouble. Mr. Permaul said they were in terms of their operating budget versus their total revenues. If they had been growing at a normal amount, say 3.5% a year, they would be okay. It was like the question with parking. If parking charges were raised \$1 years before, then they wouldn't have huge fights when they finally decided to have a big raise, and had deficits to cover. If the Auxiliary had been raising revenues and rents incrementally, they wouldn't be in this position. But they went ten years with flat revenue.

Prof. Myers said that on travel, it looked like the budget has gone up very much, \$15,000 against \$800. Mr. Permaul said the travel budget was for professional meetings, with people going to different conferences over the course of the year. He's been asked whether this was worth the investment. The Auxiliary was going to be very conservative about this in the coming year.

Ms. Tang asked which accounts they have in reserves, and how much was left. Mr. Permaul said he finally had that sheet, and if anybody would like a copy, he could pass that out.

Mr. Permaul said he distributed three documents showing carryforward for June 30, 2009; projected for June 30, 2010; and projected for June 30, 2011.

Mr. Permaul said the Auxiliary had a total of \$3,600,000 at the end of 6/30/09 in carryforward. They're projecting carryforward at the end of 6/30/10 of \$3,300,000. And at the end of 6/30/11 they project \$3,234,000. Most of that was in restricted reserves. One of the main reason there's a drop in reserves was not only from covering the operating deficit, but also the transfer of the Multicultural Center's funds back to Equity and Inclusion. The Auxiliary had been holding those for about four years, but those funds were returned to E&I to manage on its own.

The only reserves that were undesignated are the operations reserves and the building maintenance contingency. The operational contingency is, given the volatility of their budget and the fact that they used almost \$500,000 in the last two years, too small to continue to deplete. The building maintenance contingency was tied up in a program of capital improvements and long-term maintenance improvements that the Auxiliary gave to the campus last year, covering ten years. So those funds were already spoken for, and, in fact, the Auxiliary doesn't have enough of those funds to meet all of the obligations they have. At some point, if the Lower Sproul Initiative is sustained, and after all of the buildings are completed and open, some of the operating costs that are currently ascribed to the ASUC Auxiliary will be covered by the budget of the bonds. But that was five years down the road, at the earliest, or actually, more than that. So the Auxiliary was in a position at that time where they had to make due with these funds until the new buildings are completed. And they have everything from a \$1.5 million roof problem to a \$500,000 heating and ventilating problem to a number of other issues they had to take care of over the course of the next five years. So they look at reserves very conservatively. He wanted to thank the last three sets of student body Presidents who have successfully argued to the campus that ASUC reserves belong to the ASUC, so they were not scooped by the campus to be used for other campus purposes and instead, were retained by the ASUC to protect its facilities and operations.

Mr. Daal asked what the significance was of shading figures on the spreadsheet. Mr. Permaul said those were restricted reserves. Mr. Daal asked if figures in yellow were also restricted. Mr. Permaul said the

only two reserves that were unrestricted currently were the two top ones, ASUC Auxiliary Revenue Undesig. And ASUC Auxiliary Revenue Desig. The Student Center Fee-Maintenance Reserve looked large, \$1.11M, but that came from the ASUC Student Fee fund and was specifically intended for major maintenance on the building. It couldn't be spent on just anything.

Mr. Daal asked if the operational contingency was unrestricted, as was building maintenance contingency, built from net revenues that were slowly being depleted because of all the projects that had to be done. He asked about the significance of the shaded numbers. Ms. Stager said she shaded the second one because they set that aside out of their operating budget for building maintenance. So she considered it reserves. Mr. Permaul said it was technically not a restricted reserve, but they have already committed it to the ten-year capital plan the Auxiliary submitted to the campus, building maintenance contingency.

Mr. Poullard asked about the figures in yellow. Ms. Stager said those deal with maintenance equipment. They use those funds for replacement of tables and equipment. They're capital items.

Ms. Tang asked if reserves were invested in anything. Mr. Permaul said they're not. The Auxiliary used to get STIP, but the Chancellor now sweeps all STIP. Student government Presidents fought valiantly and waged a long battle with the Chancellor over this issue. The Chancellor refused to budge on it. So the Chancellor sweeps all short-term interest to the campus from auxiliaries. The ASUC Auxiliary used to generate at the high point, about \$200,000 a year, and at the low point, about \$75-80,000. Those funds used to be re-invested into reserves to build those reserves and so they didn't use commercial funds. That amount used to go to the students, but now they don't have it.

Mr. Daal said that auxiliaries are campus units, so they now had to hold all of their money in a campus account, and the Chancellor has mandated that all interest on those accounts goes to him. So there's no moving to an outside account and investing it. The money is in a campus account and the Chancellor gets the interest.

Mr. Poullard said they tried three times. Ms. Tang asked if they should try again. Mr. Poullard said he thought they should.

Ms. Tang asked if MCC reserves were eliminated for 2010. Mr. Permaul said the Auxiliary was slowly but surely using up those funds against operations. Ms. Stager said those funds were multicultural funds that were sent back to the campus in August of '09. So by the end of the year, those line items were \$0. Mr. Permaul said those are three separate funds associated with the MCC. Since they have been transferred, when they start the new fiscal year, those line items will disappear.

Matt Marks said that in terms of waivers, the ASUC's main expenditures were on student organizations, giving them money. So when those groups were given space for free, that \$120,000's that could be seen as a loss for them, or as something the ASUC didn't have in its budget to give out to student organizations. Mr. Permaul said he thought Mr. Marks misunderstood what was said. The students get \$350,000 a year in free facilities, which was what they normally cost. The waivers are for organizations that would otherwise be forced to pay. But the ASUC grants them waivers. Basically it's \$120,000 or so a year that the ASUC forgoes in its own revenue. Mr. Marks said that was by choice. Mr. Permaul said it was. The Auxiliary was no longer going to offer that as an option because they don't have the revenue. That was a proposal in the budget. If they don't do that, the money had to come from someplace else in the ASUC's budget.

Ms. Tang said that on the proposed budget, when they say there was money that must go to maintenance, she asked if that number was taken away from the reserves or if it was from the budget of the Auxiliary. Mr. Permaul asked what the budget was for maintenance next year. Ms. Stager said it was \$191,000. Mr. Permaul said that this year they expended that budget by mid-year, just given the number of times, e.g., that the elevator stopped. They have so many problems in this building, including flooding, and so on and so forth, that they try to budget conservatively. But the building is 60 years old, and the problems were so great; and the Auxiliary is recharged for every single one of those services.

Ms. Tang asked if, when they budget this for next year, they'll take the money from the Auxiliary's budget or from reserves. Mr. Permaul said that first they start with the Auxiliary's budget, \$190,000. And then, when they exceed it, they had to go to reserves. Or if they have a major incident, they had to go to reserves.

Ms. Tang asked if reserves account for inflation. Mr. Permaul said they have not indexed for inflation because they simply don't have the dollars. If they had an ongoing reserve augmented on an annual basis, they definitely would cover it and account for projections of what the increased costs would be. Mr. Spivey said the money for building maintenance contingency was actually indexed in the future, and it will cost them more. He said that Mr. Permaul mentioned roof repair costing \$1.5 million, but that was an estimate from a few years ago. That cost will be \$2.5 million when they change the roof in three years.

Ms. Tang asked if the Chancellor, when he took short-term interest, gave the Auxiliary enough to cover things. Mr. Daal said he didn't, and the Chancellor took all of it, because he could. But there was an option. The Auxiliary could choose, as could any other campus department, to place the assets that it could regard as illiquid in a fund functioning as an endowment, and then it would accrue endowment income. That amount would fluctuate with the stock market, but at least the Auxiliary would get to keep all of it. However, those funds would have to be demonstrably illiquid.

Ms. Tang asked if money had to be in a UC fund, or if it could be any fund. Mr. Daal said it had to be a University account.

Ms. Tang said she had questions about the specific budget, and line items. The last time she asked about a lot of miscellaneous items and didn't get a reply. But she had some other questions. There was one item, "Miscellaneous SAS," which will increase by \$140,000 for next year. She asked what accounted for that difference. Mr. Permaul asked if she was referring to 10-11. Ms. Tang said she was. Ms. Stager said the question was asking about Miscellaneous Sales & Services, in the revenue section, the last item under revenues. Mr. Permaul said that was also sales from the Art Studio and revenue. Ms. Stager said miscellaneous income involved in that line included Lecture Notes Online and Art Studio income from art class registration fees, which was the largest chunk of that line. Ring commissions and vending commissions go in there.

Ms. Tang asked why they were proposing to increase that line item by over \$150K. Mr. Rajan said it was more money coming in, and was cost savings. Mr. Permaul said that wasn't the case, and those were revenues. He asked if Lecture Notes, under the proposal, would cost more than they do this year. A full costing model was done for the ASUC Auxiliary. Their businesses were charged with the responsibility of substantially increasing their revenues in order to close the gap of indirect expenses that they were accruing every year. So they have come up with financial models that will increase their revenues. He thought that was perfectly appropriate and part of what the ASUC needed to do.



Mr. Patel said the process as he understood it with waivers was that waivers will no longer be available, but the monetary value that was transferred from the 45% usage currently of Pauley Ballroom will be immediately allocated to distribute. Mr. Permaul said the ASUC will need to come up with a process to distribute those credits to student groups, which could be expended in the reservations process.

Mr. Patel asked if that was creating a de facto cap of student usage of Pauley Ballroom to 45%. Mr. Permaul said that was the usage that students have averaged over the last two to three years. Students don't use the facilities between 9:00 and 3 p.m., and don't use them during breaks or during the summer. So in terms of total hours available over the course of a year, there are many hours that it remains open, and those hours aren't allocated to students because they don't use them.

Mr. Patel asked if it was base on hours, then. Mr. Permaul said it was based on the actual hours of use.

Mr. Rajan said they were out of time. Mr. Permaul said he would be happy to stay informally and answer any questions people had that they'd like to ask afterwards.

On a point of information, Ms. Tang said that if they wanted to do an informal auditing of the Auxiliary, if that had to be approved by the campus. Mr. Daal said that any Senator was allowed to go to the Auxiliary and ask for any documents.

Mr. Poullard asked what it would mean to do an informal audit. Ms. Tang asked if the Auxiliary would be included in campus auditing. Mr. Permaul said he just met that day with the campus auditors, and they're going to do a complete audit of the Auxiliary, as a campus entity, just as the ASUC was audited by its own agency.

Mr. Coley said he really appreciated that question and wanted Ms. Tang to follow-up on it. He thought that one of the strategies that might be used would be for her to talk to the internal auditors on campus, who will do a thorough audit of all ASUC Auxiliary matters. Senators and other people should feel free to suggest to them areas they would like the auditors to look at, and to even go along with them on some of the audits. Mr. Rajan asked how he could put Ms. Tang in direct contact with someone to do that. Mr. Coley said that Mr. Permaul should be able to facilitate that. And assuming he was available, Mr. Coley said he could do that as well. But Mr. Permaul would be best to go over that. Mr. Rajan asked if Mr. Permaul could do that. Mr. Permaul said they'd make sure the auditors contact Ms. Tang.

#### DISCUSSION OF THE ASUC AUXILIARY PROPOSED BUDGET

Mr. Daal said he would like to suggest that they approve or consider the budget for approval at a late June meeting rather than a meeting in May. He thought that would be a good idea. It would give Board members some time to try and fix what people might call deep structural problems in the Auxiliary. He wasn't sure a month was long enough to do that. He thought that in a month they'd just get a budget that cut a lot of things in order to make ends meet.

Mr. Poullard asked if it was possible to meet again and get this done sooner rather than later. Mr. Daal said he didn't think so. He thought they should include members of the Board, Senators, if they'd like,

and members of the campus, to advise on how they might retool the organization to make it have a better model.

Mr. Coley said that as a general rule, he would totally disagree, and thought this was something that should be done in February or March. But this year was actually very, very special. They now have engagement from the students, the primary stakeholders, like they've never had before. He thought they should use this opportunity, particularly during this transition period. It would also allow the new Officers and new Senators to become engaged. And that will give them the opportunity to carry this over to next year. This might be the moment where they get a true cultural transformation, where students were not only knowledgeable, but fully engaged in what was happening. So Mr. Coley said he would totally support the suggestion.

Ms. Nguyen said she didn't think they should have a meeting about this during the summer because she didn't want students to view this as if it was non-transparent.

Mr. Rajan said they could see how much they get done in the next month the re-evaluate this. It was up to the Auxiliary and the Board when to submit the budget for approval.

Mr. Poullard moved to adjourn. The motion was seconded by Mr. Tran and passed with no objection.

This meeting adjourned at 8:56 p.m.

These minutes respectfully submitted by,

Steven I. Litwak  
Recording Secretary

DECISIONS OF THE BOARDProcedures

- April '10** Amended Section 3.3 of the CAA to define “minor leases” at \$150,000.
- March '10 Emily Marthinsen joins the Board, replacing Ms. Griscavage.
- Dec. '09 Welcomed to the Board Khira Griscavage.
- Nov. '09 Established a Food Subcommittee for the Bear's Lair Food Court.
- Sept. '09 Heard a presentation from Business Services on RFP procedures.
- Sept. '09 Voted to have \$20,000 from ASUC reserves, held by the Auxiliary, to be used for the Lower Sproul campaign.
- July '09 Welcomed to the Board Prof. Myers and Dean Poullard.
- July '09 Elected Mr. Rajan and Mr. Poullard as Chair and Vice Chair.
- July '09 Established a subcommittee to consider amendments to the SOB Charter and By-laws.
- July '09 Approved an operating principle of perspective vendors submitting an ROI to the Auxiliary before having the matter come to the Board.
- May '09 Welcomed Mr. Zuo and Ms. Coleman to the Board, undergrad reps in two-year and one-year terms respectively.
- May '09 Approved proposed changes to the CAA that would have the ASUC and the GA share commercial revenue.
- 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 first Board meeting as undergraduate representative.
- May '07 Mr. Spivey's first Board meeting as ASUC Auxiliary Associate Director.

Procedures (cont'd)

- 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.
- Feb. '05 Mr. Miles and Mr. Williamson joined the Board.
- August '04 Formed an ad hoc committee to study increasing efficiency in information technology.
- July '04 Elected Elliot Cohen as Acting Chair of the SOB, for 2004-5.
- April '04 Considered and amended ASUC Auxiliary Budget Principles.
- Jan. '04 Agreed to send another letter to the ASUC Senate and the GA asking to resolve the question of GA representation on the Board.
- Dec. '03 Voted to send a letter to the ASUC and the GA asking to resolve the question of GA representation.

Procedures (cont'd)

- 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 members orientation by August 30.
- May '03      Agreed on the need for a Board members orientation to be held before the start of the school year.
- Dec. '02      Enhanced Board minutes by adding "Decisions of the Board."

Vendors

- April '10      Approved the preparation of leases for space Nos. 2 and 3, Saigon Eats and Subway Sandwiches, for a maximum of seven years, with vendors to invest over \$100,000 in infrastructure and appearance of the spaces.**
- April '10      Approved the extension of the Coffee Spot lease by two years.**
- April '10      Voted down a motion to prepare an RFP for copying services at the Postal Annex site.**
- Jan. '10      Voted to enter into negotiations with Subway Sandwiches and Saigon Eats.
- Dec. '09      Passed a Resolution to extend the Taqueria lease until May 31, 2010; gave the Taqueria until January 10, 2010, to accept terms that were presented in July. A negative response or no response would have the Auxiliary issue an RFP on January 11, 2010,
- Dec. '09      Determined weights for the Bear's Lair RFP scorecard.
- Nov. '09      Reduced CUBS' rent 50% for the summer months the space was inaccessible due to University issues.
- Nov. '09      Decided to charge a \$500 deposit to CALPIRG.

Vendors (cont'd)

- Nov. '09 Offered to extend the lease of the Taqueria through May, 2010.
- Oct. '09 Extended the lease of Healthy Heavenly Foods through May, 2010.
- Oct. '09 Extended the Daily Cal lease to September 30, 2012, adding CPI and electrical monitoring.
- July '09 Approved a one-year contract extension for the Daily Cal, through 2012.
- July '09 Approved Mr. Zuo as SOB rep to sit on the Daily Cal Board.
- July '09 Voted to present the SOB's contract to Food Court vendors, and to go to RFP if the terms were accepted.
- May '09 Approved an amendment to the Naia lease, to allow the sales of sushi and salads, with Naia to reopen in the fall.
- May '09 Approved a five-year lease extension for CALPIRG, with new lease terms.
- May '09 Agreed to a three-year lease extension for the Daily Cal, and on terms to repay deferred rent payments, with an SOB member to sit on the Daily Cal Board until repayment.
- April '09 Amended the Panda Express contract and voted to renegotiate.
- April '09 Agreed to present draft contracts to the Coffee Spot, the Taqueria el Tacotento, and Healthy Heavenly Foods, going to RFP's if necessary.
- March '09 Approved the Tully's Coffee contract.
- Feb. '09 Voted to approve the CUBS contract.
- Feb. '09 Voted to move forward with the Tully's contract.
- Jan. '09 Voted to continue negotiations with Panda Express and Tully's Coffee.
- Dec. '08 Voted to go out to bid for all Bear's Lair Food Court vendors.
- Nov. '08 Approved Action Vending proposal to increase vending prices.
- Sept. '08 Agreed to Daily Cal terms for deferment and reduction of rent.
- 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.
- 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.  
May '09 Voted down approval of the proposed Panda Express contract.
- May '09 Voted to go to RFP, on June 30, for the STA Travel space, and any other spaces that become vacant in the coming year.
- May '09 Revised the agreement with CampusLink to end its monopoly on Student Union advertising.
- 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 used of an inspector suggested by the Alumni Association to inspect the Cal Lodge, to authorize pursuing an agreement for the Alumni Association to manage the Lodge.
- May '05 Approved the further exploration with Daryl Ross of placing a green café at the southeast corner of the Student Union.
- March '05 Heard a presentation by Daryl 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.

Vendors (cont'd)

- 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 failed, and to issue an RFP.
- March '04      Agreed to a four-with pilot project for the New York Times Readership Pilot Project.
- March '04      Rejected contract proposals submitted by Pub management, called upon the Commercial Operations Committee 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 community 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, begin Jan. 1, '05, to the Taqueria and Healthy Heavenly Foods.
- 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.



Student Union / Pauley Ballroom

- 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

- April '10 Approved an appropriation of up to \$3,000 from Auxiliary reserves for Lower Sproul, BEARS Referendum-related expenses.
- Nov. '09 Allocated \$30,000 out of Auxiliary reserves to fund a study on a maximum build-out option for Lower Sproul redevelopment.
- May '09 Learned that due to a possible FEMA grant, phase 3, of the Student Union seismic project would be postponed until the summer of 2010, including the Pub, and the Store, and the Multicultural Center.
- Dec. '08 Work began on the seismic retrofit of MLK.
- Oct. '08 Heard from, gave feedback to, Brailsford & Dunleavy, 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 Leybovitch, 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.

Student Union / Pauley Ballroom

- May '03      Approved having Mr. Cordi and Mr. Rolle submit a proposal to support student use of Pauley Ballroom by the June SOB 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.
- Feb. '03      Approved a subcommittee to look into policies for Pauley Ballroom and for fee waivers.

Budget

- Feb. '10      Had a session to envision the Auxiliary budget.
- July '09      Approved the 2009-10 Auxiliary budget.
- April '06      Approved the 2006-7 Auxiliary budget.
- April '05      Approved the 2005-6 Auxiliary budget.
- Sept. '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 OSA position for the GA.
- April '04      Approved the ASUC Auxiliary FY 2004-5 budget, including a transfer to the ASUC of \$50,000 from Auxiliary Contingency Reserves.
- Feb. '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



## STORE OPERATIONS BOARD MINUTES

June 15, 2010

Present: (Members and others)

Ron Coley (Board member)	Philippe Marchand (GA Pres.-elect)	Jonathan Poullard (Bd.member)
Miguel Daal (Board member)	Emily Marthinsen (Bd. member)	Nish Rajan (Board member)
Jeff Deutsch (Bookstore Mgr.)	John Martin (the Pub)	Marilyn Stager (Auxiliary)
Karyn Houston (Auxiliary)	John Myers (Board member)	Noah Stern (ASUC Pres.-elect)
Ron Kirkorian (the Pub)	Arturo Ortega (Board member)	Tu Tran (Board member)
Helen Levay (Real Estate Svcs.)	Nadesan Permaul (Auxiliary)	

### SUMMARY OF THE MEETING

The meeting was called to order at 5:10 p.m. in the ASUC Senate Chamber.

#### Executive Session

The Board met in executive session to discuss the leases of Saigon Eats and Subway.

#### Presentation by the Bear's Lair Pub

The Board met in executive session to hear from John Martin and Roy Kirkorian for a discussion on the Bear's Lair Pub.

#### Lower Sproul

Mr. Daal submitted a motion on the Lower Sproul project, for a consulting architect for the ASUC. This position is provided for by the MOU between the ASUC and the campus, to advise students on architectural matters. It would be paid for by Referendum Fee money. An architect, Jack Kemp, will help with the search and selection of the consulting architect. The expected price for this is \$7,800 (not exceed \$10,000). The motion would have the Auxiliary front the cash with the expectation that that they would be reimbursed with Fee money.

The second item of the motion was to hire a student employee for student relations/community relations, a role played by Joey Guzmán during the BEARS campaign. Architectural and design information would be disseminated among students. The motion proposes \$3,000 for the position, to be hired and supervised by the undergraduates. This money would be funded from unrestricted Auxiliary reserves.

The Board approved by a hand-vote of 7-0-2 Mr. Daal's motion to allocate up to \$13,000 for Lower Sproul work

### Presentation on the SOB Charter Revision

Discussions on Charter revisions with the Auxiliary and the students have been substantive. This was partly in response to campus concerns with the CAA's effectiveness.

Discussion was held on having language for a Board retreat. The first or second week of September was suggested. Language will also be drafted on what constitutes a conflict of interest.

A suggestion was made to add language on the selection of Board Officers.

### Report from the ASUC Auxiliary Director

Mr. Permaul and Ms. Houston have been talking with Kaplan's about corporate sponsorship of ASUC Lecture Notes. This sponsorship would either provide net revenue from Lecture Notes, or the cost of the service could be lowered. UCLA also provides lecture notes, and Ms. Houston will talk about possibly collaborating and expanding the Berkeley program to UCLA.

It was suggested that students wouldn't want Lecture Notes to make a profit off them. It was noted that Lecture Notes was an ASUC business the Auxiliary worked on hard to make profitable to return revenue to the ASUC and student organizations.

Lecture Notes was losing \$31,000 at that time, and that gap could be dealt with by a combination of Kaplan's sponsorship and increasing the cost of the notes.

It was noted that having the notes as a student service would allow an argument to be made to the campus that AFC should not be applied to the service.

It was noted that there was a lot of pushback on the campus for "branding" other entities, such as Kaplan's, with the University.

The only other UCs providing lecture notes were UCLA and UCSD, and they aren't online. So there is potential for exporting Berkeley's model.

Ms. Houston and Mr. Permaul were commended for their work on this, especially considering that Lecture Notes had been in danger of being closed down because of the amount it had been losing, which was \$100,000 the year before Ms. Houston arrived.

It was suggested that before proceeding with Kaplan's, that the Auxiliary touch base with people on campus about having the campus' name connected to Kaplan's.

Regarding a copy business, there was a proposal for the ASUC to be an option for a campus-wide RFP for copying and digital copying. ASUC student groups' copying would be included, as would the sale of readers at the Bookstore. Services would be out of the former CUBS' location.

Regarding the Coke consortium, they'll informally ask Coca-Cola to increase its contribution to the campus for a two-year extension, or to go out for an RFP. Among all private, commercial sponsorships, the

economic downturn has not hurt sales of soft drinks. RSSP now dominates soft drinks on the campus, far in excess of Intercollegiate Athletics and Rec Sports. The ASUC was number 2. There was a question as to how revenue would be split among campus entities, and that will have to be further analyzed.

The RFP for a print contract was the campus' RFP.

The meeting adjourned at 7:04 p.m.

## End Summary of the Meeting

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This regular meeting of the Store Operations Board was called to order by Nish Rajan at 5:10 p.m. in the ASUC Senate Chamber.

### EXECUTIVE SESSION

With no objection, the Board entered into executive session to discuss the leases of Saigon Eats and Subway.

### PRESENTATION BY THE BEAR'S LAIR PUB

Back in open session, Mr. Permaul said this discussion should be in closed session since they were going to talk about various details. Pub operators John Martin and Roy Kirkorian were present for the discussion. He would ask that Ms. Stager be allowed to remain. With no objection, this meeting entered into executive session.

### MOTION ON LOWER SPROUL

Back in open session, Mr. Rajan said that Mr. Daal had two motions. One was for administrative activities associated with the search and selection of the consulting architect, a request for \$10,000. The other motion was distributed, for the use of ASUC reserves. The two were combined into one motion, for a total of \$13,000.

Mr. Daal submitted the following:

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Begin motion by Mr. Daal

Amended Motion to the Store Operations Board (SOB) for Proposal on June 15, 2010  
Written By Miguel Daal

Regarding: Use of ASUC reserves held by ASUC Auxiliary for LS Architect and Student Relations  
Liaison

It is moved to allocate up to \$13,000 from the ASUC unrestricted reserve of commercial funds held by the ASUC Auxiliary toward:

- a. the employment of Jack Kemp and Weir/Anderson Associates, Inc. for:

ADMINISTRATIVE SERVICES REQUIRED FOR: SEARCH & SELECTION OF ASUC  
CONSULTANT/ADVISORY ARCHITECT, which shall include

1. placement of advertisements (RFQ) at typical UC publications and organizations (Jack Kemp will personally solicit his own contacts to identify qualified candidates);
2. receipt of submittals and applications from candidates (admin. Organization ~ set-up);
3. answering technical & project scope questions during submittal process;
4. assisting ASUC in short-list selection;
5. participation in candidate interviews & selection process

Proposed Budget:

Jack Kemp & support staff = 40 hours = \$7,800

Not to Exceed: \$10,000

provided that these expenses will be reimbursed from project/Lower Sproul Fee Funds; and

- b. the employment of a student relations liaison have the responsibility of organizing meetings (including the Lower Sproul Student Council), liaising between the student governments, the student body and the ASUC consulting architect regarding Lower Sproul planning, dissemination Lower Sproul planning information to interested parties (including upkeep of Lower Sproul website), and attending the various and many Lower Sproul meetings;

Budget: \$3,000 transferred to the Graduate Assembly for hiring and supervision.

End motion by Mr. Daal  
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Mr. Daal said that as part of the Lower Sproul project, the Lower Sproul MOU between the ASUC and the campus afforded the ASUC a consulting architect. This consulting architect for the ASUC will be the

students' advisor in all matters architectural and will also have a specific institutional memory type of role. The consulting architect is allowed to be paid for by Lower Sproul Referendum Fee money. As the design process gets underway on the University front, which was continuing, with the contract for MRY surge programming, planning, etc., it was time for the ASUC to exercise the option to employ a consulting architect so this person could be in place to advise the ASUC as architectural issues come up. A person has been recommended to them, not as the consulting architect, but as an architect who can help the ASUC select the consulting architect. This architect's name is Jack Kemp, from Weir Andrewson Associates, where he's a principal, a partner. Mr. Daal said they've been speaking to him for the past month, making arrangements, writing the RFQ, and envisioning the job, etc. for the eventual hire of the consulting architect. They're at the point where they have the RFQ perhaps 80% done. The next step was to post the RFQ, field questions from people interested in the position, make a short list, and assess their capabilities. And if they make a decision to hire, undergo interviews. For receiving all the submittals and answering the phones, Jack Kemp and his company have given the ASUC a quote for the administrative services required for the search and selection of the ASUC consulting architect. As the Board could see in item A) of this motion, the expected price is \$7,800, with the firm to not exceed \$10,000. The motion would have the ASUC Auxiliary front the cash with the expectation that that they would be reimbursed with Fee money for this selection process. That was one item.

Mr. Daal said the second item of the motion had to do with the employment of a student relations/community relations-type of student employee. If people were involved in the Lower Sproul campaign, they'll recall that Joey Guzmán played this role during the campaign. He organized the campaign, organized various meetings, talked to various student groups, figured out what they want, disseminating information among them, etc. The motion would fund the continuation of this position. However, instead of organizing a campaign for Lower Sproul, which has passed, the position would focus on disseminating architectural and design information among students and keep everybody informed as to what was going on. Mr. Daal said they have learned that this technique of assiduous information dissemination and relations with students was very powerful, and led to the passing of the Lower Sproul Referendum. Mr. Daal said the motion proposes \$3,000 toward that position. It would be hired and supervised by the undergraduates.

Mr. Tran asked if it would make more sense to have this position supervised by centralized leadership, such as a program board. Mr. Daal said it depended on how much they wanted to pay the person. They were planning to pay this individual something like what Mr. Guzmán made, about \$10,000. If the ASUC would like to contribute the rest of the money towards that proposal, as the GA had planned on doing, then it would make sense to do that. But since they were going to sink \$7,000 into this, they thought it would make more sense for the position to be hired by, and to report to, the ASUC.

Mr. Stern asked where the funding came from for Mr. Guzmán's position. Mr. Daal said the position was split. There was a small allocation from Harry LeGrande, maybe \$1,000, and then \$5,000 from the ASUC and from the GA. And then the rest, \$3,000 or so, came from the SOB. Again, the GA shouldered most of it. Mr. Stern asked if he expected the position to continue. Mr. Daal said he wouldn't make it a permanent, annual position, but to just have it as needed. One of Mr. Guzmán's parting recommendations was to continue the position for the purpose of disseminating information among students and constituents who would be interested in doing all the things that were outlined in the campaign.

Mr. Permaul asked if the funds for the \$10,000 would be reimbursable to the ASUC Auxiliary. Mr. Daal said they were. Mr. Permaul said the \$3,000 from the project was not reimbursable, and ultimately he



would have to request those funds through the mechanism of the Associate Vice Chancellor because those funds would come out of unrestricted Auxiliary reserves.

Mr. Marchand said at least the position was there, and this wouldn't create a new position. Mr. Permaul said that wasn't really an issue, and he just wanted to make sure people understood where the funding was coming from.

Mr. Stern said these were technically two motions, and asked if the Board would vote on them together. Mr. Rajan said they didn't approve the agenda, so he would just say that's how the Board would proceed. If people wanted to overrule him, they should feel free to make a motion do so.

Mr. Rajan said that in the interests of time, he didn't want this discussion to go on and on. They just want to know if the SOB was okay with authorizing this \$13,000, with \$10,000 to come from Lower Sproul funds and \$3,000 from ASUC Auxiliary reserves, depending on what Mr. Coley might say once a more careful look has been taken at this motion. In the future, if it turns out the \$3,000 could not be allocated, at that point maybe it could come back to the SOB in a different form. He asked if that was okay with everyone, and hearing no objection, said that was the motion.

MR. DAAL'S MOTION, ALLOCATING UP TO \$13,000 FOR LOWER SPROUL WORK, PASSED BY HAND-VOTE 7-0-2.

#### PRESENTATION ON THE SOB CHARTER REVISION

Mr. Rajan said the Board would next hear a presentation on the Charter revision of the SOB.

Mr. Daal said that since they sent out the proposed changes over a week ago, he'd assume they've all read it. So he'd like to devote this time to discussion and what needed to be added to the changes, rather than him going over it, unless people would like otherwise. He called for any questions or concerns.

Mr. Permaul said he thought the work that has been done on the Charter revisions was very thoughtful. It reflected the kind of time it took, 11 to 13 weeks, when the original Charter was put together. Discussions that took place between him and the students as they went through these changes were, he thought, substantive. They didn't always agree. They hashed them over, reviewed them, and revised them. Mr. Daal should get a tremendous amount of credit for sticking with this and making sure that the people went through them in detail; and then went through them again. Mr. Permaul said he thought that was in response, in some ways, to campus concerns that the Commercial Activities Agreement has not been all together been fruitful. He thought these revisions were very substantive and thoughtful, and just wanted to offer that as a comment.

Mr. Myers said he would second that statement.

Mr. Poullard said he agreed, and said he gave Mr. Daal just one piece of advice, which was to codify things; and he thought that's been dealt with in a very prescribed way. The Board would go through training so they were all on the same page. He thought it was very well done.

Mr. Daal said one specific suggestion people could make was when the Board should have its training. Mr. Poullard said since we were a part of this and had a majority vote, he thought training would need to be sometime in August. He asked when the appointment is made for the following year. Mr. Tran said that typically such an appointment would be made by April. Mr. Poullard asked if they have already appointed folks for the upcoming year. Mr. Tran said that was still at a political stalemate. Mr. Poullard asked if it was typically done by April. Mr. Tran said it was.

Mr. Rajan called for any suggestions. Mr. Poullard said he would suggest holding a training session in August.

Mr. Permaul said he sent out a proposal for a retreat and asked people to hold July 22-23 and July 29-30 for a two-day retreat. It would start at noon and finish by 5 p.m. on Friday afternoon. His colleague, Karyn Houston, will help him put it together. They'll look at the history and origins of the Commercial Activities Agreement, the position of the campus on the current SOB vis-à-vis the Auxiliary, its budget, the Lower Sproul MOU, the perspective of students on the current SOB, roles and responsibilities of Board members, how to run meetings, and a marketing and communications plan for the Board.

Mr. Poullard said his only question was whether students would be back by July, since they're the majority voice. Mr. Permaul said they're mandated by the Board Charter to have a meeting in July. So they'll have at least one meeting. If they don't have all the students present, then he would propose September 24 as a one-day further review of the Board's duties and responsibilities. Mr. Poullard asked if that would be in addition to or instead of a retreat. He thought they needed one time where every single Board member could come together, when students were in session. Mr. Permaul said it wasn't that he disagreed, but they didn't have an opportunity.

Mr. Rajan said that if they were saying that this year they would get a pass, but from here on out, they'd have training in August. Mr. Permaul said he thought training would have to be in September as students were engaged in so many activities in August, with school just starting. It was very difficult to get on students' agendas. Mr. Rajan asked if they would have the training the first week in September. Mr. Permaul said it would be the first or second week of September. Mr. Rajan said he would assume that Mr. Daal would put that in the Board's standing rules.

Mr. Rajan said the required members to attend the retreat would be voting members of the Board. The Charter doesn't say anything about non-voting members. He asked if the Board wanted to invite them or not. He didn't care if they attended this retreat or not. Mr. Permaul said he thought the retreat should be strictly for Board members. If the ASUC Senate and others wanted to hold a separate training for ex officio members, that could be done.

Mr. Rajan called for any other comments on the By-laws.

Mr. Marchand said he wanted to make sure the Senate has a retreat, and would assume it has some orientation. The GA has a retreat for the Executive Board probably at the end of August; so they would need to synchronize with that. Mr. Permaul said that's why the retreat should be in September. Mr. Marchand said it was probably better in September.

Mr. Rajan said there also was a missing section in the By-laws about what constituted a conflict of interest, and that needed to be written.

Mr. Rajan asked if this agenda item was mostly informational, and if Mr. Daal was simply requesting questions. Mr. Daal said the Board could approve the proposed changes, which would then wait until the Senate could approve them. Mr. Rajan asked if he was intending to make such a motion. Assuming everyone has seen the proposal and has read it, that would be fine, and he could make the motion for Mr. Daal and they'd see how it went.

Mr. Coley asked about the selection of the Board Officers and how that was determined. Mr. Daal said having that would be a good idea. Mr. Rajan asked if that would go in their standing rules or their By-laws. Mr. Daal said he would have to review that. They'd probably need to have another little meeting to figure out where that would go.

Mr. Coley said they have a written protocol for that. But given that people were going through this effort with the By-laws, he thought it was an opportunity to revisit this because for the last several years, he didn't think they've been in compliance directly with the Board's basic, standing rules. So that should be something to be considered.

Mr. Daal asked if he had a suggestion as to how Board Officers might be changed. Mr. Coley said he thought people were on a good trajectory in working on that.

Mr. Poullard asked what the missing piece was about the conflict of interest, and if they didn't have the language for it or didn't know how to frame it. Mr. Daal said it was difficult to write down what a "conflict of interest" would be. As they looked at that, he recalled that the Academic Senate actually put together a definition for the faculty. So at some point he was going to check the Academic Senate's document, and have the Board's By-laws in line with the faculty's definition. He has not yet gotten to that.

Mr. Permaul said the University also has a conflict of interest statement that was prepared by, and was kept in place by, the Office of the President. Mr. Daal might speak to Lloyd Lee about that and ask him to offer the Board language. Mr. Daal said that was a good suggestion.

Mr. Rajan asked for any further comments on the Board's standing rules, By-laws, or Charter.

Mr. Myers said that most of his questions just dealt with typos, which he'd pass on to Mr. Daal. He did have one substantive matter he could think of. In the old days, the Chair of the Board used to be a faculty, and Mr. Myers said he was on with Pete Bucklin, in the old days. He was wondering if specifying that the Chair had to be a student was restrictive in some ways. Having a student as chair was fine with him, but he was wondering if that could be left a little open, where at some point they might have a faculty chair. Mr. Daal said he didn't recall what their specific reason was to make it a student. Mr. Rajan said that the By-laws, in 4.3, state that either the chair or vice chair shall be a student. He asked if there was other language. Mr. Daal said that's what he remembered, that one of them had to be a student, but not necessarily both of them. But if there's a reason for not specifying that at all, that could be changed.

Mr. Permaul said he thought the idea was that anybody could be chair or vice chair, and it was just that one of those two positions shall be a student. It was more of a bow to the politics of the era, when students felt very strongly that the SOB should reflect student leadership and student opinion. But as they knew, those things ebb and flow with the politics of the time. But he didn't think there was ever an intention to preclude a faculty member from being chair; and they would love to have a faculty member be a chair of the Board if they decided to run and if the Board chose them.

Mr. Daal said he would like to point out that last fall or early spring, they went to the Chancellor and proposed changing a section of the CAA that mandates that faculty Board members must be members of the Academic Senate, and the Chancellor said it sounded fine to him. He floated that idea to Chris Kutz, who also said it sounded fine to him. So as long as the ASUC was okay with that, they could modify it so that now, as was written in the proposal, any faculty member could be on the Board, not just members of the Senate.

Mr. Rajan said they were out of time for this topic and he'd like some sort of directive on what would happen next. He would assume that at the next Board meeting Mr. Daal will bring an updated draft, as well as a motion to approve the amendments. Mr. Daal said that was correct.

Mr. Rajan said that if people had any other comments about this they'd like to give Mr. Daal, he'd for that to be done offline.

#### REPORT FROM THE ASUC AUXILIARY DIRECTOR

Mr. Permaul said people read his report in the notes he sent out. He tried to indicate that the Auxiliary has been working steadfastly in the background to advance their commercial interests. He wanted to speak to two specific items that he and Karyn Houston were working on. If, for some reason, they are unable to secure an agreement for ASUC and campus use of the mall, Mr. Permaul said they have been, in the background, working with Kaplan's. He and Ms. Houston met with Kaplan's for over an hour and made a full presentation to them for corporate sponsorship of ASUC Lecture Notes. Kaplan's returned to them and said it would be love to take over complete sponsorship of Lecture Notes. In her budget for the coming year, Ms. Houston was already proposing to eliminate the indirect cost subsidy the Auxiliary has been providing to Lecture Notes. If the Auxiliary was able to obtain a corporate sponsorship from Kaplan's to sponsor Lecture Notes, then the Auxiliary would either have net revenue from the Lecture Notes program, or the program could consider lowering the cost.

Mr. Permaul said that in addition, Ms. Houston made a presentation at a national conference that year on the Lecture Notes program. He thought it was both well respected and well regarded. As a result, Ms. Houston was invited to UCLA, the other campus in the UC System that provides lecture notes. But UCLA doesn't have the notes available in an online system like Berkeley does. Apparently, UCLA is interested in meeting with Ms. Houston to talk about possibly UCLA collaborating with Berkeley on the lecture notes. Mr. Permaul said he thought that would be a wonderful expansion to Cal's Lecture Notes program, which was already outstanding, he thought.

Mr. Poullard asked if UCLA would be willing to pay Cal to expand services to UCLA. Mr. Permaul said they would explore that possibility.

Mr. Poullard asked what was motivating Kaplan's to sponsor this. Mr. Permaul said Kaplan's sees the Lecture Notes program as directly tied to its academic mission. They know the number of students who look at the notes, both directly and indirectly, which could be up to 15,000 students a year. Kaplan's name would be right along the ASUC's on the notes.

Mr. Tran asked about their view of the Kaplan's brand and how that would affect sales of Lecture Notes, positively or negatively. Ms. Houston said that was something they'd have to look at and review. They're in the very preliminary stages of talking to Kaplan's. She thought they'd need to talk to students specifically, particularly with a focus group. They had two students in the room with them when they made the presentation to Kaplan's, so she thought this was worth pursuing. She thought the Kaplan's brand was good.

Mr. Marchand said it would be useful to know if she had an opinion on whether sponsorship would mean ads in Lecture Notes. He asked what the form of sponsorship would be and how much money Lecture Notes would get. This was mostly an undergraduate issue, but from talking to a few people, he got the impression that students wouldn't want Lecture Notes to make a profit off them. That was his first impression. Students would not want Lecture Notes to make a profit by users, and those users would want the service to just pay for itself. That was something people could probably figure out by a focus group. Maybe students would be willing to have a sponsorship of Lecture Notes if that made the notes cheaper for them. That might be an obvious position that might work.

Mr. Permaul said that point raised the age-old dilemma. The ASUC was still not generating enough revenue to support itself. Lecture Notes was one of its core businesses. There was some suggestion to take this and make it a student service. The Board had to make up its mind on that. But Lecture Notes was one of the ASUC businesses that the Auxiliary worked on hard to make profitable so it could return revenues to the ASUC and its student organizations. He thought the Board got into a schizophrenic place when they had opportunities to generate revenue, and whether to abjure or pursue them.

Mr. Poullard asked what the indirect costs were for Lecture Notes, and said he believed it was losing money at that time. Mr. Permaul said that if they look at an account-based costing model it was losing money; but it was a very modest amount, \$31,000.

Mr. Stern asked if Kaplan's would close that gap. Mr. Permaul said they don't know how much would result. It may be a combination of things to resolve that issue, including an increase in the cost of Lecture Notes, as Ms. Houston proposed in the budget. But they also were concerned about how that increase would affect the market for Lecture Notes. A sponsorship was an opportunity to bring in some money. Maybe it would be "ASUC Lecture Notes, brought to you by Kaplan's." But that wasn't the only thing Kaplan's wanted, and they also want to advertise on the Web site. Kaplan's was already interested in renting in the ASUC Mall if space there isn't used. So this would be a package to come to the Auxiliary that Kaplan's felt strongly about. They like Berkeley and its brand, and thought it was important to be associated with Berkeley.

Mr. Poullard asked if Kaplan's would move from its current location at Berkeley Square. Mr. Permaul said they wouldn't, and this would be an ancillary site for classes.

Mr. Marchand said he thought Mr. Permaul made a good point and thought the Board had to decide whether it wanted to be revenue neutral or to make money. When they negotiate with the campus, Mr. Marchand said they try to convince the campus that some services and academic full costing could be handled by a student group to some extent. Essentially, the Auxiliary only had an argument with that if it didn't want to generate a profit. That was something he wanted to bring up. They could make an argument that if this was a service, then AFC should be removed. That would bring down the operation's balance by about \$20,000. It might be worth doing it as a service. That was just a question in principle.

Mr. Permaul said that even if Lecture Notes was a student service and not a business that generated revenue, they would student charge people for it; and every time they have such a charge, the campus automatically takes off the AFC. They could make an argument to the campus that taking AFC for it was inappropriate. Mr. Marchand said that would be part of an ongoing discussion. Mr. Permaul said that was correct.

Mr. Stern said that in response to what Mr. Marchand said, he didn't think Lecture Notes would make much of a profit. But even if it did make a bit of a profit, it would support other services that have far larger losses.

Mr. Poullard said he thought the broader issue, which the Board has come to many times, was how the SOB felt, as an entity, to having more commercialized businesses. For that function, he thought there was a lot of pushback on the campus whenever there was a quote "brand" of sorts. There are people who wouldn't mind having their name associated with a brand like Kaplan's because they could get more money for it. For them, it was a no-brainer. But that wasn't how things unfold on the Berkeley campus. As a member, given Kaplan's educational mission and what it would be doing, and given what the campus does as an institution, to him it was right up their alley.

Mr. Permaul said there are clearly a group of people out there who would say to the Board, "Here you go again, selling the University." Mr. Poullard said that was correct.

Mr. Stern said he had a question about UCLA's interest in Lecture Notes. If they figure out a way to collaborate with UCLA, he asked if the program or the code that was behind the scenes would be concrete enough for Berkeley to export this not just to UCLA, but to sell it to a lot of other campuses. He was asking that because his high school had a special e-mail system, which the school sold, making a profit from it. It would be an interesting investment. Lecture Notes wouldn't just be at UCs, but at campuses across the country. He asked if that was a possibility.

Ms. Houston said would be possible. Mr. Stern said it could be exported, then. Mr. Permaul said that's something they've been talking about, trying to get time from Ms. Houston's other duties to be able to do that. She has developed this very carefully over the course of that past year, and going to UCLA to present this was right in line with exporting it. If they got a school like UCLA and the Auxiliary was able to do the kind of marketing that was being suggested, that would be a powerful way to market this beyond the campus.

Mr. Poullard said he didn't think they had this at Cal State San Marcos. He asked how many campuses and CSUs have some version of lecture notes. Ms. Houston said she's only looked specifically at UCs, and Berkeley was by far the most advanced in lecture note delivery of almost any university in the country. But the only other UCs doing this were UCSD and UCLA; and they were distributing printed notes. Those were the top three. She hadn't researched the Cal States, so she didn't know the answer to the question.

Mr. Poullard said that just in California alone there are 10 UCs and 23 CSUs. Ms. Houston said she hasn't looked at that, but it was a good point.

Mr. Rajan said that unless they wanted to devote the rest of the time for the report to this, they should move on, and consider Mr. Marchand's thoughtful point that the Board would perhaps like to see a more concrete suggestion on how to move forward with Lecture Notes, so the Board could vote on that.

Mr. Permaul suggested letting the Auxiliary continue to negotiate with Kaplan's and come back to the Board with Kaplan's offer, and have all the information on the table. Mr. Rajan said the Board, then, in that sense, has directed Mr. Permaul to continue on that path.

Mr. Coley said he wanted to take this opportunity to commend Ms. Houston and Mr. Permaul. Everyone should know that they've done a much better job on this, particularly Ms. Houston, than anybody could imagine. He would put an emphasis on that. Prior to Ms. Houston taking the position, when he interviewed her, he noted that the tenure there might be very, very short, because Mr. Coley said he was in the process of closing down Lecture Notes because it was losing a ton of money every year. The year prior to Ms. Houston arriving there, it had lost \$100,000. He thought it was worthwhile for the Board to understand why Lecture Notes lost that amount, and the reason was because the people in charge of it were absolutely convinced that it was a student service and that the notes should be given to students for free, although that was without a clear understanding of the definition of "free," which had a price tag of \$100,000. So Ms. Houston and Mr. Permaul have done a superb job and were now at the place he charged them with, a long time ago, to see if they could get this thing working, and able to export. Ms. Houston and Mr. Permaul have been working on this to make sure all the pieces were in place.

Mr. Coley said that before the Auxiliary went too far in these negotiations, had had a question for the Board, and wanted them to spend some time, before building up Kaplan's expectations, to touch the pulse of those who are relevant on campus about whether or not the campus would want them to go down this path with Kaplan's, with the campus' name on it. They should know if that would offend campus sensibilities; and one person it would be very important to consult with was be Maria Rubinshteyn, who understood these sorts of things. So before the Auxiliary went too far down this path, the Board needed to check that. And even if the campus were to reject the label of Kaplan's being on campus, that would in no way interfere with the Auxiliary's ability to pursue other options, which could be extraordinary revenue generators for the ASUC.

Mr. Permaul said that he had two other brief comments for his report. He and Mr. Coley met that afternoon and came to a clarified understanding of how they'll approach the copy business. Mr. Coley was fully supportive of having the ASUC be an alternate, or option, in a campus-wide RFP for strategic sourcing of copying and digital copying. There would also be an element allowing ASUC student groups to source their copying, create banners, do pictures, and to sell readers at the Bookstore and other services out of what used to be the former CUBS' location. Mr. Permaul said they're on target with that. Mr. Coley will speak directly to campus, to the Business Services, on sending out the RFP.

Also, regarding the Coke consortium, Mr. Permaul said he wanted to let the Board know that he felt very comfortable with the meeting of the Coke consortium and the direction in which it was going. They'll informally ask Coca-Cola if it would like to increase its contribution to the campus for a two-year extension. If the campus blocks or rejects that, then the consortium was at the same time also looking at terms and conditions for an RFP.

The consortium learned from ISP, the commercial vendor for Intercollegiate Athletics, that of all of the commercial sponsorships in the private sector, the one that has not been hurt by the economic downturn was soft drinks. So the consortium will do its homework and find out the most recent contracts for soft drink vending that colleges and universities have obtained. They'll also continue pursue informal negotiations with Coca-Cola.

Mr. Permaul said there was one sticking point. When this was put into place years ago, the ASUC was the main mover of soft drinks on the campus. Since then, RSSP now dominates soft drinks on the campus, far in excess of Intercollegiate Athletics, of Rec Sports, and even of the ASUC. The ASUC was number 2 on that list. Mr. Permaul said there was some question about revenue. He was hoping that if they just advance a two-year extension to Coke, and get more revenue, everybody would get the current ratio and split, and it would mean more for everybody. And in the meantime, they'll have to do a much more substantive analysis of how this was split on campus. He knew that both Mr. Coley and Norman Strong, the Associate Vice Chancellor for RSSP, will be very deeply involved in that discussion.

Mr. Marchand said regarding the print contract, he asked what the alternate was. Mr. Permaul said they'll go out to bid on an RFP for digital and copy services for the campus. As an alternate, the vendors could also bid on services to the ASUC and a satellite location. If nobody bids on it, then they might go in a different direction. If one or two submit a bid, the campus could take that into consideration.

Mr. Daal said this, then, was the campus' RFP. Mr. Permaul said that was correct.

Mr. Rajan said that unless there was a motion to extend the time for the meeting, he would move to adjourn. The motion was seconded by Mr. Poullard and passed with no objection. Mr. Rajan said he would like to thank people for being there and dealing with these issues.

This meeting adjourned at 7:04 p.m.

These minutes respectfully submitted by,

Steven I. Litwak  
Recording Secretary



DECISIONS OF THE BOARD

Procedures

- June '10**      **Approved up to \$13,000 for the search and selection of a Lower Sproul consulting architect and for a LS student relations position.**
- April '10      Amended Section 3.3 of the CAA to define “minor leases” at \$150,000.
- March '10      Emily Marthinsen joins the Board, replacing Ms. Griscavage.
- Dec. '09      Welcomed to the Board Khira Griscavage.
- Nov. '09      Established a Food Subcommittee for the Bear's Lair Food Court.
- Sept. '09      Heard a presentation from Business Services on RFP procedures.
- Sept. '09      Voted to have \$20,000 from ASUC reserves, held by the Auxiliary, to be used for the Lower Sproul campaign.
- July '09      Welcomed to the Board Prof. Myers and Dean Poullard.
- July '09      Elected Mr. Rajan and Mr. Poullard as Chair and Vice Chair.
- July '09      Established a subcommittee to consider amendments to the SOB Charter and By-laws.
- July '09      Approved an operating principle of perspective vendors submitting an ROI to the Auxiliary before having the matter come to the Board.
- May '09      Welcomed Mr. Zuo and Ms. Coleman to the Board, undergrad reps in two-year and one-year terms respectively.
- May '09      Approved proposed changes to the CAA that would have the ASUC and the GA share commercial revenue.
- 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 first Board meeting as undergraduate representative.
- May '07      Mr. Spivey's first Board meeting as ASUC Auxiliary Associate Director.

Procedures (cont'd)

- 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.
- Feb. '05 Mr. Miles and Mr. Williamson joined the Board.
- August '04 Formed an ad hoc committee to study increasing efficiency in information technology.
- July '04 Elected Elliot Cohen as Acting Chair of the SOB, for 2004-5.
- April '04 Considered and amended ASUC Auxiliary Budget Principles.
- Jan. '04 Agreed to send another letter to the ASUC Senate and the GA asking to resolve the question of GA representation on the Board.
- Dec. '03 Voted to send a letter to the ASUC and the GA asking to resolve the question of GA representation.

Procedures (cont'd)

- 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 members orientation by August 30.
- May '03      Agreed on the need for a Board members orientation to be held before the start of the school year.
- Dec. '02      Enhanced Board minutes by adding "Decisions of the Board."

Vendors

- April '10      Approved the preparation of leases for space Nos. 2 and 3, Saigon Eats and Subway Sandwiches, for a maximum of seven years, with vendors to invest over \$100,000 in infrastructure and appearance of the spaces.
- April '10      Approved the extension of the Coffee Spot lease by two years.
- April '10      Voted down a motion to prepare an RFP for copying services at the Postal Annex site.
- Jan. '10      Voted to enter into negotiations with Subway Sandwiches and Saigon Eats.
- Dec. '09      Passed a Resolution to extend the Taqueria lease until May 31, 2010; gave the Taqueria until January 10, 2010, to accept terms that were presented in July. A negative response or no response would have the Auxiliary issue an RFP on January 11, 2010,
- Dec. '09      Determined weights for the Bear's Lair RFP scorecard.
- Nov. '09      Reduced CUBS' rent 50% for the summer months the space was inaccessible due to University issues.
- Nov. '09      Decided to charge a \$500 deposit to CALPIRG.

Vendors (cont'd)

- Nov. '09 Offered to extend the lease of the Taqueria through May, 2010.
- Oct. '09 Extended the lease of Healthy Heavenly Foods through May, 2010.
- Oct. '09 Extended the Daily Cal lease to September 30, 2012, adding CPI and electrical monitoring.
- July '09 Approved a one-year contract extension for the Daily Cal, through 2012.
- July '09 Approved Mr. Zuo as SOB rep to sit on the Daily Cal Board.
- July '09 Voted to present the SOB's contract to Food Court vendors, and to go to RFP if the terms were accepted.
- May '09 Approved an amendment to the Naia lease, to allow the sales of sushi and salads, with Naia to reopen in the fall.
- May '09 Approved a five-year lease extension for CALPIRG, with new lease terms.
- May '09 Agreed to a three-year lease extension for the Daily Cal, and on terms to repay deferred rent payments, with an SOB member to sit on the Daily Cal Board until repayment.
- April '09 Amended the Panda Express contract and voted to renegotiate.
- April '09 Agreed to present draft contracts to the Coffee Spot, the Taqueria el Tacotento, and Healthy Heavenly Foods, going to RFP's if necessary.
- March '09 Approved the Tully's Coffee contract.
- Feb. '09 Voted to approve the CUBS contract.
- Feb. '09 Voted to move forward with the Tully's contract.
- Jan. '09 Voted to continue negotiations with Panda Express and Tully's Coffee.
- Dec. '08 Voted to go out to bid for all Bear's Lair Food Court vendors.
- Nov. '08 Approved Action Vending proposal to increase vending prices.
- Sept. '08 Agreed to Daily Cal terms for deferment and reduction of rent.
- 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.
- 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.  
May '09 Voted down approval of the proposed Panda Express contract.
- May '09 Voted to go to RFP, on June 30, for the STA Travel space, and any other spaces that become vacant in the coming year.
- May '09 Revised the agreement with CampusLink to end its monopoly on Student Union advertising.
- 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 used of an inspector suggested by the Alumni Association to inspect the Cal Lodge, to authorize pursuing an agreement for the Alumni Association to manage the Lodge.
- May '05 Approved the further exploration with Daryl Ross of placing a green café at the southeast corner of the Student Union.
- March '05 Heard a presentation by Daryl 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.

Vendors (cont'd)

- 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 failed, and to issue an RFP.
- March '04      Agreed to a four-with pilot project for the New York Times Readership Pilot Project.
- March '04      Rejected contract proposals submitted by Pub management, called upon the Commercial Operations Committee 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 community 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, begin Jan. 1, '05, to the Taqueria and Healthy Heavenly Foods.
- 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.

Student Union / Pauley Ballroom

- 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

- April '10 Approved an appropriation of up to \$3,000 from Auxiliary reserves for Lower Sproul, BEARS Referendum-related expenses.
- Nov. '09 Allocated \$30,000 out of Auxiliary reserves to fund a study on a maximum build-out option for Lower Sproul redevelopment.
- May '09 Learned that due to a possible FEMA grant, phase 3, of the Student Union seismic project would be postponed until the summer of 2010, including the Pub, and the Store, and the Multicultural Center.
- Dec. '08 Work began on the seismic retrofit of MLK.
- Oct. '08 Heard from, gave feedback to, Brailsford & Dunleavy, 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 Leybovitch, 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.

Student Union / Pauley Ballroom

- May '03      Approved having Mr. Cordi and Mr. Rolle submit a proposal to support student use of Pauley Ballroom by the June SOB 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.
- Feb. '03      Approved a subcommittee to look into policies for Pauley Ballroom and for fee waivers.

Budget

- Feb. '10      Had a session to envision the Auxiliary budget.
- July '09      Approved the 2009-10 Auxiliary budget.
- April '06      Approved the 2006-7 Auxiliary budget.
- April '05      Approved the 2005-6 Auxiliary budget.
- Sept. '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 OSA position for the GA.
- April '04      Approved the ASUC Auxiliary FY 2004-5 budget, including a transfer to the ASUC of \$50,000 from Auxiliary Contingency Reserves.
- Feb. '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





## STORE OPERATIONS BOARD MINUTES

July 30, 2010

Present: (Members and others)

Miguel Daal (LS Steering Cmte.)	Christina Oatfield (Student)	Mark Rentz (Asst. Store Mgr.)
Jeff Deutsch (Store Mgr.)	Nadesan Permaul (Auxiliary)	Neel Shah (Board member)
Jack Kemp (Retail Consultant)	Beth Piatnitza (UCB Planning)	Tom Spivey (Auxiliary)
Ryan Landis (Student)	Nish Rajan (Board member)	Noah Stern (Board member)
Michael Nicholas (GA)		

### SUMMARY OF THE MEETING

This meeting was called to order at 5:37 p.m. in Anthony Hall. There was no quorum.

#### Approval of the Agenda

Introductions were held.

#### Next Student Chair of the Board, and Stipending the Chair Position

The Board needed to figure out the appointment of the next Board Chair. This discussion would be part of the discussion that evening of the SOB's Charter

#### Update on Lower Sproul by Beth Piatnitza and Jack Kemp

Beth Piatnitza, of the campus Planning Office, said they have a Master Plan for the Lower Sproul project for the next several years. That fall they'll move into actual programming. From Moore Ruble Yudell, the architect for the project, they brought Rob York, a retail consultant.

A draft was distributed, "Retail Design & Programming Principles." It sets the stage for how to think about Lower Sproul retail, for the Board to use and review. It was an initial framework for the discussion and focused on design-related issues and to maximize opportunities of the redevelopment for flexibility, to meet student priorities, such as income, and to activate the Plaza.

Mr. York said most of the retail design and programming principles were very straightforward. The first was to have an active ground floor. It was critical for the ground floor to be designed and conceived in a way that would have very strong retail principles applied to the Upper Sproul and Bancroft frontages, all the frontage facing into the Plaza that they can control and improve.

They want to have high-profile, high-traffic locations that draw people into the Plaza. Flexibility was a key point for commercial portions, with space that could function at a high level for multiple generations.

Another principle was to design for nighttime activity, with an opportunity to extend hours of activity along Sproul Plaza and the adjacent buildings. This will include having clusters of uses where natural activities were located.

Choices had to balance between commercial activity and existing building conditions. There were a lot of constraints, such as with loading and venting.

Revenue was a critical factor. They had to decide what was and wasn't appropriate and consider the tenant mix.

They'll make common seating areas so food options create a draw.

The tenant mix will be driven by several factors, including student priorities, while maximizing efficient use of the space.

They had to weave social and environmental considerations into the physical presence of their retail. Education and the food co-op could be elements of the principles.

They also had phasing options, with heavy student input. With programming, they'd have rotating uses to make sure they have services during construction and that they continue to populate the Plaza. Phasing also involves students paying fees before the finished product, and giving them a quick bang for the buck.

Regarding the management of existing retail, consultants didn't know what the constraints have been. There was room for improvement beyond the physical and the Board shouldn't do anything that worked against the goal to redevelop the Plaza and to focus on the future, particularly with tenants.

Really critical timeline issues will come into play once people understand what the physical opportunities are and when these spaces will be available.

The new Eshleman Hall will come online in the fall of 2014. MLK is phase 2, with construction in '15 and online in fall '17. That fall, through the spring, schematic design programming will occur for the whole complex, followed by working drawings. They need to resolve core decisions on commercial and other elements of the project. Board members should think about what was missing in the "Principles" that were distributed, and what needed beefing up, and provide any comments in the coming weeks.

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

Mr. Permaul distributed "ASUC Auxiliary Projects in Progress Since the Last Board Meeting." The Board authorized the Auxiliary to negotiate leases under \$150,000 a year, and a lot of work was done that they could not previously do.

Leases for two new vendors were completed, Saigon Eats and Subway. These spaces will be completely renovated, and with the Coffee Spot, will have new storefronts. A costly non-compliant hood system will be re-done, with vendors to pay \$50K and the Auxiliary \$50-60K. The Coffee Spot will get a cooking area it's never had before.

Saigon Eats is a Vietnamese food option of significant quality. Subway will serve breakfast and be open until 10 p.m. at least. The Food Court will become a quasi library into the late evening.

The Pauley Ballroom kitchen will be renovated as part of the agreement with Tully's, to do catering and online sales.

The Auxiliary will coordinate the seismic project with vendors, with an outstanding campus project manager, Nick Peterson.

The Auxiliary now has a \$15,000 sponsorship for marketing and commercial sponsorship with the CUBS Credit Union. The Auxiliary was also working on a possible sponsorship with Kaplan's for Lecture Notes, and to rent space in the Union, a very significant project.

UCLA has agreed in principle to start using the ASUC's Lecture Notes program and pay the Auxiliary for lecture note production.

The end of the Naia lease has been negotiated. A demand letter will go to Naia to finish up the terms and conditions. The space will be available for Reservations.

They're talking to Cal Performances about collaborating to have pop-up restaurants for their shows.

The Art Studio's look will change dramatically.

The Auxiliary provides 40% of its space in Reservations to students. Students should pay from revenue for the indirect costs associated with that. The 65% of Art Studio users who are not students pay 70% of its revenue, and subsidize the 35% student users.

Requesting that the campus contribute to the Art Studio involved a Reg Fees issue. Ms. Wees can collect that information from other schools on their art studios.

The Auxiliary was exploring having a cold kitchen in the STA Travel space, for salad service. New tables and umbrellas will be purchased for the outdoor Food Court patio, along with electronic signage outside. Old tables will be given to students. They were also exploring expansion options with the Pub vendor. Game day generates 40% of Pub revenue per year and the Bears will play in AT&T Park next year. The Auxiliary would like to collaborate with Intercollegiate Athletics and have their own game day next year.

Capital Projects has given tentative approval to expand the outdoor Pub area. They'll also open the breezeway stairwell with a TGIF Grant from BicyCal. New signage is being planned for the ASUC on the face of Eshleman, and indoor LED signs.

The Auxiliary will meet with Follett to propose renovations to expand space in the Store and the Mall. Also, Capital Projects was considering modifications to Tully's kiosk. It will have a new door.

The Auxiliary was negotiating with the Coffee Spot to give it the same terms that the Auxiliary gave to Saigon Eats and Subway.

There will be display improvements to the 2nd floor and the lobby of Eshleman, and they'll finish the basement. And their flower vendor will provide them with fresh flowers. So there will be a better look for Eshleman in the coming year.

New ATMs were installed by their campus partner, OMBO, from CUBS.

Starting in July, the Computer Store will not sell to campus departments, only to individuals. But there hasn't been direction on where departments should make purchases. The campus wants eProcurement for itself, for the big end of the business. The Store had eProcurement, and it was 15-20% of the business. This decision was under Mr. Coley. The Store did this last year with Apple, through campus TAS. The prices would be the same. It was suggested that this would be in conflict with section 3.5 of the CAA.

#### Concept for Sausage Vending in the Food Court Outdoor Fenced-In Area by the Coffee Spot

Mr. Alloun would like to have a sausage vendor at the Food Court outdoor area on Fridays. A food cart was possible, but required campus approval.

#### Plans for the Use of the Library

For the first time since 1923, Eshleman Library will close and will be used as reserveable space, with expected revenue of \$40K, which was also the amount saved from student wages. The hope was to someday restore the Library, with the new Eshleman.

#### Staffing Update for the ASUC Auxiliary

Rob Jittrikawiphol has been on a contract for three years. Since there's no waiver and they had to recruit the position, it will be listed. The search has finished for Nicole Leung's TGIF position and Karyn Houston's marketing position has been listed. They also had to fill Natan Tuchman's position in the GA. In addition, Vivi Nordahl, Events Manager, is on a contract, and the position will be listed.

Regarding the "single point of contact," this was negotiated by the students in MOU 2 to facilitate facilities reservations. Instead of having to go to different offices for liability insurance, approval of noise amplification, the police, etc., students would come to the ASUC, which would coordinate everything. They believe it will take a .5 career-status position to do this. It was suggested that students talk to administrators about how the campus would benefit from this.

#### Unresolved Budget Issues

Mr. Permaul distributed copies of the "ASUC Auxiliary Capital Plan," showing amounts in the four Reserve Funds for the coming year, for maintenance and equipment. On 6/30/10 it was \$2,284,294; expenditures at 6/30/10 were \$415,949. Revenue came from the Student Fee and from depreciation.

After approval of the BEARS Referendum, they went back over the plan for the next ten years. They will not do the heating and ventilating system, \$500,000, and will not do the roofs, \$2M.

Capital projects for the coming year total \$356,761. Auxiliary estimated revenues for FY 2010-11 are \$170,000. The balance shown at the end of 2011 will be \$1,747,940. The Auxiliary tried to be as conservative as possible.

It was suggested that not all reserves had to be totally liquid and could be invested in the endowment. The Auxiliary was looking into such shifts.

The Projects that were listed showed work the Auxiliary took on to improve their infrastructure. Leaks resulted in one of the single worst projects in the building. That's been solved 80-90%.

In response to a question about rent Naia would have paid, the Auxiliary will send Naia a demand letter, for \$37,900 through January, 2011 and for a \$20,500 note.

Charter and By-laws and the Next Chair of the Board

The Charter Revision Subcommittee continues to meet. Feedback from the Board was incorporated and they are considering additional changes. Proposed drafts will be sent out.

One issue raised was to consider a process for the Board to remove a member. That can currently only be done by the Senate or the GA. Another issue was to have a stipend for the SOB chair.

Another, perhaps fundamental issue, was who the Board worked for, whose interests it was serving, whether the ASUC, the campus, or the students. The Charter currently has a section about working for the best interests of UC Berkeley and its students, not for the ASUC.

Mr. Permaul said he would suggest Mr. Daal read the draft that was being proposed, and said he got a call on this from the campus Administration.

The ASUC and the University have varying interests on the issue of the sale of alcohol in the Pub.

The proposed change was for each member to act in the best interests of the ASUC and the mission of the Board. The Charter is an Exhibit of the CAA, so amending it required approval of the Senate, the GA, and the Chancellor. The mission was to ensure the fiscal health of the ASUC and the ASUC Auxiliary through prudent management of ASUC commercial activities.

A comment was made that the proposed language would be a massive limitation of the Board's scope.

No mission was created in their founding documents, and it was the politics of the ASUC that governed Board decisions. The changes would also allow the Board to amend its rules.

It was suggested that either they dissolve the Board completely, as it was unclear why there was a need for an outside body acting like a watchdog. Or, the Board could do what it has been doing, having various political entities on campus interact. Limiting the Board to simply fiduciary duties would rob it of any sort of directional, visioning input, the difference between a CFO and a controller.

Another opinion was that the Board shouldn't represent the campus as well as the ASUC.

Mr. Rajan will work on language.

It was noted that Mr. Rajan was leaving the Board, and was leaving as an excellent Chair.

The meeting adjourned at 7:32 p.m.

**End Summary of the Meeting**

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Approval of the Agenda, Introductions  
Next Student Chair of the Board, and Stipending the Chair Position  
Update on Lower Sproul by Beth Piatnitza and Jack Kemp

- 6 -

This regular meeting of the Store Operations Board was called to order by Nish Rajan at 5:37 p.m. in Anthony Hall. Mr. Rajan said they didn't have a quorum.

#### APPROVAL OF THE AGENDA

Mr. Rajan called for any changes to the agenda, and said he'd assume nothing on the agenda required a vote. Mr. Permaul said there wasn't.

Mr. Rajan asked people to introduce themselves for all the new people. Introductions were held: Nish Rajan, outgoing Chair of the Board, fifth-year grad student; Nad Permaul, ASUC Auxiliary; Beth Piatnitza, Campus Planning; Rob York, York Consulting Group; Tom Spivey, ASUC Auxiliary; Michael Nicholas, GA Budget Director, and proxy; Neel Shah, second-year grad student in EECS, and a new member of the Board; Noah Stern, ASUC President; Miguel Daal; Christina Oatfield, outgoing Senator; Jeff Deutsch, Director of the Student Store, and not a member of the Board; Jack Kemp, architect, assisting the students on the Lower Sproul project. Mr. Rajan said he would like to thank them for the introductions.

#### NEXT STUDENT CHAIR OF THE BOARD, AND STIPENDING THE CHAIR POSITION

Mr. Rajan said they needed to figure out the appointment of the next Chair of the Board. They obviously couldn't have an election that evening, but he'd like to gauge interest, solicit nominations, and perhaps convince folks to serve. And if it would help, he would like to provide this position with a small stipend, to be built into the ASUC Auxiliary budget.

Mr. Daal asked if they wanted to include as part of this a discussion of the SOB's Charter, and asked if that was on the agenda. Mr. Rajan said it wasn't, but that could be added. They could discuss that after their next item.

#### UPDATE ON LOWER SPROUL BY BETH PIATNITZA AND JACK KEMP

Beth Piatnitza introduced Robert York. Ms. Piatnitza said she's with the campus Planning Office, which has been working on the Lower Sproul project for several years. They have a Master Plan, and as they move into the project, that fall they'll move into actual programming. Moore Ruble Yudell is the architect for the project, and under them, they've brought in a retail consultant, Rob York. Since retail is obviously a big part of the program, that kind of specialty expertise was needed. At the request of the campus, Mr. York has had a couple of meetings with the students, who have participated in this, and put together basic retail design and programming principles for Lower Sproul.

Ms. Piatnitza said several people at the table have already seen the draft, "Retail Design & Programming Principles." It was to set the stage for how they think about Lower Sproul retail and how this project can

be transformative. It was for the Board to use and review, to think about; and they could add their own ideas as well. It was a starting point for discussion.

Mr. York said these principles were intended to just be an initial framework for the discussion. Even though the draft touched on a few other things, it was really meant to focus on design-related issues. The real goal was to maximize the opportunities of the redevelopment for flexibility and to meet as many student priorities as possible, including income, as well as to activate the Plaza and the frontage around it as much as possible. The principles were just initial, very general points to hopefully start and guide the discussion moving forward.

Mr. York said most of the retail design and programming principles were very straightforward. The first was to have an active ground floor. It was critical for the ground floor to be designed and conceived in a way that would have very strong retail principles applied to the Upper Sproul and Bancroft frontages, all the frontage facing into the Plaza that they can control and improve.

Mr. York said priorities should be placed on creating transparent storefronts and having active uses, along with pedestrian, street and Plaza-level spaces. They want to ensure that high-profile, high-traffic locations will draw people into the Plaza and take advantage of the pedestrian traffic on Upper Sproul and the visibility along Bancroft of this retail district.

Mr. York said that one key point was to create long-term flexibility for the commercial portions of the space. This didn't necessarily mean that it would be all retail, food, or commercial services out of the gate. But what they want to do was to make sure they create space that can function at a high level for multiple generations, so major re-work on structural pieces wouldn't be necessary, or to have to reconsider space every second or third generation of users. Retail, commercial, market conditions, as well as student priorities were constantly moving. So they want to make sure they create a venue that will be adaptable and powerful 10, 20, and 30 years down the road, and beyond.

Mr. York said another principle was designing for nighttime activity. He thought that was critical. There's been a lot of discussion about the 24/7 priority from the students. With student scheduling, and the fact that they're near an existing business district, there should be a real opportunity to greatly extend the hours of activity along Sproul Plaza and along the adjacent buildings. But they had to create strong visual linkages and have the right lighting in order to give a strong sense of comfort and activity and to really draw people in to what now was not the most inviting space, and a space that had much of its use in very short-term operating hours. So there had to be a complete re-thinking of how that what work so it becomes a very safe, active space.

This principle will also look at clusters of uses and where the natural activities were. Obviously, everything couldn't be 24/7, but if they cluster the right uses, they might be able to support a number of core services that could operate around the clock, especially in different parts of the year.

Obviously, there are a lot of existing building conditions, with some very old buildings, with a lot of constraints built in. As part of the programming and design process, engineers will look at all the existing structures and at the givens, and see what could and couldn't be fixed and what would probably be best to stay in a renewed version of its current condition. So they'll have to look at what would be the best series of trade-offs as space is renewed and re-developed.



They also had to make the right economic choices to hit the balance between ideal retail or commercial activity and the existing conditions of the buildings. There are many layers of existing conditions below the Plaza, such as with parking. There are a lot of loading constraints, since different uses have different loading and serviceability requirements. Venting and other very complicated pieces also had to be addressed. So they have expensive challenges down the road.

Mr. York said revenue was obviously a critical factor. He thought they'd want to look at adopting a more holistic, long-term approach to the income potential of the Student Union and the Plaza, and look at all the potential revenue streams. They had to decide what was and wasn't appropriate and where they could maximize potential revenue streams without dramatically altering aspects that are beyond their control. But in addition to retail, they had to look at the tenant mix and how tenants play off each other, as well as to look at the income potential in having better connections between very high visibility, primary locations within the Plaza along Bancroft and Upper Sproul, and how they attach and create a better flow, getting some light and air into the more secondary spaces, which was a substantial square footage within the project.

They want to look at programming, activating the public space, expanding and making much more attractive common seating areas so that food options create a better draw as well as create a higher capacity. That didn't necessarily mean adding more physical square footage, but capacity, where people could sit and linger, making it a more attractive, longer-term draw.

Mr. York said the tenant mix issue will be driven by a number of factors, and certainly had to be driven by student priorities and goals. But they had to be very cognizant of physical space and create market demand within the project and what was needed for to support that, as well as being cognizant of the physical parameters in terms of loading and venting for food, and making sure they create substantial facilities that were as efficient as possible, so they didn't have a tremendous amount of back-up house space that was out of balance with the front of the house. So again, they want to maximize efficient use of the space they have.

Mr. York said there may have to be choices made upfront in terms of certain uses, because one of the more complicated things in a mixed-use project was where the vending went, how trash was dealt with, etc. All of those things set some pretty significant parameters.

Being a university, there was a great opportunity to consider and balance a wide range of priorities. Certainly, Berkeley has a great reputation and history of being at the forefront of social and environmental considerations. They have to determine how to weave those goals into the physical presence of their retail. There may be a real opportunity to balance things and raise the bar in terms of blending commerce with larger social, political, and environmental goals, where there may be some interesting opportunities.

The design components were really identified in a way to maximize their opportunities. As he mentioned earlier, that creates the best possible hardware given the opportunities and constraints of the site. And then there will be the whole issue of the software, and how to go about getting to the people who will actually operate the space, and turn the lights on. But through good design and careful planning, they want every advantage that gives them greater opportunities, both for attracting a broader mix of retailers, good vendors and an expanded opportunity on the income side, and student opportunities. He thought they need to blend all of those uses. There may be additional possibilities in terms of mixing the education and the entrepreneurial components of the retail. People were involved in the food co-op, and there

could be elements of those types of principles that apply to the commercial pieces within Lower Sproul. So there could be a good business model, or an opportunity at least for that. Learning and other opportunities went beyond just basic employment. There could be a lot of other assets that they could identify and apply as they look through the opportunities in the whole project.

Mr. York said that lastly, they had phasing options. This will be carefully designed by a team that will certainly have heavy student impact and input. But as he looked at this, there was great possibility in terms of changing the perception students had about Lower Sproul even before the start of heavy construction, and certainly during the heavy construction phase. Through programming, they'd bring in rotating uses to make sure they have both the services that they want to provide through the construction phase, but to also continue to populate the Plaza and make sure it remains a significant and important part of community life. And frankly, there was a possibility to elevate its position even during the construction phase.

The other half of phasing was that students will start to pay fees well ahead of the finished product. It was always his feeling to try and get some quick bang for the buck, and to get people feeling that this really was important and that even now, ahead of all the big stuff, that there was something in it for them, some payback, even in the very near term. He thought these were opportunities they should look at.

Mr. Daal said that as for that last piece, the intermediate, he asked what exactly the ideas were. Mr. York said they might want to look at a much more aggressive programming schedule for the Plaza itself, such as having food vendors, activities, and stepped up music, having more opportunities for people to participate and maybe put their stamp on what was going on. But he thought it was really important to signal not just new space, but a new operating philosophy. They want to tie students to this, and that was half the battle.

Mr. Daal asked if he was suggesting a new operating philosophy that promoted more student involvement. Mr. York said it was involvement at all different levels, with "involvement" meaning there was something there for students. It dealt with the question of how they'd continue to serve students, and serve them better, so students realize this wasn't just a series of buildings, but that a great public space. They want this to be valuable to people and get them excited about all the time, effort, and planning, and the huge investment that was in process at that time, and which will go on for several years, to remake the Student Union and Lower Sproul into something that was hopefully quite a bit different.

Mr. Daal said he was especially aware about this and was interested in the intermediate step which the Board had a lot to do with, regarding the governance of the existing retail. If Mr. York had specific suggestions about that, Mr. Daal said he would love to see hear them, and that would be really helpful. Secondly, looking at the commercial activities of Lower Sproul, and understanding the constraints they had to operate under, he asked how Mr. York would criticize the management of the Lower Sproul area, how they would improve it, and what was wrong. He asked what would his advice would be to the Board.

Mr. York said it was easy to kind of parachute in and sort of peel things apart. He didn't know what the constraints have been, didn't know what the budget has been, and didn't know what the goals have been. In the short run he thought there were a whole series of areas where there was room for improvement beyond the physical. But in the very near term, he'd suggest that they just make sure they don't doing anything that worked against their goals for redeveloping the Plaza, as with overhangs, which he thought

has been largely resolved. They wouldn't want to wind up spending a lot of money with a hold-out sitting there who may not be their favorite tenant. So at this stage it was beneficial to really focus on the future. There clearly were operational issues that needed to be conceived of and built into how they operate the Plaza going forward. For instance, they had to make sure they have the right kind of maintenance budgets and reserves to replace things. Hopefully, this will be a much more active Plaza. It hasn't gotten the attention it's needed in recent years. If they turn it into a really vibrant center of campus life, which it certainly could be, there was wear and tear that went with that. So there were a lot of things that had to go in place. But that was on a parallel path to the core focus in the short-term of making sure the design aspects allow them the opportunity to apply their priorities and operating standards and maximize their potential given the best possible physical structure. But there was certainly a management and operations side that went hand-in-hand with this.

Mr. Rajan said it would be very helpful to have a timeline that incorporates these core ideas, something along the lines of the next six months. Perhaps they could identify some. Revenue was a favorite. But getting back to Mr. Daal's point, he asked what holistic long-term approach the Board should take, and what the coming Board could do. It was hard to know what the flexibility entailed. One way to be really flexible was to do nothing and just hope that once they have things figured out, they'd just put in their pieces. But at least from a budget and operating point of view, that might be hard to manage. He asked if there was a way or a path, without knowing where the destination was, that the Board could take to assure that they were on the right path, or at least on a path that was flexible enough.

Mr. York said that from a design standpoint, they could do that. As they have kind of discussed often, there was a separate and parallel timeline, although maybe one that wasn't exactly the same timeline, but an effort that took place to make sure they have great hardware, and to make sure the software was in the process that will allow that to take place, and whether those were operating at the same level. The intent was to have the physical space be excellent, that provides them with a lot of opportunities. But how they work with it at that point was a separate but very critical discussion.

Mr. Rajan asked what bottlenecks he saw. For instance, a bottleneck last year was the lack of a holistic, long-term approach to revenue. He asked if that was something that needed to be fixed within the next six months or a year, or if that was something that could wait. Mr. York said he did not yet know how long it took to achieve certain things on the campus. He knew there have been issues in the past that were very contentious, and knew that everything took longer than people there would like it to. So people could start to frame things soon. He thought some of the real critical timeline issues will come down once people really understand what the physical opportunities are and when these spaces will be available. But they need to be prepared.

Ms. Piatnitza said she could talk a little bit about the overall schedule. The project is broken into two phases. The first phase was Eshleman Hall. It will come down and then a new one built that will come online, according to the schedule, in the fall of 2014. Presumably, they'd get some new ground floor space with that building. MLK was phase 2 and will go into construction in 2015 and be online in the fall of 2017.

Ms. Piatnitza said that over this coming fall, through next spring, all of the schematic design for basically all of the programming will take place for everything, for the whole complex. And then it would go into working drawings. A lot of the main design decisions will get made over that coming year. So that gives the Board a sense of the timeline. That's why the consultants and planners were trying to lay out some

basic, preliminary thoughts about the direction of the project. This is the direction they're thinking about, and they want to make sure people were on board with this thinking. It was still very broad and will get more finely grained as they move along.

Mr. Rajan said that re-purposing these spaces based on this principle, he asked if they decide that the tenants list was the most important space, they'd be able to leap at that quickly and could match any of these goals according to any weights they put on these goals. For instance, they might put 90% into their desires into the tenant mix. If they decide that as a community, and want all the space to be properly optimized, if there was some way to accommodate that, if that was the goal.

Ms. Piatnitzka said that what she heard Mr. York say was that they want to think where the optimum locations would be for certain types of retail. Maybe not every space was perfectly adaptive to every type of retail, and certain things might make more sense to be in certain locations.

Mr. York said that different uses could pay different rents, and some locations were more marketable. So they had to look at that layered approach, and also consider what the capacity was. Food was a natural. They had to understand the existing conditions to see how much could actually be serviced, such as how much venting they have, what grease traps were available, all the nuts and bolts that make it work. They can have space people have always talked about as being for food. What they wouldn't want to do was to bring somebody in that would need 75-foot run for a vent that costs \$250,000. Hopefully the approach they take is to have space that was straightforward, well designed, and ready to receive quality tenants. But they'll understand a lot more as they get further into the fine grain of the project. There may be things about these buildings that nobody knew about at this point.

Mr. Daal asked what types of things the Board could provide to help with this study. Mr. York said that Mr. Daal has provided quite a bit, which was very helpful. He thought they just really needed to maintain an ongoing dialogue, because the next few months, through the end of the year, will be very critical. They need to resolve and make some core decisions on the commercial elements and many other elements of the project. But they want to make sure that they have a clear path, so the designers and architects can do their work in the most efficient manner, with the best possible end result. Considerations were who populates the space, what the process will be for somebody who wants to become a tenant, which things might have greater student involvement, which they're better off with purely a third-party, all those kinds of discussions were needed. They want to be prepared. When they deliver space, they want to be out there actively thinking and to have their priorities straight, and their processes in pretty good shape before they go out to the world.

Mr. Daal said that just to recap, he asked what the Board should do with the outline that has been provided. Mr. York said he would ask them to think about it, think about what was missing, what needed to be beefed up. This wasn't in any particular priority. If there are things where people feel there's an opening, or a blank that needed greater attention, everybody should know that when they all get to the table in a few weeks and start to roll up their sleeves and asked what this project should be.

Mr. Daal asked if Board members should comment on it within a few weeks. Ms. Piatnitzka said that was the case. Mr. York said that was correct.

Mr. Permaul said it was sent to people electronically. Ms. Piatnitzka said that was correct, but she didn't know if everybody got it. Mr. Rajan said he'd e-mail it out to the Board. Mr. Permaul said he'd post it on the Board's Web site.

Mr. Rajan asked if the Retail Design & Programming Principles was a public document, or more of a working product. Ms. Piatnitzka said it was more of a working product. Mr. York said it was more of a working project to just set the tone and to see where they need to augment it and what things needed to be emphasized. Ms. Piatnitzka said people could also think about it from their own sides, and ask what some of the other barriers and challenge. This might help them identify what some of their own challenges have been, and not having these things happen, aside from the project part of it. This would be a parallel track, to think about how things could function better.

Mr. York said there were certainly things that came up earlier that are a function of design, and now was the time to think about them. They would include lighting, signage, and other components. The Board can now look at this comprehensively and look at this opportunity to blow down barriers that might have been there, and maybe it was a response to a piecemeal process, or lack of an overarching vision, and they could look at this as an opportunity to kind of revisit things that the Board felt was very important.

Mr. Rajan said that seeing no further questions, he would like to thank Ms. Piatnitzka and Mr. York.

Mr. Permaul said he thought it might be worthwhile for Mr. York to look at the capital investments the Auxiliary was doing that year and the projects they're doing that summer. Ms. Piatnitzka said she would stay as Emily Marthinsen's representative. Mr. Permaul said Ms. Marthinsen would remain for most of the meeting. Mr. Rajan said they'd reorder the agenda in an efficient manner.

#### STATUS OF BEAR'S LAIR LEASES

Mr. Permaul said the projects that he and Mr. Spivey have been working on that summer would answer questions on the other elements, so he'd distribute "ASUC Auxiliary Projects in Progress Since the Last Board Meeting."

Mr. Permaul said the Board cleared one of the main obstacles in the path of the Auxiliary out of the way by authorizing the Auxiliary to negotiate leases for rent that was under \$150,000 a year. That has freed the Auxiliary to do a great deal of work with vendors that the Auxiliary was not previously able to do.

No. 1, they negotiated and completed the leases for two new vendors in the Food Court, Saigon Eats and Subway. Both of those vendors will renovate their spaces completely and open up new storefronts. The same will be true of the Coffee Spot.

No. 2, they have secured renovation plans for these three vendors. One of them included having to re-do a non-compliant hood system. That was a very expensive process and was one of the reasons he told Mr. York earlier, that as they look at the components of the principles, they had to think about all the infrastructure that had to go in. Mr. Permaul said he spoke to Associate Vice Chancellor Norman Strong, of RSSP. As a former Director of the Student Union, Mr. Strong stressed that it was worth it to spend a little more money making rough-outs of infrastructure complete and flexible than it would be to scrimp on them and then later, find, as Mr. York was suggesting, that they'd have to go back and re-invest in them later on. For example, the Auxiliary can't open up these new food businesses without investing in the hood system, because the campus said the hoods simply had to be replaced, because they weren't compliant. That's the sort of difficulty they could run into; and as they knew, it was a costly one.

Mr. Stern asked what the cost was for that. Mr. Permaul said they ended up being able to reduce that amount. They thought they might have to put as much as \$250,000 into this because the expense of the venting was significant and they were thinking they'd have to go all the way up to the roof and do work. But they are now down to about \$50-60,000 of Auxiliary investment. But each of their vendors will have to put in about \$50,000.

Mr. Stern asked if that expense went on this year's budget or next year's. Mr. Permaul said he'll get to that.

Ms. Piatnitzka asked if he meant Saigon Eats and Subway when he mentioned "each vendor." Mr. Permaul said Saigon Eats, Subway, and the Coffee Spot each will have to put in \$50,000, at least. And they know that. The Auxiliary spent a great deal of time patiently working with them; so they understand what their costs are and they have already turned in their plans. The good news was that Haitham Alloun will get a cooking area that he's never had before. So the Food Court will have four food options that will include Mr. Alloun's front-end salads, sandwiches, fruit drinks, and a taqueria that Mr. Alloun will put in. Mr. Spivey said Mr. Alloun was hedging on a Taqueria, but he will have hot food option.

Mr. Permaul said that Saigon Eats is a Vietnamese food option of significant quality that will raise the standards of dining at the Food Court considerably. Saigon Eats was committed to doing an outstanding job, including online sales, late-night food, catering, things the Food Court hasn't had before.

With Subway, it will serve breakfast and will be open until 10 p.m. at least. They will also turn the Food Court into a quasi library, in essence, where people could study into the late evening with food options and weekends as well. So many of the goals that the planning groups for Lower Sproul had articulated will be implemented. That will also happen at Oski's Lounge and Tully's as well. So the Auxiliary felt very positive about this.

Mr. Permaul said that as they could see with No. 3, "Planned and initiated renovations for the Pauley Ballroom kitchen," this area has not been renovated since 1960. The Auxiliary was undertaking that. They will finish the catering element of that so that Tully's can provide catering as well as sell food online and distribute it to the campus. That is the investment the Auxiliary was making as part of its agreement with Tully's.

Mr. Permaul said the Auxiliary will coordinate the seismic project with all of these vendors. They have an outstanding campus project manager who is doing the ASUC's seismic project. The Auxiliary has not always had great project managers, but this one was outstanding and was doing a fabulous job of not only doing the seismic project, but coordinating all of these renovation projects as an element of work that was being done in the summer and fall. That in itself was worth its weight in gold. The project manager has bent over backwards to be co-operative and helpful in keeping costs down. Mr. Permaul said he thought this spoke to what Alicia was talking about that day in terms of quality project management from Capital Projects. Certainly, Nick Peterson fits into that. Mr. Peterson finished the work that was in the area of the lower Cal Student Store two weeks ahead of schedule. That was an example of the kind of good work he's done. So the Cal Student Store can open up and do sales, he was aiming to get out of the 1st floor before school starts. But that was the kind of coordination and cooperation they needed to have with Lower Sproul in order to be successful.

In addition, Mr. Peterson has found ways to incorporate the Auxiliary's work into the seismic project's work. So they are sharing things, and will put a new door in for Tully's. He was going to have to put in a

temporary door, and was fronting the money for that. Mr. Permaul said the Auxiliary will put in money for the permanent door; and they'll save the ASUC \$5,000 by doing that. So it's that kind of collaboration that just really makes all the difference in the world.

As another example, at Oski's Lounge, because Mr. Peterson was doing work at Tully's, he will purchase the furniture for the Auxiliary. The Auxiliary will pay for that, but Mr. Peterson was doing that sort of coordination, so that work gets done.

Mr. Permaul said they're attempting to bring the bell, the last piece of the College of California from the 19th Century, which used to be located in downtown Oakland. They are attempting to bring it back and put it next to the Axe, which will be an attraction that will bring people in to the Student Union. The bell was cast in 1851 and was sent from Brooklyn to Berkeley in 1906, all the way around the Horn. It was the bell of the original University. Mr. Permaul said they're hoping to coordinate that, and have that kind of collaboration.

Mr. Permaul said they have new sponsorships from the CUBS Credit Union. CUBS gave the Auxiliary \$7,500. Last year CUBS' sponsorship was \$5,000. They increased it to \$7,500. He believed they're going two years now, so the Auxiliary now has a \$15,000 sponsorship for marketing and commercial sponsorship with the CUBS Credit Union that has been implemented.

The Auxiliary was now working with Kaplan's. He had to go into closed session for that, because the terms were confidential because they have not yet actually signed an agreement. Kaplan's is proposing to do a complete sponsorship of the Lecture Notes program, rent space in the Student Union, with the total package to be an order of magnitude of more funding than they have ever received from commercial sponsorship. So it's a very significant project. In fact, Kaplan's asked the Auxiliary for more.

As part of Lecture Notes, Mr. Permaul said UCLA has agreed in principle to start using the ASUC's Lecture Notes program and pay the Auxiliary for lecture note production. That will make it even more valuable to Kaplan's. And another college has contacted him asking whether or not they'd be willing to do that school's lecture note program. So the goal of expanding from Lecture Notes will be from the ABC model, and not just be revenue-neutral, but will generate positive revenue and meet all the standards that the Board asked for. That was part of the Auxiliary's partnership program, which they're growing. As he's said, one of his goals was to get to the level of Recreational Sports, which does about \$250,000 a year in revenue out of their sponsorship programs. Mr. Permaul said he hoped to be more than halfway there through the end of next year.

Mr. Permaul said that Mr. Spivey skillfully negotiated the end of the Naia lease. Mr. Permaul said he couldn't describe how difficult it is to get to the end of a lease in this environment, especially with the way their leases were done in the past. The Auxiliary was now working with General Counsel, in the Chancellor's office, in a breath of fresh air, and they're working with Julie Connor and Chris Patty, who are helping the Auxiliary put a demand letter to finish up the terms and conditions of Naia. Mr. Spivey said that will allow the Auxiliary to use the space right away. Mr. Permaul said they'll turn that space over to Peter Quintin. It will help Mr. Quintin eliminate some of his indirect cost model. Both the Library and Naia will help reduce Mr. Quintin's indirect cost model because he'll generate more revenue.

They're speaking as a result of discussion that Mr. Stern had with Cal Performances of collaborating with them to do pop-up restaurants for their shows. So maybe the Auxiliary could win that business before

they decide to build a restaurant inside Cal Performances. If the Auxiliary can prove -- and they're doing it with the Bancroft Hotel, because that's CP's vendor, and the Auxiliary's.

Mr. Stern asked if he ever got in contact with them directly. Mr. Permaul said Mr. Quintin is working with them.

Ms. Piatnitsa asked what the Naia space will be used for. Mr. Permaul said it will be a reserveable, 2,500 square-foot space with its currently cold kitchen, for rental to campus groups that want to use it. A pop-up restaurant, hopefully in collaboration with Cal Performances, will be a night club or student activity area on the weekends. So with their student musical and activity program, SUPERB they're looking to activate area. If they don't activate STA with another commercial business, which the Auxiliary was working on at that time, they will make it a student activity space as well.

Mr. Permaul said they're implementing the Marketing Co-operative report was done by Ron's Marketing Co-operative at the ASUC Art Studio. Mr. Permaul said he hoped some of them will go down and look great greatest. It's already dramatically changed from just two weeks ago, and by the time school starts, it will be very dramatically changed. It will have a new logo, a new tag line, a new business model, and it will also have a new look to its interior. And it will all be done for somewhere between \$10-15,000. So the Auxiliary was looking at keeping the indirect costs down and building the revenue to cover that element. The Art Studio was focused on achieving the goals the Board set to for it in terms of raising the revenue the reducing the subsidy.

Mr. Permaul said he once again wanted to say to the Board that the Auxiliary provides 40% of its space in Reservations to students. There are indirect costs that students should subsidize from the revenue generated by the ASUC, to make reservations affordable or free to student groups. The same thing was true of the Art Studio. Currently, 70% of Art Studio revenue was generated by the 65% of Studio users who are non-students and, in essence, subsidize the 35% of users who are students. The Board needed to find out what the appropriate level of subsidy was for the Art Studio, because no Art Studio at any UC campus at that time was unsubsidized. Most of them were subsidized 100%. So the ASUC's was one of the few that was expected to be a self-sustaining studio. That was fine, and the Auxiliary was working towards that. They have established that as goals the Auxiliary needed to follow.

Mr. Daal said they talked once about requesting from the campus a contribution from student services. Mr. Permaul said that was correct. Mr. Daal asked if they have done that. Mr. Permaul said they haven't. That was a Reg Fees issue. Art studios at UC Davis, Riverside, Irvine, and San Diego are all subsidized by those schools' student services.

Mr. Stern asked if they have information or data. Mr. Permaul said he'll have Kate Wees collect that information. She has a close connection with all of those Art Studios.

Mr. Permaul said the Auxiliary was exploring new business concepts for the STA Travel space. They would like to put in a cold kitchen in that environment. There's only one salad service currently along the Telegraph mall, all the way at the other end of the Telegraph Mall, at Intermezzo. The Auxiliary would like to see a salad service go into that space, if possible. They think that would be a very highly attractive food business on the campus. And also a healthy food option. Former ASUC President Will Smelko has offered to take the lead on doing that, so he is doing that work for the Auxiliary at that time.



Regarding Projects in Progress No. 10, physical improvements to the Food Court patio, Mr. Spivey has been planning improvements all summer long and will purchase new tables and very new umbrellas to put into the outdoor Food Court patio, as part of the expenses that the Auxiliary budgeted for that year. They're also going to put electronic signage outside there to attract people into the Food Court because people don't know what's inside there.

Mr. Stern asked what they'll do with the old tables. Mr. Permaul said they'll recycle them. Mr. Stern said that students might want them. Mr. Permaul said that if he could let them know, they'd appreciate that. Ms. Oatfield said that Co-ops would also take them. Mr. Permaul said it would be good if people could put the Auxiliary in contact with interested parties. Mr. Spivey said they'll be doing that within two weeks.

Mr. Permaul said they're exploring expansion options and costs with the Pub vendor. As Board members knew from the previous SOB meeting, the Pub was very nervous about expanding, with the loss of football next year. Game day generates 40% of the Pub's revenue over the course of the year; and there will also be construction at Eshleman.

The Auxiliary is working with the Pub on options. For example, they'd like to collaborate with Intercollegiate Athletics and run their own football game day next season. AT&T Park, can only accommodate 40,000 fans, and currently Memorial Stadium usually sells almost 60,000 seats. So they're looking to work with Athletics and see if it will collaborate with the Auxiliary to sell a season ticket package that would bring people to the Student Union, where the games would be televised outdoors and indoors. Mr. Permaul said he's already reserved Pauley Ballroom. They'd have a food concept and have a game-day experience at the Student Union for people who can't go to Pac Bell Park.

However, the Pub was still worried about the overall impact as a result of the loss of that business and revenue. The Auxiliary will work with them to come up with options for this and to expand their outdoor area.

Mr. Permaul said they walked it through with Jim Horner, who gave tentative approval for expanding the outdoor area. They'll have to go back and touch base with Mr. Horner and continue to work with him. And then there's always Design Review and all the other myriad committees on the campus that will want to weigh in on this proposal.

Mr. Permaul said they'll implement a TGIF Grant from BicyCal in the Breezeway Stairwell, and for the first time, open the Breezeway to a business. This is the stairwell with a gate that's been locked, which will be activated during course of this year.

New signage is being planned for the ASUC, including a large outdoor electronic sign on the face of Eshleman and indoor LED signs that Mr. Quintin and Mr. Spivey will go out for an RFP during the fall.

Mr. Permaul said they hope to meet with Follett next week to propose renovations of the Mall that will expand ASUC space into the Store and activate more of the Store's space, as well as more Mall space.

Modifications will be made to Tully's kiosk, and Capital Projects will consider the proposal. Nick Peterson is shepherding this, and when the new door is installed, there will be a new entrance for Tully's, and a new kiosk, and there will be more traffic.

Mr. Daal asked about the new seating area by Tully's. Mr. Permaul said that was Oski's Lounge, which Nick Peterson was helping the Auxiliary to install.

Mr. Permaul said he already talked about the next Auxiliary project in progress, expanding Lecture Notes to UCLA and possibly another school.

As the Board requested, the Auxiliary is negotiating, with the Coffee Spot to give it the same terms that the Auxiliary gave to Saigon Eats and to Subway.

Mr. Permaul said the Auxiliary will have display improvements to the 2nd floor, if the ASUC President approves them, and also to the lobby of Eshleman. They'll also finish the basement. None of these are permanent fixtures and they were very inexpensive, about \$5,000 each, to cosmetically improve the look of the building and make it more attractive to students as they come in, giving a sense of arrival and destination. They already have an agreement with their flower vendor to provide them with fresh flowers. So there will be a better look for Eshleman in the coming year.

Finally, Mr. Permaul new ATMs were installed by their campus partner, OMBO, in the Student Union and in Eshleman. These are from the Auxiliary's vendor, CUBS, which students will hopefully utilize.

Mr. Permaul said that these "ASUC Auxiliary Projects in Progress Since the Last Board Meeting" were just a little bit of what he and Mr. Spivey have been doing since the Board last met. Mr. Spivey was in New Orleans for a month, as well.

Mr. Daal asked how sales were doing in the computer store. Mr. Permaul said he thought they've been very good. Mr. Daal said he believed there had been a dip. Mr. Deutsch said that as of June 30, computer store sales are only to individuals. Beginning July 1, they weren't getting campus business from departments. He didn't know where departments were doing, and thought they were getting computers through eProcurement, although none of that's been finalized. The Store was no longer the campus' solution. There hasn't been a clear direction from the campus on where departments should make partner purchases. And frankly, over the summer, departments haven't been spending that much money. But the Store has definitely seen a hit. They had a very large sale last year that went through a campus department. He didn't recall the dollar amount, but the Store will no longer see those expenditures.

Mr. Permaul said there will still be people coming to the Store. The Follett Store at Stanford does both the campus and the students. It was made very clear to the Auxiliary in the negotiations that the campus wanted to hold department sales to itself, with the Student Store to have all student sales. Student sales are the bulk of walk-up sales, and he could assure the Board that there are still faculty and staff who will come to the Store because they want to see and touch their computers. They don't want to just buy them off a Web site. But as for losing the big end of that business, that's something student government has talked about with the campus. The big end of this business will be going through the campus by eProcurement. The campus wants to do this was to generate revenue to support eProcurement.

Mr. Daal asked if Follett could make an eProcurement option available for the Student Store. Mr. Deutsch said they already have one. They haven't been invited to discuss that with the campus, as far as he knew. But just to give people a sense, eProcurement in the first year was approximately 15-20% of the business, so it was significant. Not having departments' eProcurement wouldn't kill them, but it was significant.

Mr. Permaul said the goal was to expand student sales. The Store does 50% of the sales of Apple products that UCLA and Stanford do. He and Mr. Deutsch met with the Apple vendor, who said the Store had to find ways to boost Apple sales. Mr. Permaul said he was hoping eProcurement was one thing the Store could do.

Mr. Deutsch said the Store doing 50% of sales Stanford does, which he knew, and UCLA, which he didn't know, was directly related to campus purchases. Campus purchases make up the rest of that balance. For the student body, the Store was pretty competitive with Stanford sales.

Mr. Stern asked who made the decision on campus eProcurement policy. Mr. Permaul said that was under Ron Coley.

Mr. Rajan asked if Follett was scalable enough to replace campus eProcurement. Mr. Deutsch the Store fulfilled campus purchasing last year, with the campus' TAS. They had been fulfilling all those orders. And they did it successfully, and got positive feedback. Any Apple order went through the campus for the purchase, through Technology Acquisition and Sales. TAS would turn around and make the purchase through the Store. So the Store was able to support that. But they haven't had that opportunity with PCs. But the Store did have that capacity.

Mr. York asked about the economic advantage of sidestepping the Computer Store and asked if there was a significant margin difference in the sales price. Mr. Deutsch said it was the difference between the ASUC getting the check and the campus getting the check. Mr. Stern asked if the prices were the same. Mr. Deutsch said they were.

Mr. Rajan asked if Operational Excellence would want them to get this from the same place.

Mr. Stern asked if it was their own procurement office. Mr. Permaul said it was.

Mr. Rajan said it sounded like an in-house procurement office operating the way industry does.

Mr. Daal said that would be in conflict with 3.5 of the Commercial Activities Agreement. Mr. Permaul said those were things Mr. Stern could talk to Mr. Coley about when they meet.

Mr. Daal asked if they were on track for revenue sharing with Tully's. Mr. Permaul said Tully's didn't do well enough to get to revenue sharing. Tully's was supposed to operate other elements of its business, and struggled to do that last year. Those elements were catering and online sales. With those, the Auxiliary believed they would have been on track for revenue sharing. Mr. Spivey said the manager also left. Mr. Permaul said the Auxiliary was challenging Tully's because those were part of the agreement with them. He's been pressing them on this and sent them a note. There was an immediate response and there will be a meeting on Monday.

#### CONCEPT FOR SAUSAGE VENDING BY THE COFFEE SPOT AT THE FOOD COURT OUTDOOR FENCED-IN AREA

Mr. Permaul said that Haitham Alloun wants to bring a sausage vendor to the Food Court outdoor area on Fridays. One suggestion was to have a food cart, but they can't have food carts on campus without

approval. Mr. Permaul said he had to work through Capital Projects and a draft policy for food carts. Last year he went with an ASUC student intern from the President's office and identified possible locations. Mr. Permaul said he and Mr. Spivey checked out the electricity and the water that would be required by EH&S. They now have vendors that they think can move to campus and when they have a little free time, they'll start to work on food vending, including Mr. Alloun's sausage sales.

Mr. Stern asked if Mr. Alloun would do the vending. Mr. Permaul said Mr. Alloun wanted to subcontract sausage sales. Mr. Permaul said he wasn't sure they'd agree with that, but Mr. Alloun wanted to bring in a vendor to cook outside, on the Plaza.

Ms. Piatnitza asked if sausages were popular. Mr. Permaul said the sausages that Mr. Alloun was proposing were.

#### PLANS FOR THE USE OF THE LIBRARY

Mr. Permaul said that Mr. Stern has given him the go-ahead and they will not hire students to run the ASUC Library for the first time since 1923. The Library will close and instead, will be used as a reserveable space, which will be very popular. They expect to generate \$40,000. The Auxiliary will still have the indirect costs for its operation, but they'll save about \$40,000 in student wages, and expect a net revenue out of that facility, from the ABC model.

Mr. Permaul said that for their information, he has asked Peter Quintin to do an ABC model for Naia to make sure the same principles are used for that business that were being used elsewhere.

Mr. Daal said he thought they should say that the Library was "temporarily" out of commission. Mr. Permaul said that was correct, since they hope to someday restore it, as because it's an extremely popular facility on campus. Mr. Daal said that would be for when the new Eshleman is planned. Mr. Permaul said that was correct. And when they do that, hopefully they'll include an outdoor terrace and a coffee shop. Mr. Daal said a 24-hour study space they'd call the Library would preserve that history. Mr. Permaul said that if they want the Food Court to be a night venue, they'd want the study area to be proximate to it, as is done at most campuses, so students could study and eat at the same time.

Ms. Piatnitza asked why the Library was closing. Mr. Permaul said they didn't have enough money to fund the complete budget.

#### STAFFING UPDATE FOR THE ASUC AUXILIARY

Mr. Permaul said he tried to get a waiver of recruitment for Rob Jittrikawiphol's position. As they knew, Mr. Jittrikawiphol has been on a contract for three years. Mr. Coley denied the waiver and said the position had to be listed, which was being done.

Mr. Permaul said they just finished the search for the replacement of the TGIF position. They had 106 applications for it. The Auxiliary was also listing Karyn Houston's position, and he's already been contacted from all over the campus; so it will be a very popular position.

Mr. Daal said that for the marketing position, he asked what the advantage was to have a position as opposed to contracting as needed, such as the marketing collective that worked for the Art Studio. Mr. Permaul said the marketing co-op is a project-driven group and only does individual projects for a limited period of time. It does no implementation or fulfillment. Every department does their own marketing, including the departments that use the marketing co-operative. They each are elements of their own marketing departments from other departments. The Auxiliary was actually the only one that didn't have a full-time person doing marketing. But they do a pretty good job without it.

Mr. Daal asked how much it would cost. Mr. Permaul said that 70% of Ms. Houston's position was paid for by Lecture Notes, since she ran that program, and 30% out of marketing. He assigns \$40,000 for that a year. Mr. Daal said that was \$40,000 that was not recurring. Mr. Permaul said that was correct. Mr. Daal asked what the total was. Mr. Permaul said he didn't know the total for the position off the top of his head.

Mr. Permaul said he asked her whether she was interested in filling the publications position, if he got funding for that. He could sit down and look at the marketing position and have a discussion about whether there was a synergy of merging those and saving some money on a full-time position and benefits, and to then hire students to fill the other end of it. There would be a net savings from the original advisor's position. Mr. Daal asked if he made that request to Mr. Coley. Mr. Permaul said Mr. Coley approved filling Ms. Houston's position because it's a business necessity.

After they finish with Mr. Jittrikawiphol's position, and the positions of Ms. Houston and Nicole Leung, of TGIF, they had to fill Natan Tuchman's position in the GA. And for Events, they also have Vivi Nordahl, Events Manager, who is on a contract; and Mr. Permaul said he doubted that Mr. Coley would give him an exception for having to recruit for that position. So they'll very likely have to list it.

Mr. Stern asked what he meant when he said positions would be "listed." Mr. Permaul said that individuals had to compete for it.

Mr. Stern asked how long Mr. Jittrikawiphol has been with the Auxiliary. Mr. Permaul said he's been with them for three years and has been on campus for ten years in positions at other organizations. He actually turned down a position on campus, for which he was recruited, to stay with the ASUC.

Mr. Daal asked if he could paint a picture for the Board, in broad strokes, about the single point of contact and how that might impact Auxiliary revenues and expenses.

Mr. Rajan said his plan was to have 15 minutes on the budget, 15 minutes for a discussion on Charter and By-laws revision, and 15 minutes in closed session, which would take them to 7:30. He would ask to focus on the budget for the next 15 minutes. The single point of contact would not deviate from that.

Mr. Permaul said he could talk about that quickly. The single point of contact is a proposal that was negotiated with the students in MOU 2. He didn't know who was charged with implementing it, but Mr. Permaul said he was trying to begin that with Hearst Gym. He'll send out a proposal to the two

Presidents, to Recreational Sports, to Mr. Coley, and to all who are involved, a cast of thousands. The proposal was to activate Hearst Gymnasium space and then turn to the single point of contact. The campus rejected the notion of staffing up the ASUC. But they did have to come to some terms, because the ASUC can't do all the things the students want without some form of staffing associated with that position in the Student Union. So he had to sit down with the two Presidents, Mr. Quintin, and Mr. Spivey, and go through what was required to do the single point of contact.

What "a single point of contact" meant was that students would not have to do the "UC Berkeley tango" for facilities reservations. Students currently have to go to one office for liability insurance, another office for approval to have noise amplification, another for the police, and another for space. In a single point of contact, students would come to the ASUC, which would handle and coordinate everything. That, in itself, was a full-time job.

Mr. Daal said that would be a big step in breaking down barriers.

Mr. Permaul said they believe it will take a .5 career-status position to do this because Ms. Nordahl and Mr. Quintin already have full-time positions and do all of the events and scheduling.

Mr. Daal said he didn't think the full argumentation has been made to the campus. If this aggregation of responsibility fell on the Auxiliary's shoulders, by choice, that would alleviate work other departments have been doing, and those departments shouldn't enjoy all that benefit. The University was a partner. Mr. Permaul said he loved to hear Mr. Daal say that. Mr. Daal said that's what the campus says, and he loves to throw that back at them. Mr. Permaul said the campus was learning how to be a business partner. This was a good opportunity for students to have that conversation.

### UNRESOLVED BUDGET ISSUES

Mr. Permaul distributed copies of the "ASUC Auxiliary Capital Plan." They could see on the last page, at the bottom, what the four Maintenance Reserve funds would be for the coming year. The funds are numbered 20247, 70450, 75450, and 76450. These are the reserves of the ASUC for maintenance and equipment. The beginning balance at 6/30/10 was \$2,284,294 for these funds. Expenditures of Maintenance Reserves, at 6/30/10 was \$415,949. This was for all forms of maintenance for the ASUC, and for capital improvements.

Revenues come from both the mandatory Student Fee that supports the Student Union as well as the cash outlay they get from depreciation every year, \$161,356, money that goes back into the reserves. So at the end of 6/30/10, they started with \$2.284M.

As for projects for the coming year, after the approval of the BEARS Referendum, Mr. Permaul said he and Mr. Spivey went back over the ASUC's capital plan for the next ten years. They will not do the heating and ventilating system, at \$500,000, and will not do the roof of MLK and the Student Union, which would cost \$2 million. So those projects were now out of the Auxiliary's capital program.

Mr. Permaul said they have put together for the Board all the capital projects the Auxiliary will do in the coming year. They add up to \$356,761. Mr. Spivey said the column for "Estimated Expenditures" are

from above and beyond what they plan for normal maintenance, situations they run into every year. Historically, parts of buildings break down in a big way, and those costs have been averaging about \$95,000. Mr. Permaul said they anticipate that they'll have those kinds of problems during the coming year.

The Auxiliary's estimated revenues for FY 2010-11 are \$170,000. The balance shown at the end of 2011 will be \$1,747,940.

Mr. Permaul said the Auxiliary tried to be as conservative as they possibly could.

Mr. Permaul said that Board members will notice that if they go up above the "Summary" box, they'll see the number \$257,000. They dropped from \$356,000 to \$257K in 2012. And they could see how it goes down to \$79,000. Those are the anticipated amounts they will spend on capital improvements. The Auxiliary's goal was to rebuild reserves and keep them healthy, and then, when they bring on the new buildings, such as with Eshleman, the ASUC would start to get revenue back.

Mr. Daal said he keeps on bringing something up and he would like the Auxiliary to do. The reserves didn't have to be totally liquid. He thought they could start to invest some of their reserve money in the endowment. Mr. Permaul said that was something they were actually looking. They're speaking to Erin Gore. They want to shift their monies in the bank for the ASUC to a protected state. They are now looking at going beyond that.

Mr. Daal said another thing that's come up was whether they could take money from STIP accounts, which the Chancellor sweeps, and transfer that to TRIP accounts, which the Chancellor doesn't sweep. That would be deal. Mr. Stern asked why they don't already do that. Mr. Daal said it was because nobody knows about it.

Ms. Piatnitzka asked what "TRIP" stood for. Mr. Rajan said it was "Total Return Investment Pool," as opposed to STIP, or "Short-Term Investment Pool."

Mr. Permaul said the ASUC Auxiliary Capital Plan spreadsheet was an attempt to be as transparent as they could possibly be for the Board. It shows everything the Auxiliary was planning to spend and what the reserves will look like when it's done. If people had any questions about it, or were concerned about any of the Projects the Auxiliary was proposing to do, they should let him know.

Mr. Rajan asked what the \$40,000 was in estimated revenues from Fund 76450. Mr. Permaul said the other figure in Estimated Revenue, for 20247, was \$130,000, from Student Union fees. The \$40,000 was depreciation.

Mr. Rajan asked if they get, then, cash outlays from depreciation. Mr. Spivey said that it's from purchases the Auxiliary has made. Mr. Permaul said they take a certain amount of money and put it aside for that purpose. Mr. Spivey said it was for replacements.

Mr. Rajan asked why it was so much larger, and asked if the Auxiliary planned on making a lot of purchases next year. Mr. Spivey said he would explain the size of this revenue. This started two and a half years ago, so he's been dropping columns off as he went. He was requested to come up with a state of the physical structure, so he created this document to outline how, e.g., they were going to tackle leaks. Some capital projects were very exciting. An example was their SEP program with the campus, a

\$229,000, 10-year loan the Auxiliary will pay back to improve the energy efficiency of the Union. The Auxiliary saved \$60,000 in electrical that year alone, so his anticipation was \$50,000. But they're getting that savings already. So they're literally getting this project almost for free. For all the toilet replacements, they've been putting in low-flow toilets. That didn't apply to Eshleman because it was being torn down. But they'll have this projected completed and have low-flow toilets throughout the Union.

Ms. Piatnitza said that maybe they could put that money towards the roof. Mr. Permaul said the seismic project had to do with disabled-access restrooms on two floors. That has already been done. Mr. Daal said the roof was the issue.

Mr. Spivey said the Projects that were listed were some of the projects the Auxiliary has taken on to improve the infrastructure. A number wrongly appears under Project D, "MLK 4th & 5th fl. Wiring upgrade," "135,761." He'd note that the leaks they had resulted in one of the single worst projects he's had in the building, which Mr. Deutsch could attest to. It was like a shower under the building. They have solved that about 80-90%, thanks to a new injection program. He'd get invoices to pay for shirts that got messed up, or for a computer that got shorted out.

Mr. Rajan said he had a question about the impact of converting commercial activity space into activity space. There was an offset because they could be used for reservations. He asked if there was a net balance that could be used for loss of rent that Naia would have paid. Mr. Permaul said they're negotiating, since Naia's contract runs through next year. The Auxiliary is sending Naia a demand letter saying that they want the money. Mr. Spivey said there's a \$37,900 tab that goes through January, 2011. And there's a \$20,500 note that still had to be paid. Both those amounts will be incorporated in the demand letter. If the Auxiliary rents out the space and makes rent money, they'd credit Naia for that, as part of the terms of terminating the lease. Mr. Rajan said they would be net neutral. Mr. Spivey said that was correct. They're looking for Chris Tan to pay off the \$20,000 for the next two years. That will be in the demand letter.

Mr. Daal asked if they saw a concept where there could be pop-up retail, and in between that happening, to have space for students to reserve.

Mr. York said that good, clean space would be flexible like that. The question was whether the Auxiliary was set up to manage it that way. But if they create good space, they could go in a lot of different directions.

Ms. Piatnitza said they were still looking for locker space, which was supposed to be an immediate perk. Mr. Permaul said thought they walked through the facilities and looked at outdoor facilities. Ms. Piatnitza said that wasn't a good, long-term solution for locker space that was convenient to Upper Sproul. There may be other solutions besides every group having its own locker, but that was a separate subject.

Mr. Daal said he would like to thank Ms. York and Ms. Piatnitza for attending the meeting, and hoped they got a better understanding of how the Board operates.

Mr. Shah said that regarding estimated expenditures, he asked what the high cost of expenditures has been, \$95,000 for last year. Mr. Spivey said that last year it was \$278,000. They have averaged \$95,000 over the last three years. That includes elevator blowouts.



Mr. Shah asked what the \$136,973 figure was under "Expenditures," Fund 76450. Mr. Spivey said that was equipment purchases, mainly to replace furniture they've had since 1970. A lot of these Projects were capital outlays for major equipment. Mr. Shah asked if that would correspond to capital projects. Mr. Spivey said these figures were capital outlays that managers come to them each year for.

Mr. Permaul said that when the Auxiliary spends over a certain amount they're forced to capitalize those expenditures. For example, the chairs were literally purchased in 1970 and cost \$100 each to replace. So the Auxiliary finally budgeted for that. Mr. Shah asked if that was for students. Mr. Permaul said it was. Mr. Spivey said Pauley needs 999 chairs. They haven't even thought about that.

Mr. Daal asked if they could lease chairs. Mr. Permaul said they could, but they had to pay somebody to deliver them and take them back. Mr. Daal asked if chairs could be leased for a long term. Mr. Permaul said it was very expensive. Naia will probably cost them \$20-30,000 to refit.

Mr. Shah said the form was difficult in the absence of context from previous years and seeing see estimated expenditures. Mr. Spivey units lobbied for expenditures. Events only got \$40,000 for acquisition, but wanted a lot more. In looking at what the Auxiliary has in reserves for equipment, he was just being very conservative and couldn't spend that much, not until they build the reserves back up. If they have a good year economically at the ASUC, there might be a chance to do more.

Mr. Daal said it didn't look like they were spending as much as the reserves as he thought. Mr. Permaul said they agreed to that, and whittled it down. Mr. Spivey said they hold reserves near and dear. They anticipate a lot of work in the complex, so they didn't want to be unwise.

Mr. Stern asked if the expected \$80,000 a year for Projects' costs will actually be that high each year, and asked if buildings will be reconstructed. Mr. Spivey said they'll probably have to reassess in future years. Mr. Permaul said that one ongoing frustration they have was that the campus doesn't have enough money to maintain its elevators. So whenever one of the ASUC's elevators went out, the Auxiliary had to pay to repair them. They spent a small fortune on elevator repairs last year. They could think about all the times the elevators in Eshleman are used every day, or in the Union, and how many times they're down.

Ms. Piatniza said they'll be getting a new elevator in Eshleman. Mr. Permaul asked about the Union. Ms. Piatniza said she didn't think there will be a new elevator in MLK, unless it was required by Code. But she could be wrong.

Mr. Stern said that Mr. Daal told him something about a fee they have that was supposed to go on forever, which could then go into the reserves. Mr. Permaul said they'll have very healthy maintenance reserves in the future. Mr. Spivey said that in 2017, when King comes on, that will be supported. Mr. Permaul said that will free them from operations, and those dollars will pay for custodians and other things.

Mr. Daal said that only for the GSF, the Graduate Student Fee was that new, not for all of it. So it's up to UCOP's specs for capital renewal and building and maintenance for the new building and for the two additions to MLK. Mr. Permaul said it will be a combination of revenues that are generated, and the offset from bonds that will help to cover that. But it will save operating dollars. Mr. Daal said he would note, however, that they are currently spending about \$2 at most per square foot on OMP and the number allocated was \$21 per square foot. So it was a factor of 10 larger than they have now. Mr. Permaul said that was the efficient Auxiliary working.

Mr. Stern said the only reason he brought that up was because of how OMP affects reserves. Mr. Daal said it doesn't help them in near term because the OMP ramps up slowly as the building ages. It will be there when the Auxiliary needs it, but no sooner.

#### CHARTER AND BY-LAWS REVISIONS AND THE NEXT CHAIR OF THE BOARD

Mr. Daal said the Charter Revision Subcommittee has continued to meet. If members will recall from the previous SOB meeting, they reviewed the Charter, By-laws, and standing rules that the Subcommittee proposed to replace in the current Charter. At that point it was more of a review and a discussion item. They got feedback from the Board and that feedback was being incorporated. They are also considering additional changes to the language the Board was presented. The Subcommittee will very soon send out the proposed drafts for the Board's review.

Mr. Daal said several issues have come up that he would like people to think about. He wasn't sure how much thought people could give them, but they were pretty important issues. First, Prof. Myers suggested that they consider creating a process for internal removal of Board members. The existing Charter allows for external removal, where the GA or the Senate can recall a member from the Board. But the question was whether the Board itself should have a process where it could boot out a member.

Mr. Daal said a second issue was a stipend for the SOB chair, something that has been under consideration. The new documents would the chair a lot more specific responsibility. In order to promote identifying a capable chair, the proposed standing rules propose a small stipend for the position.

Mr. Daal said there was a section added that the Board has not talked about yet. It was in the version he sent out, dealing with the recall of an officer. Essentially, if an officer wasn't doing their job, then the Board would have a process to recall the person and internally remove the officer from the position. The person would still be a Board member. Mr. Daal said the first issue regarding such removal was whether the Board could put out a member.

Lastly, and what he thought was the most fundamental issue of them all, was who the Board worked for. This comes up in many issues. Essentially, the question was what interests the Board was serving. This comes up, for example, in talk about the administrator members of the Board coming out of left field with their decisions and votes. There was a question about whether the Board was doing things in the interests of the ASUC, or the University, or the students. All of these have slightly different interests.

Mr. Daal said this comes up because one of the new sections of the By-laws refers to conflicts of interest. There could only be a conflict of interest when there's an interest. And their interest was not very well defined.

The Charter currently has a section about good faith and due diligence, essentially. It states that each member shall perform their duties in good faith, in a manner the member believes to be in the best interests of UC Berkeley and its students, and with the same care, including responsible inquiry, as an ordinary, prudent person in a like position, would understand in similar circumstances. That was the language of the current document.

Mr. Daal said they would like to change that language because it had lots of things that people weren't sure about. But basically, the "best interest" there was identified as UCB and students, and curiously, the ASUC SOB, according to the current Charter, does not do things in the interests of the ASUC.

Mr. Permaul said he would suggest people read the draft that was being proposed.

Mr. Permaul said he got a call on this from the campus Administration.

Mr. Stern said that on the issue of alcohol, the ASUC and the University have varied interests. Mr. Permaul said they've looked at the possibility of selling hard liquor at the Bear's Lair Pub. The Pub thought that would be a good business decision, and knew what the return on that would be. However, the Dean of Students has already said he would fight that on the Board. So they have a situation where they have a conflict of interest. Erin Gore would like Mr. Daal to summarize all of the changes that were being proposed so that she didn't have to read the entire document line by line.

Mr. Daal said the changes being proposed to this language was that each member of the Board shall perform the duties of a member in good faith, in a manner that was in the best interests of the ASUC and the mission of the Board, and with do so with care, diligence, and reasonable inquiry. That was the proposed change.

Mr. Rajan asked if the mission of the Board was contained in the Commercial Activities Agreement. Mr. Daal said it's in the Charter. The Charter of the Board was actually an Exhibit to the CAA. The CAA states in the main document that Charter was attached and made a part hereof. Since the Charter was essentially a part of the CAA, an amendment to the Charter required the approval of the ASUC Senate, the Board, and the Chancellor. That's why no changes have occurred to the Charter over the past 15 years. And that's why he would say the Charter wasn't meeting the Board's needs. It was just too difficult to modify.

Mr. Rajan said that the mission of the Board, however, was only an Exhibit to the CAA and was not actually in the CAA. Mr. Daal said the mission of the Board was not a part of the current Charter, in effect, of the CAA Charter. The language the Subcommittee was proposing would amend the Charter to add a section on the mission of the Board, because people thought a mission was needed. So they were proposing that the ASUC SOB's mission was to ensure that the fiscal health of the ASUC and the ASUC Auxiliary are achieved through prudent and timely fiduciary management of ASUC commercial activities.

Mr. Rajan said the proposed mission that was read would be a massive limitation of the scope of the Board as the Board has defined it, on its own, for the last two years. Mr. Daal said he would invite different proposals. He wanted it to be the best.

Mr. Permaul said he would comment, since he drafted that language. It was virtually impossible to manage the ASUC Auxiliary and to be responsible for the commercial activities with a Board that sees its mission as broadly defined as it has over the past two years. The purpose of the SOB, when he went to Lloyd Lee, was aimed at ensuring that commercial activities would generate the revenue that would cover the expenses that the old ASUC business could not manage.

Mr. Daal said he believed that Mr. Lee and Vickie Harrison were the two people on the University side who drafted the original. Mr. Permaul said that no mission was created, however. In essence, what has

happened was that the politics of the ASUC has governed the decisions of the Board, as members knew. Mr. Permaul said what he thought the proposed draft would help, with a mission that would really dictate the responsibilities of the Board. It would guide them.

Mr. Daal said he thought they have outgrown the Charter, which hasn't changed for the past ten years. What the Subcommittee has done was to take the Board's governing policy, which was encapsulated in the Charter only, and broke the policy into three: a Charter, By-laws, and standing rules. In order to minimize impact to the Commercial Activities Agreement, amendments to the Charter require the buyoff of the Senate, the Chancellor, and the SOB. If these new changes were to come to pass, the Board would be able to amend its By-laws and its standing rules. So when the University reviews the proposed changes to the Charter and By-laws, administrators will see the section that he read about concerning good faith and due diligence, and will see that it links back to the Charter, which was what they have control over, really. They could either accept it or reject it.

Mr. Rajan said he thought the mission of the Board has changed over time. In 1998, he thought its mission was to pay off debt. It was a very simple mission. And that mission was very much reflected in that statement right there, which was just to be fiduciarily responsible so they could pay the debt and move on. One option was to dissolve the Board completely, because at this point they're not paying off any debt, and it was unclear why they needed an outside body acting like a watchdog, when that outside body had no particular fiduciary stake in the SOB at that time.

The second option was to let the Board do what it's been doing, in this odd way, which was to let the various political entities of the campus interact in a space. This is the Board through which the GA has increased its voice on campus. It was also involved in direct negotiations. But this Board has increased its voice on campus, and it was the Board through which they bring the campus to the table. So if they want something that will bind them together, which will last past Lower Sproul, making the scope of the Board as narrow as a fiduciary responsibility will bind them to the campus just being a watchdog, or a paternalistic institution without the Board really being able to have them at the table as a partner, as an equal.

Mr. Daal said that campus administrators were on the Board. Mr. Rajan said that their role on the Board was to be fiduciarily responsible and then they never necessarily connect that. And other Board members always complain that administrators never interact as much as they would like them to.

Mr. Daal said he would first like to point out that the proposed language substantially amends the section regarding the duties of the members of the Board and makes it that clear that Board members had to uphold the mission and due diligence and good faith of the Board; and if they don't, then booting was possible.

Mr. Rajan said he wasn't opposed to the nested idea, nor was he opposed to having the Board only do that. Right now, for instance, if the proposed language was the new mission statement of the Board, it would suffice for another ten years because they now have a different venue in which the campus will engage them, i.e., the Lower Sproul initiative. In fact, the campus has said as much, that it wouldn't pay attention to this if it weren't for the huge fee. So in that sense, the Board does have the campus' buy-in for another ten years. But he would ask what would happen when that ends. They would no longer have a Board at which campus administrators were nominally supposed to be present and plugged into the goings on of the ASUC and to interact with students. Administrators might interact with the Auxiliary, but they'd interact with the Auxiliary anyway, as was done in any hierarchy that would give the Auxiliary orders, as

opposed to listening to the Auxiliary and what it represents. If the Board had a simple fiduciary responsibility, they'd just be relegating themselves to the campus.

Mr. Permaul said that when he was thinking of this language, he was thinking of the old ASUC, when the ASUC was flush. It acted just as Frank Yeary said at the meeting in California Hall, where his famous line was, "He who pays, controls." When the ASUC had money, when it built Eshleman Hall, Moses Hall, the football Stadium, and the track Stadium, and ran Intercollegiate Athletics, and ran all student services on the campus, it used to be at the table with the campus Administration. But when the ASUC gave all that up in the '60s in order to be more external, it actually gave up the power that it had to bring the campus to the table. So his thought was that if they rebuilt the financial wherewithal of the ASUC, it would once again be a player on the campus. It could provide services that others couldn't afford.

Mr. Daal said that one service it could provide that others couldn't afford was computers. Mr. Permaul said it could do all sorts of things. If they look at UCLA, it has an \$80 million Student Union, and its penetration of the campus and its ability to have influence on the campus was, in reality, in many ways, greater than the ASUC's, even though the ASUC has a more independent student government. And that's because the ASUC was hamstrung by its lack of resources. He'd guess he was looking at "he who pays" in their society, as a result, controls.

Mr. Rajan said that he would therefore suggest having something slightly more adequate, and that they think about dissolving the CAA. He wasn't saying to dissolve it right away, because they need the campus for Lower Sproul. They'd have an MOU for Lower Sproul.

Mr. Permaul said Mr. Rajan was suggesting that they dissolve the portion of the CAA where the campus was a part. Mr. Rajan said he was suggesting that they dissolve the Board and re-do all the interactions in favor of the way they have been going on. That is, the two Presidents would interact with the Chancellor or his designates, and all those interactions would happen across the table as equals.

Mr. Daal said there would be nothing, then, to mandate those interactions. Mr. Permaul said that would also reduce things to almost a dictatorship, with an empire with two kings who would negotiate.

Ms. Piatnitzka said they also want greater transparency.

Mr. Rajan said that if they limit the Board to simply fiduciary duties, they rob it of any sort of directional, visioning input.

Mr. Permaul said he would suggest language stating that the first order of business of the Board was just they just outlined, as was read, and any others it engages in or undertook would be of secondary import.

Mr. Rajan said he thought of this as the difference between a chief financial officer and a controller. Businesses don't normally turn to the controller to ask what products the business should be in next. The way the proposed language was written, it made the Board a controller, being asked, "Are we okay?" He ran into this problem as the GA's Budget Officer. The question was whether his role was simply to say this is the budget, and the GA was on its own, or to say what the group should do given the budget. He's been able to separate that out only because he had a role on the Executive Board outside his role as a Budget Officer.

Mr. Daal asked how he would change the language. Mr. Rajan said they should either make the Board stronger at what it's been doing or they should remove the Board completely. Mr. Daal asked how he would make the Board stronger. Mr. Rajan said he would codify the rules and say there are two interests.

Mr. Daal said that dovetails to other changes being proposed. A lot of changes have been made. One thing they envisioned was to have the Board chair more prominent. For example, the chair would be charged with having meetings with the Administration about matters of impact to commercial activities of the ASUC. That wouldn't cancel the power of the student body presidents, but would enhance that power, because then the two presidents would have a third person helping them.

Mr. Rajan said he thought what they were looking, and what he thought would be better to say, was that the Board was sort of like Congress, in some sense. It represents the ASUC, the campus, and whatever other parties they could find.

Mr. Daal said that was the problem he had, in that he didn't think the Board should represent the campus and the ASUC. He thought they should choose the ASUC.

Mr. Rajan said he looked at the faculty members of the Board as advisory. They have a vote, but all they do was advise. He thought it was time to move campus administrators to an advisory role. Mr. Daal asked why they couldn't be on the Board and charged to make decisions that benefit the ASUC.

Mr. Permaul said that's what they're asking administrators to do. Mr. Stern asked if that was a conflict of interest. Mr. Daal said it wasn't a conflict. Mr. Rajan asked if they could imagine Mr. Coley doing his job on the Board and not doing his job. Mr. Daal said it becomes tough. Mr. Rajan said that Mr. Coley, then, for instance, wouldn't serve on the Board and the Board would get low-level administrators. Mr. Daal said they also could get high-powered administrators who could make decisions.

Mr. Rajan said that maybe they could say that the campus and the ASUC would get equal votes on the Board. These were radical ideas. But if they're trying to look for the mission of the Board, he was saying they needed to take a stand, and say they either want the Board to be a nexus at which the ASUC interacts with the campus, or they want it not to exist at all. There was no reason for it to exist at this point.

Mr. Permaul said the points Mr. Rajan was raising were substantive and philosophically on target. They need to think about how they shape this language. The campus used to have three parties: faculty and staff, students, and alumni. Those three elements were the "governors," if they will, of the University's life. What it's become is a dictatorship of the faculty. The Administration basically runs everything, and that has caused some problems. The reason they can't talk to students is because of that very paternalism that Mr. Rajan described. Mr. Permaul said his goal was to see the ASUC once again be valued enough that students wouldn't feel they were being treated like children, and to then act like children; and that's basically what has been going on for the last 30 years. Mr. Daal said students don't feel listened to, so they do things like protest.

Mr. Permaul said that instead, what they'd do is to raise the ASUC as an entity, just as has been done with the alumni, and now at the fundraising level, and make them once again a team. If Mr. Rajan could help them find language to do that, it would be helpful.

Mr. Rajan said the language as was described didn't require this Board at all.

Mr. Permaul asked what the forum would be at which all these parties all come together.

Mr. Daal asked who would make the commercial decisions in Mr. Rajan's model. Mr. Rajan said in his model, the presidents would appoint somebody to do the same role that would be given to the chair of the Board, who would then interface with Nathan's office and talk to them one-on-one in the same way the presidents talk to the Chancellor one-on-one.

Mr. Stern asked who would make decisions, and if that would be the Senate. Mr. Rajan there would be no decisions that would be made. As an ASUC, they will have decided that this was what they want and that it was a matter of making it happen, and whether something could happen within the constraints that they have.

Mr. Stern asked who would make the decisions the Board currently makes. Mr. Rajan asked what kind of decisions the Board currently made that weren't already political. They were all political appointees from the ASUC side.

Mr. Daal said it also gives directions to the ASUC Auxiliary.

Mr. Spivey said sustainability language wouldn't be written in leases without political pressure.

Mr. Rajan said he didn't want to lose focus on this. They don't need a board to do any of these things, and if they have a strong ASUC, they could get all of these things done without this ridiculous forcing. The reason there's forcing is because it cements the fact that the campus was watching over them. If they wanted the campus to be involved they should just say the campus wouldn't watch over them anymore and it doesn't get any veto power. They'd be equals because they now have the fiduciary ability to be equals. The ASUC wouldn't owe the campus anything because it has now paid back its debt.

Mr. Permaul said that what he was proposing was to go back to the model that existed before 1965, where the president interacted directly with the chancellor internally. The ASUC had a Board to oversee commercial activities, but it was run by the ASUC. The campus had no involvement in it at all. Mr. Rajan said they could have campus advisors, and thought they should have those advisors. But they didn't need to have campus directives. Or, they could just make the Board a place where they interact with the campus and make directives, and tell the ASUC Auxiliary what to do as a joint boss, so to speak, as opposed to the idiotic power structure they now have.

Mr. Stern said that was a very different direction, and was pretty complicated. Mr. Rajan said he agreed. He understood how frustrating this has been over the past couple of years, but in some sense, if they make the Board only have a fiduciary responsibility, he thought they would find veto powers of whoever was in the hierarchy would just start to be enforced much more simply, and things that don't work for a small locus of people wouldn't even get considered.

Mr. Daal said that was an interesting idea. Mr. Rajan said he'd work on that language and give Mr. Daal something back. But he just didn't want the mission to be as narrowly defined as it currently stood.

Mr. Permaul said that as a result of that concern, Mr. Rajan should stay on the Board for another year.

Mr. Permaul said the Board did not at that time have to talk about replacing the Chair, but he would like to say that in his five years at the ASUC, there has certainly been no more effective Chair than Mr. Rajan has been, who has just because outstanding. So he wanted to thank Mr. Rajan very much. Mr. Rajan said he really thought it was the circumstances more so than anything; and he's had good teachers. Mr. Permaul said he's done a wonderful job. In some ways he wished that campus administrators who sat on the Board had matched Mr. Rajan's level of engagement. Mr. Permaul said he wanted to thank him.

Mr. Rajan asked if they had to go into closed session that evening. Mr. Permaul said he didn't think they needed to worry about. But he wanted to let the Board know that because there were items that were being negotiated within the \$150,000 limit, he was moving forward with them.

A motion to adjourn was made and seconded and passed with no objection.

This meeting adjourned at 7:32 p.m.

These minutes respectfully submitted by,

Steven I. Litwak  
Recording Secretary



DECISIONS OF THE BOARD

Procedures

- June '10      Approved up to \$13,000 for the search and selection of a Lower Sproul consulting architect and for a LS student relations position.
- April '10      Amended Section 3.3 of the CAA to define “minor leases” at \$150,000.
- March '10      Emily Marthinsen joins the Board, replacing Ms. Griscavage.
- Dec. '09      Welcomed to the Board Khira Griscavage.
- Nov. '09      Established a Food Subcommittee for the Bear's Lair Food Court.
- Sept. '09      Heard a presentation from Business Services on RFP procedures.
- Sept. '09      Voted to have \$20,000 from ASUC reserves, held by the Auxiliary, to be used for the Lower Sproul campaign.
- July '09      Welcomed to the Board Prof. Myers and Dean Poullard.
- July '09      Elected Mr. Rajan and Mr. Poullard as Chair and Vice Chair.
- July '09      Established a subcommittee to consider amendments to the SOB Charter and By-laws.
- July '09      Approved an operating principle of perspective vendors submitting an ROI to the Auxiliary before having the matter come to the Board.
- May '09      Welcomed Mr. Zuo and Ms. Coleman to the Board, undergrad reps in two-year and one-year terms respectively.
- May '09      Approved proposed changes to the CAA that would have the ASUC and the GA share commercial revenue.
- 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 first Board meeting as undergraduate representative.
- May '07      Mr. Spivey's first Board meeting as ASUC Auxiliary Associate Director.

Procedures (cont'd)

- 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.
- Feb. '05 Mr. Miles and Mr. Williamson joined the Board.
- August '04 Formed an ad hoc committee to study increasing efficiency in information technology.
- July '04 Elected Elliot Cohen as Acting Chair of the SOB, for 2004-5.
- April '04 Considered and amended ASUC Auxiliary Budget Principles.
- Jan. '04 Agreed to send another letter to the ASUC Senate and the GA asking to resolve the question of GA representation on the Board.
- Dec. '03 Voted to send a letter to the ASUC and the GA asking to resolve the question of GA representation.

Procedures (cont'd)

- 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 members orientation by August 30.
- May '03      Agreed on the need for a Board members orientation to be held before the start of the school year.
- Dec. '02      Enhanced Board minutes by adding "Decisions of the Board."

Vendors

- April '10      Approved the preparation of leases for space Nos. 2 and 3, Saigon Eats and Subway Sandwiches, for a maximum of seven years, with vendors to invest over \$100,000 in infrastructure and appearance of the spaces.
- April '10      Approved the extension of the Coffee Spot lease by two years.
- April '10      Voted down a motion to prepare an RFP for copying services at the Postal Annex site.
- Jan. '10      Voted to enter into negotiations with Subway Sandwiches and Saigon Eats.
- Dec. '09      Passed a Resolution to extend the Taqueria lease until May 31, 2010; gave the Taqueria until January 10, 2010, to accept terms that were presented in July. A negative response or no response would have the Auxiliary issue an RFP on January 11, 2010,
- Dec. '09      Determined weights for the Bear's Lair RFP scorecard.
- Nov. '09      Reduced CUBS' rent 50% for the summer months the space was inaccessible due to University issues.
- Nov. '09      Decided to charge a \$500 deposit to CALPIRG.

Vendors (cont'd)

- Nov. '09 Offered to extend the lease of the Taqueria through May, 2010.
- Oct. '09 Extended the lease of Healthy Heavenly Foods through May, 2010.
- Oct. '09 Extended the Daily Cal lease to September 30, 2012, adding CPI and electrical monitoring.
- July '09 Approved a one-year contract extension for the Daily Cal, through 2012.
- July '09 Approved Mr. Zuo as SOB rep to sit on the Daily Cal Board.
- July '09 Voted to present the SOB's contract to Food Court vendors, and to go to RFP if the terms were accepted.
- May '09 Approved an amendment to the Naia lease, to allow the sales of sushi and salads, with Naia to reopen in the fall.
- May '09 Approved a five-year lease extension for CALPIRG, with new lease terms.
- May '09 Agreed to a three-year lease extension for the Daily Cal, and on terms to repay deferred rent payments, with an SOB member to sit on the Daily Cal Board until repayment.
- April '09 Amended the Panda Express contract and voted to renegotiate.
- April '09 Agreed to present draft contracts to the Coffee Spot, the Taqueria el Tacotento, and Healthy Heavenly Foods, going to RFP's if necessary.
- March '09 Approved the Tully's Coffee contract.
- Feb. '09 Voted to approve the CUBS contract.
- Feb. '09 Voted to move forward with the Tully's contract.
- Jan. '09 Voted to continue negotiations with Panda Express and Tully's Coffee.
- Dec. '08 Voted to go out to bid for all Bear's Lair Food Court vendors.
- Nov. '08 Approved Action Vending proposal to increase vending prices.
- Sept. '08 Agreed to Daily Cal terms for deferment and reduction of rent.
- 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.
- 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.  
May '09 Voted down approval of the proposed Panda Express contract.
- May '09 Voted to go to RFP, on June 30, for the STA Travel space, and any other spaces that become vacant in the coming year.
- May '09 Revised the agreement with CampusLink to end its monopoly on Student Union advertising.
- 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 used of an inspector suggested by the Alumni Association to inspect the Cal Lodge, to authorize pursuing an agreement for the Alumni Association to manage the Lodge.
- May '05 Approved the further exploration with Daryl Ross of placing a green café at the southeast corner of the Student Union.
- March '05 Heard a presentation by Daryl 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.

Vendors (cont'd)

- 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 failed, and to issue an RFP.
- March '04      Agreed to a four-with pilot project for the New York Times Readership Pilot Project.
- March '04      Rejected contract proposals submitted by Pub management, called upon the Commercial Operations Committee 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 community 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, begin Jan. 1, '05, to the Taqueria and Healthy Heavenly Foods.
- 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.

Student Union / Pauley Ballroom

- 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

- April '10 Approved an appropriation of up to \$3,000 from Auxiliary reserves for Lower Sproul, BEARS Referendum-related expenses.
- Nov. '09 Allocated \$30,000 out of Auxiliary reserves to fund a study on a maximum build-out option for Lower Sproul redevelopment.
- May '09 Learned that due to a possible FEMA grant, phase 3, of the Student Union seismic project would be postponed until the summer of 2010, including the Pub, and the Store, and the Multicultural Center.
- Dec. '08 Work began on the seismic retrofit of MLK.
- Oct. '08 Heard from, gave feedback to, Brailsford & Dunleavy, 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 Leybovitch, 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.

Student Union / Pauley Ballroom

- May '03      Approved having Mr. Cordi and Mr. Rolle submit a proposal to support student use of Pauley Ballroom by the June SOB 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.
- Feb. '03      Approved a subcommittee to look into policies for Pauley Ballroom and for fee waivers.

Budget

- Feb. '10      Had a session to envision the Auxiliary budget.
- July '09      Approved the 2009-10 Auxiliary budget.
- April '06      Approved the 2006-7 Auxiliary budget.
- April '05      Approved the 2005-6 Auxiliary budget.
- Sept. '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 OSA position for the GA.
- April '04      Approved the ASUC Auxiliary FY 2004-5 budget, including a transfer to the ASUC of \$50,000 from Auxiliary Contingency Reserves.
- Feb. '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





## STORE OPERATIONS BOARD MINUTES

September 21, 2010

Present: (Members and others)

Larry Bach (ASUC Senator)	Lawrence Lawler (Auxiliary)	Jonathan Poullard (Bd.member)
Ron Coley (Board member)	Nanxi Liu (Board member)	Mimi Ritzema (English Inst.)
Miguel Daal (Board Chair)	Philippe Marchand (Bd. mbr.)	Param Singh (Subway)
Sabina Del Rosso (ASUC Senator)	Emily Marthinsen (Bd. member)	Tom Spivey (Auxiliary)
Edwin Epstein (Board member)	Courtney McDonald (ASUC Sen.)	Joel Spolin (Kaplan)
Jenece Fitzpatrick (Kaplan)	Michael Nicholas (Board member)	Noah Stern (Board member)
Bonu Ghosh (English Inst.)	Nadesan Permaul (Auxiliary)	Tu Tran (Bd. member, by phone)
Elliot Goldstein (ASUC Senator)	Henry Pham (Saigon Eats)	Yishi Zuo (Board member)

### **SUMMARY OF THE MEETING**

This meeting commenced the Fall Semester. It was called to order at 6:13.

#### Election of a New SOB Chair

Mr. Daal was approved as the new SOB Chair.

#### Public Comment

The Board heard a number of comments from students in support of Kaplan coming on campus and leasing space from the Auxiliary. Kaplan was praised for its support of student organizations.

Mimi Ritzema introduced herself, from the English Studies Institute, on the 4th floor of the Student Union.

#### Introduction of New Board Member, Prof. Edwin Epstein

Prof. Epstein is an Emeritus professor of the Haas School of Business. He came to Cal in 1964 and was in the Haas School of Business for 27 years, and in International and Area Studies. He chaired the Academic Senate from '86-88.

#### Introductions by Board Members

Board members introduced themselves.

#### Introduction of New Bear's Lair Vendors

Paramjit Singh and Henry Pham were introduced, operators of Subway and Saigon Eats, new businesses at the Mall. They'll hopefully be open by mid-October.

Haitham Alloun, operator of the Coffee Spot, was opening a new store, a taqueria.

Presentation by Kaplan In Advance of Considering a Lease

Joel Spolin spoke, Kaplan Test Prep's Western Territory Vice President. He was joined by Jeniece Fitzpatrick, Regional Director for Northern California, and Jen Smith, Associate and Relationship Manager at UCB.

Kaplan helps students prepare for high-stakes graduate entrance exams, and their mission was to help students succeed and flourish. They've operated in downtown Berkeley for nearly 30 years and would like to lease space in the Student Union.

A second item being discussed was partnering with the ASUC. Kaplan would pay a fee to allow them to communicate to more students and to place the Kaplan logo on some assets, including exam books. They're also talking about possibly sponsoring the Lecture Notes program.

Kaplan isn't just for rich students and they offer a range of products at many different price points. They have a generous financial aid program for individuals and they also help many student groups with scholarship programs. They also have a close relationship with departments on campus.

Kaplan was still very interested in sponsoring Lecture Notes, but they haven't worked out all the details.

In the last ten years Kaplan has probably provided the campus with \$600,000 in sponsorship value.

Kaplan measures itself by the level of customer satisfaction. They rely on word of mouth and have helped about 30,000 Cal students in the 30 years they've been there.

For financial aid, students submit results of campus financial aid and Kaplan encourages people to apply.

Report from the Auxiliary Director

Focus has been on filling commercial spaces. Construction has been delayed. The hope had been to open at the beginning of the fall. Also, a budget for the Auxiliary has not been approved by the Board.

To oversee 93 publications, a student was assisting the Auxiliary, for 20 hours a week. The Auxiliary cannot go for an extended period without someone overseeing this.

An elevator in Eshleman went down in August and the \$30,000 to repair it will come from maintenance reserves. The other elevator has gone out three times from overuse.

Training for the Board also had to be scheduled.

Lawrence Lawler was introduced, Student Union Director.

With Operational Excellence and organizational simplification, negotiations were still occurring on the structure of the Auxiliary. And the BEARS Referendum was a parallel process that was happening.

The budget process had two tracks. From the University standpoint, the Auxiliary went through the same process last spring as everybody else and has a budget. But the Board has not approved it.

Revenue should show a pretty significant turnaround in the next 8-10 months, but this year they'll have to go into the reserves. An \$83,000 shortfall was anticipated. There have been delays for businesses. Decisions made that evening will impact the budget.

With no objection, the Board approved having Board members and the Auxiliary resolve the issue of a publications coordinator, and to post an initial budget on bSpace by October 8.

With no objection, the Board approved choosing a date for training by September 29.

#### Discussion of Possible Vendors for the Vacant CUBS Location

The Auxiliary is discussing rental of the CUBS location with two vendors, one organic yogurt and the other organic ice cream. The space was very small, 300 square feet. They also have an offer for the Naia space, for an organic salad and soup business.

#### Motions By the President of the Graduate Assembly

The Board considered Resolution on Board Authorization of Minor Lease Negotiation.

It would create policy whereby prior to negotiating a "minor lease" (under \$150k), terms and conditions would be presented to the Board, at a meeting or by e-mail, with the Auxiliary authorized to proceed unless the Board passed a motion to deny authorization.

With this being done in a timely fashion, the Director was in agreement.

It was noted that negotiations with Kaplan appeared in the Daily Cal, which should never happen. Kaplan expressed its disappointment about this.

A worst-case scenario with the Resolution was for the Auxiliary to wait a month for the Board to decide on something. The Director said he understood the intent of the Resolution was not to inform the Board at a first meeting, but when both sides had an idea of what they were willing to talk about, when they were fleshing things out.

The Resolution was amended to have the terms incorporated into the new SOB Charter.

As amended, Resolution on Board Authorization of Minor Lease Negotiation passed unanimously by voice-vote.

The Board considered Resolution on Sponsorship Task Force.

It would have the Board create a task force to review sponsorship agreements and draft policy concerning sponsorships.

The Auxiliary now has sponsorships, which was not foreseen in the CAA. The Resolution would establish a committee to consider guidelines and have this discussed.

One kind of sponsorship the Auxiliary had was to build sponsorships into leases, in order to promote vendors. Another kind of sponsorship was with vendors who want access to students. The Auxiliary was following sponsorship programs done by Rec Sports and Athletics. The Auxiliary has sponsorships with Ashby Flowers, at graduation; with Pack My Dorm, at the end of the Spring Semester; and with AAA, for renter's insurance. These were very small. The campus Contracts Office writes the contracts.

These sponsorships promote a product or service to students.

By a vote of 8-0-0, the Board voted to table discussion of Resolution on Sponsorship Task Force.

### Closed Session

The Board met in closed session to discuss the Kaplan lease, rental of space formerly occupied by Naia, and the campus Coke contract.

### Kaplan Lease

Back in open session, the Board approved, with no objection, Resolution to Approve the Kaplan Lease. The lease is for the former STA Travel space. The Auxiliary was also authorized to negotiate with Kaplan for additional classroom space and Lecture Notes sponsorship.

The meeting adjourned at 9:02 p.m.

## **End Summary of the Meeting**

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This regular meeting of the Store Operations Board, commencing the Fall Semester, was called to order by Miguel Daal at 6:13 in the Senate Chamber.

### ELECTION OF A NEW SOB CHAIR

Mr. Daal said he would open the floor to nominations. Mr. Marchand nominated Mr. Daal. The motion was seconded by Mr. Stern. Mr. Daal called for any other nominations, and seeing none, and being the only nominee, Mr. Daal said he was Chair. (Applause)

### APPROVAL OF THE AGENDA

Mr. Daal said people should have an updated version of the agenda. He called for any objection to approval of the agenda and hearing none, said the agenda was approved.

### APPROVAL OF THE MINUTES

Mr. Daal called for any objection to approval of the minutes. Hearing no objection to, Mr. Daal said the minutes of the June 15 and July 30 SOB meetings were approved.

### PUBLIC COMMENT

Mr. Daal called for any public comment requests.

Brian Liou introduced himself and said he was the Student Union Development Director in the OP. He just wanted to introduce himself to the Board.

Stephanie Stramotas introduced herself and said she was a second-year graduate student in the School of Public Health. She was present to support the ASUC accepting Kaplan to sponsor them and to gain space in the Student Union. For the past year she's been President of the American Medical Students Association, the largest pre-med association on campus. Kaplan has been their largest supporter. It's given the group numerous optionable prep courses and has been the group's largest fundraiser. Kaplan's has also helped by giving the group workshops to learn about the MCAT and about interview skills. Kaplan's has provided resources to help many of their students to get into medical school. Ms. Stramotas said she was currently applying and was still going through the process; and Kaplan's has helped her every step of the way. AMSA nationally approved Kaplan, and as the best pre-medical foundation for the last three years, has had a national partnership with them Kaplan. Ms. Stramotas said that Kaplan's has been their greatest supporter, and the group wants to see them on campus to strengthen their relationship with them. She wanted to thank the Board very much.

Akhil Sundararajan introduced himself and said he was a member of Tau Beta Pi, the Engineering Honor Society, and is Chair of the Society's Professional Development Committee, dedicated to enhancing Engineering exposure and preparedness to the working world. The last two semesters they have been lucky to add a new dimension they could offer to the community in the form of GRE strategy sessions presented by Kaplan. Last year they successfully hosted a math prep session and this semester they'll host a verbal strategy session. In addition, the group has sponsored Kaplan's practice desk that semester and they'll host a special personal statement workshop next month.

Kaplan's has been very committed to their Society and their student members. Second- and fourth-years have had a lot of increased awareness about taking GREs, and bringing to Kaplan to campus would only improve their opportunities, giving Society members and the Engineering community as a whole valuable readiness for graduate school. He wanted to thank them.

Mimi Ritzema introduced herself and said she was with the English Studies Institute, located on the 4th floor of the ASUC Student Union. They also provide services to international students on campus. They provide courses to the Haas School of Business and have a visiting scholars' course for graduate and international students. They provide orientations at the I-House and they were very connected to Housing and Dining and providing courses. She just wanted to say hello. This was the ESI's first time coming to one of these meetings and she would like to thank Mr. Permaul for inviting the Board.

Wanda Nieters introduced herself and said she was also there to support Kaplan being on campus. She's the Program Manager for a summer scholar's program. The goal was to prepare about 25-28 students each summer to apply for and get into education programs across the country. One component of their program, in addition to giving students access to research, labs, and faculty, was a GRE prep course for their students. Kaplan has been wonderful to work with the past four years. Their grant just got renewed and the program looks forward to working with Kaplan for another four years. Their students give Kaplan great reviews at the end of the program. The program would hope to see Kaplan on campus, and thought that would be great.

Philip Loya said he was the Program Manager for Incentive Awards for the Bridge Academy at UC Berkeley. He also was there in support of bringing Kaplan to the ASUC. The Pre-Collegiate Academy provides pre-collegiate academic enrichment as well as public service and leadership development to 21 high achieving, disadvantaged students in the Los Angeles area. They get admission to UC Berkeley and if they decide to come here, receive up to a \$32,000 scholarship. Last year Kaplan donated 21 scholarships to juniors in his high school to attend college prep classes in the Los Angeles area. His students averaged a 200-point increase in their overall SAT scores, which will ultimately help them get into UC Berkeley and other prestigious universities.

Mr. Loya said his organization was supporting the partnership between Kaplan and the ASUC because they've seen the results the work Kaplan does. The University will only benefit if Kaplan is allowed to have a facility on campus. He wanted to thank the Board for its time and consideration.

A speaker introduced himself and said he wanted to support Kaplan coming on to the campus. He was a third-year Econ. major and is the Finance Chair for an accounting organization on campus. Their students primarily go to business school. Kaplan has helped his organization by providing graduate student prep workshops, and offering gift certificates for the group's members, which they raffle off to the highest-voted member they think will benefit most widely. The workshops help prepare for the application process, in addition to the GRE, GMAT, MCAT and LSAT. As the Finance Chair for the group, he would ask the Board to please support Kaplan's move to campus.

Alfred Vong introduced himself and said he was the Vice President for the Pre-Optometry Club on campus, Foresight. He was also there to support Kaplan's move on to campus. He has been a part of Foresight for four years and has watched it grow from a small club encompassing about 40 members to 80. And they were able to expand with the help of Kaplan. One thing that Kaplan helped them to do was to put on a Strategy Night, which a lot of pre-optometry students need to move on to become optometrists. Kaplan provides so much help and such great benefits in terms of giving the opportunity to students to understand what they need to do in order to move to the Optometry School. Kaplan has also done many great things with Foresight, especially working with Jeniece Fitzpatrick, who has given them the opportunity to expand Foresight to a larger scope and encompass more activities and opportunities to learn more about optometry and to help club members out.

Mr. Marchand moved to extend public speaking time for five minutes. The motion was seconded and failed by voice-vote.

### INTRODUCTION OF NEW BOARD MEMBER, PROF. EDWIN EPSTEIN

Mr. Permaul said he would like to introduce Prof. Edwin Epstein to the Board. Prof. Epstein is a distinguished Emeritus professor of the Haas School of Business. He has been on the campus for decades and is well regarded and well known throughout the campus. Prof. Epstein volunteered to join the Board, for which they are extremely grateful. Mr. Permaul said that Prof. Epstein introduced him to someone Mr. Permaul said he knew very well from his own Department, Political Science, Todd LaPorte. Prof. LaPorte has also been appointed by the Academic Senate's Committee on Committees to be on the Board, and Mr. Permaul said he just received a letter from the Chancellor. So the Board now has two faculty members, per their Charter.

Prof. Epstein was able to join them that evening, while Prof. LaPorte expressed his regrets that he couldn't attend. But he'll be there at the next meeting.

Mr. Permaul said he would invite Prof. Epstein, if he wished, to make a few comments.

Mr. Epstein said it was a pleasure to be there and to work with colleagues, students, and administrators. He participated in the Free Speech Movement. He came to Cal in 1964, and two months after he arrived, everything started. He always wished he had come one or two years earlier in order to see Cal in the Antebellum Period. It was really a sea change for the campus. Things that people take very much for granted in terms of how the campus functions and its governing structure, really are an artifact of that time.

Mr. Epstein said his time on campus has been split between the Haas School of Business, for the first 27 years, and in the last number of years, International and Area Studies, where he's chaired both Political Economy of Industrial Societies, PBLIS, and Peace and Conflict Studies at various points of time. He established the Rotary Center for International Studies in Peace and Conflict Resolution. In terms of campus governance, at one point, in the '80s, he chaired the Academic Senate, '86-88. He looked forward to working with a lot them on behalf of the ASUC and the students. (Applause)

Mr. Tan said that Tu Tran is an appointed member of the ASUC on the Board and was present for the meeting on the telephone.

### INTRODUCTIONS BY BOARD MEMBERS

Mr. Daal said he would ask Board members to quickly state their name and position. Yishi Zuo, fourth-year senior, Business major, in his second year on the Board, having served as an ASUC Senator two years ago; Noah Stern, ASUC President; Ron Coley, Associate Vice Chancellor for Business and Administrative Services; Emily Marthinsen, Assistant Vice Chancellor for Physical Plant; Philippe Marchand, Graduate Assembly interim President; Michael Nicholas, GA Budget Chair; Edwin Epstein, faculty; Nanxi Liu, ASUC Executive Vice President; Tu Tran, proud alumnus of the ASUC; Jonathan Poullard, Dean of Students and Assistant Vice Chancellor for Student Affairs; Miguel Daal, Physics student.



## INTRODUCTION OF NEW BEAR'S LAIR VENDORS

Mr. Permaul said he was pleased to introduce Paramjit Singh and Henry Pham, the respective operators of the Auxiliary's two new businesses that the Board approved last year, Subway and Saigon Eats. It's their food that the Board has been enjoying that evening. And also present was the redoubtable and longstanding Haitham Alloun, who has been with the Auxiliary for 20-plus years.

Mr. Pham introduced himself and said he wanted to thank them for giving them the opportunity to be there. And he wanted to thank Mr. Permaul for inviting them to be on campus for the next few years. He hoped they'll do a good job. He's a Cal alum from quite a few years ago. Also present were his sister, two brothers, and nephews, who go to school there, along with his partners. They were there to serve good, healthy food. He came out of school with an Engineering degree and went into the work force. He did a few start-ups and had a very successful career, thanks to the school. But his interest was not behind a desk working with chips and computers, but working with people. He hoped to be able to bring to this school, where he came from, really good, fresh flavors from Asia, at an economical price, since he knew how hard it was for him to be able to put food in his stomach every day.

Mr. Permaul said copies of the Saigon Eats menu were available. They will also have nutritional information. Saigon Eats is committed to staying open until 10 p.m. at the minimum so students could eat in the evening and study in the Bear's Lair Food Court.

Param Singh introduced himself and said he's been with Subway since 1992. He came there in 1990. He was a student of Geography and Law and came to America. He was very interested in the concept of support. They were very thankful to the Board for giving them a chance to serve the students there. They'll serve very good food at very good prices. He'll be there most of the time. He wanted to thank them.

Mr. Permaul said that both Saigon Eats and Subway hope to be open by the middle of October, if they can get through the issue of cooking hoods, which he'll report on later.

Haitham Alloun introduced himself and said he runs the Coffee Spot. He was very honored to open up the new store. He invested some money and they will run the Taqueria. Hopefully it will work out. They'll see what happens. He wanted to thank the Board for its time and for allowing them to be there. He appreciated everything the Board has done for them.

Mr. Permaul said that Mr. Alloun will also post the nutritional value of his food and work on the renovations to his space over the Winter Break, or sooner. And then there will be four food options. So the Auxiliary was delighted.

Mr. Permaul said he would like to thank the food operators for being there and to also thank them for the food.

PRESENTATION BY KAPLAN TEST PREP IN ADVANCE OF CONSIDERING A LEASE

Mr. Permaul said he would like to introduce Joel Spolin, from Kaplan Test Prep. Mr. Permaul said he and Mr. Spivey have been working with him over the course of the summer. He invited Mr. Spolin to the Board meeting that evening to make a presentation.

Mr. Spolin said he would like to thank them for inviting him that evening. He introduced himself and said he was there representing Kaplan Test Prep and Admissions. He is the Western Territory Vice President, which meant he oversees all Kaplan's operation from Texas to Hawaii. Being there was actually home for him as he graduated from the Haas School of Business. His father-in-law graduated from Cal, and his son, Aaron, was present, a first-year Law student at Boalt.

Mr. Spolin said he was also joined that evening with a few Kaplan colleagues. Jeniece Fitzpatrick is their Regional Director for Northern California and Jen Smith is their Associate and Relationship Manager at UC Berkeley.

Mr. Spolin said he would like to thank the Board for allowing him to speak. He was honored to be back on campus and proud to represent Kaplan that evening. They greatly appreciate the opportunity to talk to the Board about strengthening their connections with Cal.

Mr. Spolin said he wanted to take a few minutes to tell them about Kaplan and what it does. Kaplan is one of the nation's largest education providers, and at Cal they help students prepare for high-stakes graduate entrance exams, including the LSAT, the GMAT, the MCAT, the DAT, and others people might not even know about. Their mission is similar to the University's mission, to help students succeed and flourish. For nearly 30 years they have operated and run their courses in downtown Berkeley in a company-owned facility at Berkeley Square. They view themselves as an integral part of the Cal community and they work very closely with a number of clubs, organizations, and departments on campus. The Board just had a chance to hear from some of their partners, and there were many others who weren't present that evening.

Mr. Spolin said they were there to speak because they were looking to further their commitment to Cal and to the ASUC. The discussion that evening was about two ways they hope to achieve that. One, Kaplan was very interested in leasing space from the ASUC in the Student Union. Their hope was that by offering classes during the day and in the evening, they could make it even more convenient for students. When he was at Cal, he rarely walked to downtown Berkeley. Students tell them all the time to make it more convenient. They also hope Kaplan foot traffic will improve other businesses in the Student Union, such as the food vendors, by bringing in people who will buy lunch, seek supplies in the Student Store, open accounts at the Credit Union, and perhaps discover the Art Studio. In short, Kaplan wants to both be a more integrated partner with the ASUC to help them achieve their own goals.

This effort that evening was part of Kaplan's overall strategic goal to get closer to students. They now have on-campus facilities at UC San Diego, UC Santa Barbara, UC Santa Cruz, Arizona State, and the University of Texas, to name just a few partnerships they recently negotiated in the last few months.

Mr. Spolin said the second item being discussed was Kaplan's partnership with the ASUC. They have discussed paying a fee that would allow Kaplan to speak with and communicate to more students, and to

place the Kaplan logo on some assets, including exam books, and to open the door for further joint activities. In the future, they're also in discussion about possibly sponsoring the Lecture Notes program.

People might be wondering if Kaplan was just for rich students. In fact, just the opposite was true. First, they offer a wide range of products at many different price points, starting at self-help books that can be purchased in the Bookstore; on-demand courses taken online; live anywhere courses taught on the Internet; live courses, which they hope to run on campus; one-on-one tutoring; and summer intensive programs. Their programs range in cost from \$25 up to thousands, depending on students' needs and circumstances.

In addition to offering a variety of price points and products, Kaplan also has a very generous financial aid program. Students can apply for assistance, and Kaplan helps thousands every year. In addition to one-on-one assistance, they help many clubs, organizations, and student groups with generous scholarship programs. The Board heard from a number of scholarship recipients a few moments ago. Mr. Spolin said he was particularly proud of Kaplan's assistance in the Pre-Collegiate Academy. They heard from Phillip Loya a few minutes ago about that. Kaplan provided 21 complete scholarships to high school students from the worst promoting public high schools in Los Angeles who want to attend Cal. Mr. Spolin said they heard the score improvements that Mr. Loya mentioned, and it was impressive.

Mr. Spolin said that Kaplan also has a close relationship with departments on campus, and one director wrote that day about Kaplan's help and assistance and he commented that Kaplan was a true friend to the UC Berkeley campus. Other organizations they have helped include the Amgen Scholars Program in the Goldman School of Public Policy.

In short, Mr. Spolin said that Kaplan wants to become a stronger and closer partner with the ASUC and the Cal community. Kaplan works hard to deliver academic success to Cal students, and frankly, they can't think of a better partner for the ASUC to choose than Kaplan.

Mr. Spolin said he wanted to thank the Board very much for allowing him to speak that evening and for listening to Kaplan's friends and supporters. He was open for any questions people might have about Kaplan's programs.

Bonu Ghosh asked if Kaplan was doing the same services there that it did at other campuses, and asked what services Kaplan will provide. Mr. Spolin said the services they provide at all campuses were primarily test prep for graduate school students. That's that business they're in. They negotiate on campus facilities, which was what they were hoping to do at Berkeley.

Mr. Marchand said that when this was first brought to the Board in June, the primary purpose was to finance the Lecture Notes program, and now that seems to have been postponed. He asked why that was the case. Mr. Spolin said Kaplan has been in discussion with the ASUC about two years, and Kaplan's interest was to get closer to campus. A number of issues were raised and possibilities offered, including class notes, sponsorship, and classrooms. They have a system that seems to work with what Kaplan's needs are and what the campus offered. It has kind of been a fluid process in terms of which elements of the sponsorship they'd go with. Kaplan was still very interested in class notes, but they haven't worked out all the details.

Mr. Epstein said that some of the groups indicated financial support Kaplan provided in the past. He asked if there was a rough, aggregate figure of annual support to Kaplan's various, Cal-related student

groups, including scholarships to individuals. Mr. Spolin said they would estimate in the last ten years they've probably had \$600,000 in sponsorship value. Mr. Epstein asked if that was in terms of Cal. Mr. Spolin said it was, just on this campus. Mr. Epstein said that with a closer relationship, and hopefully, from Kaplan's point of view, additional clientele, he asked if that figure might increase. Mr. Spolin said they're very interested in sponsoring additional groups and organizations. So that was their anticipation, and they hoped it does grow.

Mr. Goldstein said he was an ASUC Senator. He asked what statistical evidence there was for an increase in test scores and an increase in grad acceptance rates on those campuses. Mr. Spolin said he thought Kaplan's program was successful for students no matter where Kaplan was physically located. In Santa Barbara, e.g., they opened up a facility in the Student Union. They have more interactions with students and provide courses for more students. The success of the Kaplan program was really not determined where the course was actually taught. Students would much rather take the course here than walk a half a mile away. This proposal would really provide a lot more convenience to students.

Mr. Goldstein asked if the clientele has increased on this campus. Mr. Spolin said they have reached more students. That's why they're at Berkeley Square. People select a test preparation provider based on a lot different factors; and one factor was based on convenience. Sometimes convenience makes an enormous difference. Being closer to campus provides greater value to the students.

Mr. Goldstein asked if there have been studies where customers of Kaplan have increased grad acceptance rates on those campuses. Mr. Spolin said they don't track acceptance rates, and that was something Kaplan wasn't really privy to. But if, in the past they've served 100 students, and now they're serving 200, they'd like to believe that more of them will get into graduate school because Kaplan helped them prepare for it.

Mr. Coley said he was a little intrigued, and asked what the metric of success was. The ASUC would be the enabling party in terms of making the space and Kaplan accessible and available to the students. He asked how the Auxiliary would know that Kaplan made a difference by being here. Mr. Spolin said that one thing they do was to track their success using a lot of different methods. The most common method was that they were in constant contact with their students, during, throughout, at the end of the course, to understand what Kaplan was doing well and what they weren't. The metric they use to measure themselves was what level of customer satisfaction they got from their students. Kaplan would be happy to share some of that information.

Mr. Coley asked if the testimonials the Board has heard were typical of what Kaplan receives in terms of its assessments of how well it's doing, but Kaplan didn't know the actual impact of the success it had in terms of students' success as a result of participating in a Kaplan program. Mr. Spolin said they do know that by individuals. They don't come out and make any promises or representations about what an individual will do. They do rely on the word of mouth of people who have taken courses in the past. It has made a meaningful difference. They don't have much of an advertising budget, and their business comes from students that the Board heard that evening telling their friends how they were helped to get into medical school. That wouldn't be solely as a result of what Kaplan did, and it was a great student who worked really hard and was really dedicated and committed. But Kaplan provided the expertise it has, which would be preparation for the MCAT exam. Kaplan has thousands of examples they could point to of people who have been helped. They've probably helped about 30,000 Cal students in the 30 years they've been on campus.

Mr. Coley asked how Kaplan's financial aid program worked, and how it was determined who got financial aid. Mr. Spolin said they have a program where students have to submit to Kaplan the results of the financial aid they receive on campus. Kaplan has assistance it provides to different courses that could be up to 50% of the cost of the course. Kaplan has different price points. They're very generous with financial aid. They encourage people to apply. And in fact, they reach out. They gave scholarships to the Pre-College Academy and don't require one penny from them. It just depends on the circumstances. For students they already have a relationship with, they provide a lot of financial assistance. Their goal was to make Kaplan services available to everyone. That's why they have a broad range of products and that's why they work closely on financial aid for those students that require it.

Mr. Coley said their students were so creative and so invested in the community, he couldn't imagine a student group not wanting to leverage what Kaplan does. He asked if taking some of what Kaplan has to some East Bay high schools was something Kaplan would welcome or encourage, so students can better perform, similar to what they did in Los Angeles. Mr. Spolin said they work very closely with many high schools locally. Kaplan's program was very similar. He was involved in negotiations with the Fremont Unified School District, where Kaplan provided a program that was very similar to what they provided PCA for all of their students, which was underrepresented minorities and low-income students. Kaplan provided an absolutely free, complete scholarship for their SAT preparation in exchange for an agreement they had with the school district that provided Kaplan with classrooms to teach courses. Kaplan has those kinds of partnerships with the school districts of San Francisco and Palo Alto, and they're interested in doing more of those relationships. It was about Kaplan giving back to the community and helping to gain access to students for Kaplan.

Mr. Poullard said he's on a board that provides scholarships to high school students to prep them for the SAT. And Kaplan was a really good partner. That program also provides backpacks for over 20,000 students that past year, over \$1 million, and Kaplan was a partner in that as well.

Mr. Spolin said Kaplan provides free test preparation to the Lair of the Bear. They could have brought a lot more people to speak on behalf of Kaplan, and just wanted to give the Board a sample.

Mr. Marchand said that Kaplan has other divisions, and asked if sponsorship and advertising would be test preparation. Mr. Spolin said their only business on the campus there was test preparation for graduate school exams. Kaplan is a \$2.5 billion education company in a lot of different businesses, many of them having nothing in common with the students there. Kaplan had no intention of being involved with any of its other businesses other than graduate student test preparation.

Mr. Goldstein said he had a general question about standardized testing. He used Kaplan in high school to take the SAT. It was a \$1,000 program. He had an 1820 first and after the program, got 1940. So he averaged about \$10 a point, which was ridiculous. His experience with that was that Kaplan kind of threw out the knowledge-based portion of the test and focused more on teaching the test. People didn't need to know math, but the process of elimination. He asked how Kaplan really helps to show that standardized tests have merit in determining a student's ability to succeed in college rather than just their ability to obtain a Kaplan education and then know how to take the SAT.

Mr. Spolin said he wouldn't comment on whether standardized tests were a good thing or not. There's a lot of debate about that theory. Kaplan is a business to prepare people for them. The Board heard from Phillip, who talked about the students in Southern California who generally averaged over 200 points

improvement on their exams. Kaplan spends millions of dollars every year trying to figure out how to prepare students for these exams. They spend a lot of time and energy in research and development to help their students succeed. Not everybody gets a 500-point score increase. Some people don't get an increase at all. Every student was different. But their only focus was helping people be successful on those exams. And by and large, they help lots of students, who tell other students about them.

Ryan Owen said he had a question about Kaplan's involvement in other campuses. He asked what Kaplan was doing other than just renting out space and providing services. Mr. Spolin said every campus was a little bit different. The strategic path they're embarking on was to get closer to the students. They're just half a mile away in downtown Berkeley, but they feel they need physically closer. In San Diego, e.g., they have a rented facility about a mile and a half away from campus in an office building, which was inconvenient for students. They went through an RFP process at the Student Union there and won the bidding process, and now they're opening a 2,500-square foot facility in the Student Union with three classrooms and they're going to teach MCAT and LSAT 15 hours a day to those students. Mostly it's about facility rental, but they have a lot of relationships and partnerships. They work very closely with the UCLA Alumni Association; at UC Santa Cruz they have a close relationship with the Career Center there. Each campus has a different set of dynamics and relationships. It's a partnership. For Berkeley, it's getting on campus and making it more convenient for the students. Sometimes it's facilities, sometimes it's promotion, sometimes it's marketing support. Every campus was a little different.

Mr. Coley asked if they were going to leave their other facility open. Mr. Spolin they will.

Mr. Daal said he would like to thank Mr. Spolin very much. Mr. Spolin said he would like to thank the Board.

#### REPORT FROM THE AUXILIARY DIRECTOR

Mr. Permaul said it's been a very busy summer for him and Mr. Spivey. Since the July SOB meeting, most of their focus and attention has been directed towards filling the commercial spaces at the Student Union and ASUC Mall. They have been delayed with construction, which he thought was an important issue for the Board to consider. They had hoped to be open and operating by the beginning of the fall and under contract. As a result of a series of issues, they're going to have a budget impact of their revenues as a result of not opening early.

Mr. Permaul said that brought him to a more important issue. The Board has yet to approve a budget for the ASUC Auxiliary. He didn't want to compare them to the State of California, but there was some concern on the Auxiliary's part that they don't have an approved budget yet.

Mr. Permaul said one specific issues he's raised with the ASUC President not having anyone overseeing publications. The student who was assisting them after the departure of Ann Marie Molosky, completed her tenure there in August. They have 93 publications on campus. They all have financial issues as well as approval of contracts. It's not possible for the Auxiliary to delegate that work to the remaining three advisors they have in the Office of Student Affairs, the ASUC. So Mr. Permaul said he has requested that

they hire a student to work 19 to 20 hours a week to provide support to the OSA for student publications. For a variety of reasons, they have not made a decision on that.

Mr. Permaul said he'd have to say to the Board that they cannot go for an extended period of time without having somebody working with publications to oversee those contracts and those business operations if for no other reason than the liability that the ASUC faces if they do something inappropriate in their activities. The budget was still outstanding and he hoped the Board will return to it during the course of the fall.

Mr. Permaul said construction was ongoing. The Board has heard that the Auxiliary has been discussing space allocations in the Mall. They've heard from Kaplan, and the Board will hear later about the two other spaces they're looking at.

Mr. Permaul said the elevator in Eshleman Hall went down during August due to a fire. According to the Associate Vice Chancellor for Construction, they had to write to the Smithsonian to see if they had a part that was needed. The building is so old that they had to send a part out for repairs; and it's still out. The cost to get the elevator operating came from the ASUC's maintenance reserves \$30,000. For the purposes of disabled access and safety, they need to have both elevators operating. The western elevator has gone out on three occasions since then just from overuse. They've managed to get it back up and running, but they can't rely on that itself.

Finally, Mr. Permaul said he wanted to talk about Board training. The Board has yet to set up a date. He wanted to thank Ms. Marthinsen for putting them on her calendar. He's heard from a number of people that September 24 wasn't convenient. He was going to propose to the Board to possibly consider Friday, October 1, from 9 a.m. to 1:30 p.m. They need to come up with a date, hopefully when they have an away football game, when people don't have other activities, in order for them to do the appropriate training for the Board to launch them into a new year.

Mr. Permaul said he would like to introduce Lawrence Lawler to the members of the Board. With the departure of Peter Quintin in August, Mr. Permaul said he promised the Associate Vice Chancellor that they would do an organizational review of how to best provide services for reservations and events that surround MOU I and II's requests for a single point of contact. So before they fill that position, they want to look at it, assess things, and talk to the students. In the meantime, they had the good fortune of being able to put a contract together for Mr. Lawler. He comes to them from the College of Environmental Design, where for a number of years he worked in events and development. He would ask Mr. Lawler to introduce himself to the Board.

Mr. Lawler said this was his first day, and it was a delight to finally get back on campus. He loved working on campus and his passion has always been all things academia. He felt privileged to be invited to the Auxiliary. He wanted to thank them.

Mr. Permaul said that concluded his report. He called for any questions.

Mr. Epstein asked what has been the usual timeframe for the SOB to have a budget. And without a budget, he asked if they had rollover monies or if there was a leap of faith that money will come through and things will go on as ever. He asked if Mr. Permaul could go into the budget process. Mr. Permaul said that for the first three years he was there, the budget was perfunctory. There were residual revenues

that returned to the ASUC. There were virtually no questions about the Auxiliary budget during those first three years. The Auxiliary began to face budget shortfalls, which he had actually predicted his first year, because of the flat level of ASUC revenues and the continuing growth of expenses.

With shortfalls, the Board took a much more serious and appropriate look at budgets. They allowed him, as did the University, for the first two years, to use operational reserves to get out of their circumstances. They also laid off and retired employees. So they've been steadily reducing their staffing in order to try and fit into the budget picture and show appropriate response by management.

That past year, in combination with the Associate Vice Chancellor and the Board, they have been looking through the lens of Operational Excellence and also organizational simplification as to what the appropriate structure was for the ASUC Auxiliary. They've already transferred Human Resources services to a central location. There's some talk that the campus will be moving others, but those are issues which are in negotiations between student government and the campus management. Right now, the Auxiliary has been assessed in a couple of different ways, both his management and also the business operations of the ASUC Auxiliary. A report was pending in the next couple of weeks that will be going to the Associate Vice Chancellor and student leaders.

There's also another parallel process that's come out of MOU I and MOU II, which was the implementation documentation of the BEARS Referendum to rebuild Lower Sproul. The students are working with Associate Vice Chancellor Erin Gore on the budgeting process for the ASUC as it goes forward. So it was a very complex picture.

Mr. Epstein asked who prepares the budget and who authorizes it. Mr. Permaul said the budget is prepared by the ASUC Auxiliary. It's authorized by the Board. But it's reviewed by the Associate Vice Chancellor, who he answers to, for the University structure.

Mr. Marchand asked if ultimate approval of the budget comes out of Mr. Coley's office. Mr. Coley said that wasn't the case. There was a dual track budget process. The ASUC, from the University's standpoint, has a budget, and the same budget process that everybody went through last spring. But the ASUC's operating budget being approved by the SOB has not been taken care of for the year 10-11. This is not a major issue from the University's standpoint. The decision will be how to meet all the obligations so in the final analysis there is no stream of red ink.

Mr. Marchand said that regarding the schedule of the training session, there are at least four members of the Board who are on the Lower Sproul project, which meets on Friday mornings.

Mr. Marchand said he also would give a brief addition to what Mr. Permaul said regarding the discussion student government was having with Operational Excellence. Mr. Marchand said that he and Mr. Stern have met with the Project Office and Project Director of OE on a monthly basis. One thing they've been doing was having student participation in different initiatives of OE. That's one point for student members who were present, for example, to give input. They don't have an exact plan yet. The other thing they've been doing was for student government to ask to present to OE relevant sections of the CAA so that OE understood the special, hybrid nature of the Auxiliary. In addition, because procurement is part of OE, which was Co-Chaired by Associate Vice Chancellor Coley, Mr. Marchand said that student government wanted to mention that they have a clause in the agreement that requests the campus to support ASUC businesses.



Mr. Stern said Mr. Coley mentioned that from the University side, the Auxiliary budget was set, and it just needed approval by the Board. He asked about the Board amending the budget. Mr. Coley said there wouldn't be anything wrong with that, as long as that didn't violate anything with the University; and the University had fairly wide parameters on that. The big bottom line of the University is to not have red ink, and to make sure there's enough money in the reserves to take care their fundamental responsibilities, in other words, all these buildings. They should look at the budget the University approved by the University as the operating budget for this year as a guide. If there were other things they want to do, he didn't see anything wrong with considering them.

Mr. Stern said that in the past the Board has spent reserves. Mr. Coley said they're going to have to, because right now they're in the red. They know what red looks like from the operating budget. They need to keep it hopefully pink, and not bright red. But there were no two ways about it, and they were going to have to go into reserves. The money just wasn't there. They're going to do some things in terms of looking at operating costs. But there's not enough things they could do in a timely enough manner to be able to balance the budget. So they're going to have to go to reserves. But they need to be very, very careful, because there's not an awful lot of money in the operating reserve. The ASUC understood the sense of autonomy that student government has. But with that comes a large responsibility to maintain the dinosaurs that their buildings are. Mr. Permaul just told them about the elevator.

Mr. Coley asked when Pauley will be available again. Mr. Permaul said it will be October 4.

Mr. Coley said they're actually on a pretty good trajectory when they look at the restaurants coming in. They'll start to make money in the next couple of weeks. So they could have a pretty significant turn-around in the next 8, 9, 10 months, given things that are now in place. But they will have to go into the reserves for this budget.

Mr. Epstein said there are deficits and then sometimes deficits are budgeted. In the budget document that hopefully will be agreed upon, he asked if the deficit will be budgeted, meaning that they recognize that X thousands of dollars will be in deficit, so they have an earmark or threshold beyond which they wouldn't go.

Mr. Coley said his first response was whether or not they will know how much red ink they have, and if they know how much red ink they have, if they'll know how much must come from the reserves in order to satisfy that obligation, and if that will be clear to everyone. The answer was a resounding "yes." They know they have a budget that was set, and they know that right now, there's not enough revenue to be able to satisfy those requirements. So they know what the deficit is and they know that money will be coming from the operating reserves to satisfy that.

Mr. Epstein said it was, then, a budgeted deficit. Mr. Coley said it wasn't a budgeted, or planned deficit. He had hoped that if all the things they had in place last year had materialized in a timely manner, they'd have been in balance. They did not budget a deficit.

Mr. Epstein said that they now know that these things didn't come through and that they had to draw a certain amount from reserves, amount that was specified in terms of what the overall budget document looked like. To him, that was budgeting a deficit.

Mr. Permaul said they anticipate an \$83,000 shortfall in the budget. There are shortfalls in revenue due to the delay of their businesses. But there are also new businesses they can potentially bring on that will

generate new revenue. These puts and takes had to be reconciled at some point. And then there are other operational issues that were still outstanding.

Mr. Daal said that listening to the report, there were a couple of things that needed to be addressed in order for the organization to function properly. He asked how long it will take to propose a budget. Mr. Permaul said that they were currently in the process of doing the ASUC student government audit. They have a number of other issues they're trying to tackle. It would seem that it would take until the next Board meeting. Mr. Daal asked if they could do it by next Friday to have a budget to propose to Board members. Mr. Permaul said that was not the case.

Mr. Poullard said he was a little concerned. On the one hand, the Board was being pushed to get this done, which he completely agreed with. And now he was saying it couldn't get done until a month from now. Mr. Poullard asked what other things need to happen. Mr. Permaul said they first of all had to see where they were going to be financially based on some of the decisions the Board will make that evening. Then they could make a projection of revenues. In addition, they just calculated that day their shortfall in revenues based on construction. They also needed to take into account the issue of publications and whether or not the Board will approve doing something.

Mr. Poullard said that at the close of this meeting, depending on how it goes, Mr. Permaul should be in a better position to say whether it could be sooner than a month. Mr. Permaul said it could be sooner.

Mr. Daal said the Chair would like to entertain a motion to really push this issue. He would like to propose that the Auxiliary, Mr. Permaul and his office, work with members of the Board offline to resolve the publications coordinator issue, meaning whether or not they should have one or if it should be a permanent or temporary position in line with hiring freezes and Operational Excellence ideals. Secondly, to fold that information, as well as the information that the Board resolves by the closure of this meeting, into a proposed rough draft budget to be posted on bSpace, for review by the Board no later than Friday, October 8. The motion was seconded by Mr. Zuo.

**THE MOTION HAVE THE AUXILIARY AND MEMBERS OF THE BOARD RESOLVE THE PUBLICATIONS COORDINATOR POSITION AND POST A ROUGH-DRAFT BUDGET ON bSPACE BY OCTOBER 8 PASSED WITH NO OBJECTION.**

Mr. Daal said the Chair would like to propose that somebody, perhaps in Mr. Permaul's office, establish a Google for times that could fit for the Board training retreat, and to have that Google up immediately and to have this resolved by Wednesday, the 29th. On that date, they'll choose the best time among those who have responded. The motion was seconded by Mr. Zuo.

Mr. Epstein asked if they'll get a monthly budget update for meetings that show the budget and the variance, so they're always updated in terms of whether they're over- or under-budget. Mr. Permaul said they plan to produce financials for both the ASUC Senate and the SOB. Mr. Daal said that at the meeting after they approve the budget, they could institute that.

Mr. Daal said the motion on the floor was on training.

**THE MOTION TO APPROVE CHOOSING A DATE FOR BOARD TRAINING BY SEPTEMBER 29 PASSED WITH NO OBJECTION.**

DISCUSSION OF POSSIBLE VENDORS FOR THE VACANT CUBS LOCATION

Mr. Permaul said they have had up to four different suitors for the vacant CUBS location. They're currently down to two. One of them was in organic yogurt business operations. The other is an ice cream operation. In closed session, the Auxiliary will make a recommendation to the Board on what they think was the best approach.

Mr. Spivey one vendor approached them that was proposing to sell organic ice cream, Straus Farms. And one of their current vendors would like to run it as a regular ice cream store and use Dreyer's ice cream. He's requested a written proposal from each of them and a concept plan for those spaces.

Mr. Zuo asked if only yogurt and ice cream places approached them. Mr. Permaul said the third vendor was AT&T, which was recommended to them by the campus, which has a strategic partnership with AT&T. The idea at one point was to have an equipment store facing out onto Lower Sproul. But corporate headquarters didn't want to proceed, and said they'd recommend the space to some of their other business partners if the Auxiliary would be willing to hear from them. They haven't heard from them yet. Mr. Poullard asked who they would be. Mr. Spivey said it would be the cellular business.

Mr. Marchand said that Naia sold gelato and wasn't very successful. Mr. Permaul said they specifically told the vendors that they had to have a price point that Cal students would be willing to pay. They know that yogurt is extremely competitive in the south campus area. There are no organic competitors at that time. It's an issue of price point as well as product. They also felt the gelateria was absolutely unresponsive to the Auxiliary's entreaties to do more effective marketing. That's one of the reasons they built in commercial sponsorships to most of their lease agreements. Mr. Permaul said they feel they understand their student market and how to communicate to them, and don't feel their businesses could be successful in an urban environment, with so many competitors, unless they did strategic marketing. The Auxiliary feels that they're taking a very different approach than Naia took.

Mr. Epstein asked if this would be take-out or sit down. Mr. Permaul said it would be take-out. They could possibly have some tables and chairs. Mr. Spivey said it's 300 square feet, so it was very small.

Mr. Permaul said they have also expressed possibly doing a food cart on campus. That was after they finish all of the work that they're doing. He told the Board last year that they would look at food carts across campus. That might be potential business as well.

Mr. Epstein said he was thinking of such things as people who go to Zellerbach who want ice cream. It seems there was a market. Students could respond better than him, but it seemed that a quality ice cream operation could make money. Mr. Spivey said there's one at the corner of Ashby and College, and there are students lined up outside the door. Mr. Epstein said it seems that if there was a possibility of having a sit-down location, they'd do very well.

Mr. Poullard asked about the market for organic ice cream. Ms. Marthinsen said it was delicious and expensive. Mr. Permaul said this was one of his principle concerns when they talk about the social values of Lower Sproul. They heard repeatedly from students that Gelateria Naia was too expensive. He was worried about bringing a price point that students would not take to.

Mr. Marchand said he thought it would work with the plan to extend the hours of operation of Lower Sproul.

Mr. Permaul said that seasonally, ice cream wouldn't be a big winner in winters in Berkeley. But yogurt was. They're also trying to think about what the best fit was for a year-round business that had to sustain itself.

Mr. Permaul said that regarding Naia, the Auxiliary has a serious offer to fill Naia with an organic salad and soup business that would also cater to SUPERB, and use the performance space on weekends. It would also consider doing a pop-up restaurant in an agreement with Cal Performances, and was also interested in doing online sales, catering, and possibly a food cart at some point. They're still negotiating terms, which he'll present to the Board in closed session. The Auxiliary believes this was a serious offer and they hope the Board will consider it.

Mr. Daal asked if it was a well-established business. Mr. Permaul said it is.

#### MOTIONS BY THE PRESIDENT OF THE GRADUATE ASSEMBLY

Mr. Marchand submitted the following, Motion No. 1:

#### RESOLUTION ON BOARD AUTHORIZATION OF MINOR LEASE NEGOTIATION

WHEREAS, section 1.2 of the Commercial Activities Agreement (CAA) states that the Store Operations Board “shall establish policy and standards for, and provide oversight over all ASUC Commercial Activities”; and

WHEREAS, Section 3.3 of the CAA states that “[t]he Board *may* authorize the Auxiliary to negotiate and, upon approval of the Board, execute certain minor leases, licenses, or operating agreements[...].” (emphasis added), with “minor leases” having been defined by the Board to mean a lease under \$150,000/year;

WHEREAS, it is desirable for the Auxiliary to get input and direction regarding Board before proposing terms and conditions to a commercial partner; and

WHEREAS, it is currently possible for this approval of terms and conditions to occur within short notice, for example, through an electronic vote;

THEREFORE BE IT RESOLVED, that this Board adopts the following policy in conformity with section 3.3 of the CAA:

Prior to negotiating a minor lease, license, or operating agreement as defined in section 3.3 of the Commercial Activities Agreement, the Auxiliary will present a draft of terms and conditions at a Board meeting or through an e-mail to the whole Board. The Auxiliary will be authorized to start negotiations unless the Board passes a motion to deny authorization.

RESOLUTION ON BOARD AUTHORIZATION OF MINOR LEASE NEGOTIATION (cont'd)

Such a motion must be presented at the same meeting of the Board or 72-hours after receipt of the terms and conditions by e-mail.

Mr. Marchand said that the Resolution was related to the question of the CAA. In the CAA, Paragraph 2.3, it says that the Board may authorize the Auxiliary to negotiate minor leases and licenses, upon approval of the Board. Last year the Board defined "minor leases" to mean a lease under \$150,000 a year. Mr. Marchand said his understanding was to allow the RFP process to be bypassed when a minor lease was involved. For example, it used for Kaplan. Mr. Marchand said that his concern was that "may authorize" suggests that the Board had to give authorization to bypass the RFP since they didn't want to bypass the RFP process in every case. For example, they had the RFP process for the Food Court vendors even though they would enter into a quote "minor" lease.

Mr. Marchand said he discussed an amendment with Mr. Zuo. The proposal was for the Auxiliary Director to get input either at a meeting or by e-mail, which was permitted in their Charter. The compromise was that instead of having a positive action, it would be a negative action. The Director would communicate to the Board at a meeting or electronically, and anybody on the Board could move to deny authorization. The idea was that the Board may make a motion to not authorize, such as, e.g., if the Board wanted to go to an RFP instead. He wanted all Board members notified before the Auxiliary sent specific terms and conditions to a vendor. The real purpose was not for the Board to deny authorization, but to give comment. It was easier to answer new things early in the negotiation process than later. That was his suggestion for 2.3.

Mr. Permaul said he wanted to make a distinction. He asked if Mr. Marchand was talking about leases and commercial sponsorships, or just leases. Mr. Marchand said this was about leases. The second part was about sponsorship.

Mr. Permaul said he thought this was a very acceptable way to proceed. It allows the Board to have input into whether or not they want to take further action. But it also enables the Auxiliary to continue to work if there's no negative response, or there was no vote saying they had to stop. They're always in motion with the vendors and they can't wait a month at that time to hear the Board to speak to them directly. So if they could do this electronically and in a timely fashion, he didn't have any problems with it.

Mr. Poullard said he thought that was fine. He talked briefly with Mr. Zuo about this, and Mr. Poullard said it made perfect sense to him as well.

Mr. Poullard said that as Board members, they have a fiscal responsibility to the organization. So he was very distressed when negotiations with Kaplan somehow appeared in the Daily Cal. That should have never happened. He didn't know how it did, but it doesn't allow Board members to do their jobs well, when they have negotiation going on in public. It's not good for their potential vendors or for the Auxiliary or for their fiduciary responsibility. So in the future, this change will help alleviate concerns that people have so they could raise them in appropriate forums. He was all for making this happen. Hopefully, that miscommunication never happens again. He didn't know what Kaplan thought about when they read about the proposal in the paper.

Mr. Permaul said he needed to address that. The one caveat to this was that the Board had to remember that the discussion of financial terms was a confidential matter until a lease is approved. Kaplan

specifically expressed to him its disappointment that this had become public, and asked him, in the future, to please keep this out of the paper while it was being discussed. Mr. Permaul said the Daily Cal told him that a copy of the information he published to the Board had been given to the editor. Mr. Permaul said he wasn't concerned about how this happened and just wanted to make sure that as they go forward, that it doesn't happen again. They cannot negotiate contracts in that manner with private entities.

Mr. Marchand said the By-laws they're working on mention the confidentiality of the Board.

Mr. Coley asked if Mr. Permaul had a hypothetical worst-case scenario with this compromise. Mr. Permaul said the worst-case scenario would be for the Board to have decided that some negotiations that the Auxiliary started with a vendor needed to either wait for a month to come back to the Board to discuss, or something couldn't be handled by making adjustments or amendments electronically, with a month in between, while the Board was out of session. Mr. Coley said the procedure, then, would allow the Board to remain informed throughout the process and to insert itself if it chose to do so. Mr. Permaul said that was correct.

Mr. Zuo moved to approve the motion.

Ms. Marthinsen asked if it says information would be presented and what form it would be. She was on a number of boards and community organizations, and they do things like this. But what usually happens is that information that comes to board members in between meetings was sort of a summary. She asked if the motion says anything about that. Mr. Daal said the Resolved Clause states that for a license or operating agreement, the Auxiliary would present terms and conditions at a Board meeting or through an e-mail. The Auxiliary was authorized to start negotiations unless the Board passed a motion to deny authorization. Such a motion must be presented at the same meeting of the Board, or 72-hours after receipt of the terms and conditions e-mail.

Ms. Marthinsen asked if this was saying they'd consider the full draft of terms. Mr. Marchand said Kaplan was a good example. They were in contact with Kaplan a number of times, but negotiations happened in June. They don't want Mr. Permaul to come to the Board after starting. It was the initial offer that would go to Board members. If a contract is already presented to the Board, it was probably too late for the Board to make changes.

Mr. Permaul said he'd explain how negotiations happen. The vendor is in the room, there's a conversation, and the vendor says, "What do you think of X-Y-Z?" And the Auxiliary says they have certain values they had to reflect at the ASUC and issues with the Board, and what issues students will find of importance. So they'll banter back and forth. At the end they might have a modus operandi of what they might be willing to talk about as to terms. That would be the point at which he would write the Board. Mr. Marchand said that was correct. Mr. Permaul said it wouldn't be the first meeting, but as they began to flesh things out.

Mr. Daal said they're working on a new Charter and By-laws. He wanted to make sure that whatever they decide there will be consistent with what they will ultimately decide later. For example, e-mail motions will be addressed in the revision. So he would like to suggest that they entertain a second Resolved Clause, to read:

"Resolved, that the new version of the Charter for the SOB, including the By-laws and standing rules, shall be drafted so as to incorporate the intent of the previous Resolved Clause, and shall supersede it."

The motion to amend was seconded by Mr. Marchand. THE MOTION TO APPROVE THE AMENDMENT, TO ADD THE RESOLVED CLAUSE TO THE RESOLUTION, PASSED WITH NO OBJECTION.

Mr. Daal said that just for a procedural point, it says in the last sentence, "Such a motion must be presented at the same meeting of the Board..." He asked if that should say that the motion should be presented at the next meeting. There's no notion of a current meeting.

Mr. Zuo said that refers to when terms are presented at a natural, physical meeting. In that circumstance, an objection had to be made at that physical meeting. Mr. Daal asked about it being made by e-mail. Mr. Zuo said that after that it says, "or within 72 hours."

Mr. Daal called for any other discussion of the Resolution. THE MOTION TO APPROVE, AS AMENDED, RESOLUTION ON BOARD AUTHORIZATION OF MINOR LEASE NEGOTIATION, PASSED UNANIMOUSLY BY VOICE-VOTE.

Mr. Daal said would next move on to motion No. 2.

#### RESOLUTION ON SPONSORSHIP TASK FORCE

WHEREAS, section 1.2 of the Commercial Activities Agreement (CAA) states that the Store Operations Board "shall establish policy and standards for, and provide oversight over all ASUC Commercial Activities"; and

WHEREAS, section 3.3 of the CAA states that the Board "... may delegate, to the Director of the Auxiliary, the authority to approve certain types of agreements which may be executed by the Auxiliary"; and

WHEREAS, the Director of the Auxiliary has so far assumed the authority of approving and executing third-party sponsorship without having this power formally delegated by the Board; and

WHEREAS, it is in the interest of the ASUC to have a policy on Auxiliary sponsorships, as this type of agreement associates the ASUC "brand" with a third-party brand;

THEREFORE BE IT RESOLVED, that the Board create a task force which will, between now and the November meeting of the Board:

Review existing Auxiliary sponsorship agreements;

Draft a policy on the delegation of authority for this type of agreement; and

Draft any other policy concerning sponsorships that the committee deems appropriate.

Mr. Marchand said that sponsorships were something new that the Auxiliary does now that weren't foreseen explicitly in the CAA.

Mr. Marchand said that sponsorships were something new that the Auxiliary did now that weren't foreseen explicitly in the CAA. The practice now was self-contained in the Auxiliary and was something the Board didn't necessarily look at. The primary reason he wanted to establish this task force was to have members of the Board look at sponsorship. If they want to delegate that to the Auxiliary, as has been done in practice, the question was what kind of guidelines they wanted to include. He thought they understand that they have to fill commercial spaces, and that in some way, having a certain vendor didn't necessarily mean members of the Board endorsed that vendor. He thought sponsorship brought additional things to an agreement and he wanted to see if students want sponsorship. He wanted to get people who are interested in this, including members of the Board, to maybe draft something. He had no ideas, but he just wanted to have this discussed.

Mr. Epstein asked if he could give some background with regard to this issue, and what "sponsorship" really meant. He asked if they would be "sponsoring" Subway, or if it would be an endorsement of Subway by the ASUC or the Auxiliary. He wasn't sure he knew what the issue was.

Mr. Permaul said they currently have two types of commercial sponsorships. One was built into leases and allows the Auxiliary to promote a vendor's activities, as they are the businesses of the ASUC. The other type was with vendors who want to gain contact with students on the campus that the Auxiliary has deemed to be a partner, to bring some value-added to students, for which vendors were willing to pay. The Auxiliary has used that to fund its marketing activities, because they don't have a formal marketing budget with a source of funds. That was the origin of the concept. It follows a program done very effectively at the Department of Recreational Sports, where they generate a substantial amount of revenue through commercial sponsorships. But Rec Sports has been doing it for five years.

Mr. Poullard asked if he could give an example. Mr. Permaul said the Auxiliary has a sponsorship with Ashby Flowers to provide flowers at graduation. Ashby Flowers pays the Auxiliary and gives them a flower arrangement for the building. At graduation, they're outside selling flowers. Another sponsorship was with Pack My Dorm, which allows the business to advertise to students and then, at the end of the semester, pack up students' goods and store them. Those were the kinds of groups they've been looking at. The Auxiliary has a sponsorship with AAA, which provides renter's insurance for students in apartments.

Mr. Epstein asked if these initiatives typically come from the proposed sponsors or if the Auxiliary sought them out, and asked if they go through an RFP. Mr. Permaul said they weren't very big and just initiated the program that year. The largest sponsorship they're proposing was with Kaplan. Most sponsorships were very small, so they haven't gone to RFP. He thought Mr. Marchand's concern was what would happen if Kaplan decided it did want to sponsor the Lecture Notes program. Maybe there was some tipping point, so Mr. Marchand felt it was appropriate to set up some terms and conditions.

Mr. Permaul said they do all of these sponsorships through the campus Contracts Office, which writes the contracts for them.

Ms. Liu asked if she could get a specific outline of people who would be on this committee. Mr. Marchand said he was thinking of volunteers of people present at the meeting. He thought the first step



was to see current sponsorship contracts. People need to be acquainted with them. Ms. Liu asked who would be on the committee. Mr. Marchand said it would be from among undergrads, grads, administrators, and faculty members of the Board who want to participate. Ms. Liu said it would be another SOB committee, then. Mr. Marchand said that more than one person could work on this.

Mr. Poullard said he was sure they weren't the first body to entertain this, and asked if they were aware of other people who have terms around sponsorships. Also, he asked what the breaking point was, and if it was \$10,000, or \$20K.

Mr. Permaul said two other departments on the campus did this, Rec Sports and Intercollegiate Athletics, which has a huge sponsorship program. They negotiate their sponsorships independently.

Mr. Daal asked if the commercial activities policy document of the campus, worked on two years ago, which sits on Vice Chancellor Brostrom's desk, talks about sponsorships. Mr. Permaul said he didn't recall that it talked about commercial sponsorships, but commercial activities. That could be broadly defined.

Ms. Liu said the Resolved Clause would have a policy drafted on the delegation of authority for this type of agreement. Normally it would go through the Auxiliary Director to approve it. She asked if the committee could override the Director's decision, and what kind of decision and authority it would have, and who would have the final say.

Mr. Poullard said this committee would not have actual power, but would draft something. His understanding was that it's decided there's a limit to a sponsorship package and anything outside of that scope would go to the Board. The intent was not to have this act instead of the Auxiliary, but just to draft something.

Mr. Stern said he thought this was a good concept in theory. He also thought the previous motion sort of addressed the concern of this committee, because now they have a check on sponsorship that they didn't have before. With that said, if this committee is formed, he hoped it wasn't too restrictive in the policies it determines. He thought the sponsorship policy was very different from their classic situation of being landlords of a space and having a lease. With Kaplan there's talk of putting a logo on blue books. That was outside the box thinking. He wouldn't want to prevent the Auxiliary from exploring those kinds of options.

Mr. Epstein asked if Mr. Marchand was proposing to have a motion that evening, or if he was going to propose something that evening. Mr. Marchand said his understanding was that sponsorships were not covered by the first motion. Mr. Permaul said those were leases. Regarding sponsorships, the idea was to have a subgroup of the Board work on them.

Mr. Epstein moved to table discussion until they have a specific document to consider. This was a very fuzzy concept that might sound attractive, but he didn't know what the implementation would be like.

The motion to table was seconded by Mr. Poullard.

Mr. Coley asked Mr. Permaul what they were talking about. Mr. Permaul said they were talking about commercial sponsorships, which were really marketing tools to promote products or services to students.

Closed session

Kaplan Lease

What Mr. Marchand was saying was that he was concerned there was no mechanism for the SOB or student government other than informally, to know what sponsorships the Auxiliary was getting into. Mr. Permaul said he was simply following the model of Athletics and Rec Sports.

Mr. Coley said that Mr. Marchand's recommendation was to create a standard by which the Board would judge sponsorship proposals.

Mr. Zuo said he thought that what Mr. Marchand and Prof. Epstein were saying was pretty much the same thing. They should create a committee to define terms to create a discussion. They've been talking all this time about nothing. What he and Mr. Marchand talked about didn't have to be a formal committee, but two or three people from the Board talking with Mr. Permaul about future sponsorships. That was all that was going on at that time. And this specific committee was not going to create some overarching policy at the moment and was just going to talk to Mr. Permaul about what might need to be done. In the end, it will come to a vote of the Board.

THE MOTION TO TABLE MOTION NO. 2 PASSED BY HAND-VOTE 8-0-0, RESOLUTION ON SPONSORSHIP TASK FORCE.

Mr. Goldstein asked if ex officio members could object to a motion. Mr. Daal said that was hard to answer and they didn't have rules. He would say that they couldn't.

#### CLOSED SESSION

Mr. Daal said they need a motion to move into closed session. Mr. Poullard moved to meet in closed session and to allow Auxiliary staff to remain. The motion was seconded by Mr. Zhang and passed with no objection. This meeting entered into closed session. Mr. Daal asked all non-Board members to kindly leave the room. Senators were included in closed session.

In closed session, the Board discussed the Kaplan lease, rental of space formerly occupied by Naia, and the campus Coke contract.

#### KAPLAN LEASE

Back in open session, Mr. Stern moved to approve the Kaplan lease:

RESOLUTION TO APPROVE THE KAPLAN LEASE

BE IT RESOLVED, that the ASUC Store Operations Board authorizes the ASUC Auxiliary to complete and execute a lease with Kaplan Test Prep for the use of the former STA Travel space in the Mall based on the terms and conditions in the draft document, and the financial terms presented in closed session on September 21, 2010.

RESOLUTION TO APPROVE THE KAPLAN LEASE (cont'd)

The Auxiliary is further authorized to continue negotiating with Kaplan on an additional classroom space lease, and terms for possible sponsorship of ASUC Lecture Notes. Any new lease or commercial sponsorship for the entire Lecture Notes program will be brought to the Board for consideration. Terms being negotiated for a potential Kaplan commercial sponsorship of the entire Lecture Notes program will be shared with the Board in confidence, through the bSpace Web site.

A motion to approve was made and seconded. THE MOTION TO APPROVE RESOLUTION TO APPROVE THE KAPLAN LEASE PASSED WITH NO OBJECTION.

Mr. Daal said they were adjourned.

This meeting adjourned at 9:02 p.m.

These minutes respectfully submitted by,

Steven I. Litwak  
Recording Secretary

DECISIONS OF THE BOARDProcedures

- September '10**      **Mr. Daal elected as Board Chair.**
- September '10**      **Prof. Edwin Epstein joins the Board.**
- September '10**      **Approved Resolution on Board Authorization of Minor Lease Negotiation, whereby negotiations on a minor lease may be stopped by Board vote.**
- June '10      Approved up to \$13,000 for the search and selection of a Lower Sproul consulting architect and for a LS student relations position.
- April '10      Amended Section 3.3 of the CAA to define “minor leases” at \$150,000.
- March '10      Emily Marthinsen joins the Board, replacing Ms. Griscavage.
- Dec. '09      Welcomed to the Board Khira Griscavage.
- Nov. '09      Established a Food Subcommittee for the Bear's Lair Food Court.
- Sept. '09      Heard a presentation from Business Services on RFP procedures.
- Sept. '09      Voted to have \$20,000 from ASUC reserves, held by the Auxiliary, to be used for the Lower Sproul campaign.
- July '09      Welcomed to the Board Prof. Myers and Dean Poullard.
- July '09      Elected Mr. Rajan and Mr. Poullard as Chair and Vice Chair.
- July '09      Established a subcommittee to consider amendments to the SOB Charter and By-laws.
- July '09      Approved an operating principle of perspective vendors submitting an ROI to the Auxiliary before having the matter come to the Board.
- May '09      Welcomed Mr. Zuo and Ms. Coleman to the Board, undergrad reps in two-year and one-year terms respectively.
- May '09      Approved proposed changes to the CAA that would have the ASUC and the GA share commercial revenue.
- 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.

Procedures (cont'd)

- 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 first Board meeting as undergraduate representative.
- 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.
- Feb. '05 Mr. Miles and Mr. Williamson joined the Board.
- August '04 Formed an ad hoc committee to study increasing efficiency in information technology.
- July '04 Elected Elliot Cohen as Acting Chair of the SOB, for 2004-5.
- April '04 Considered and amended ASUC Auxiliary Budget Principles.

Procedures (cont'd)

- Jan. '04      Agreed to send another letter to the ASUC Senate and the GA asking to resolve the question of GA representation on the Board.
- Dec. '03      Voted to send a letter to the ASUC and the GA 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 members orientation by August 30.
- May '03      Agreed on the need for a Board members orientation to be held before the start of the school year.
- Dec. '02      Enhanced Board minutes by adding "Decisions of the Board."

Vendors

- September '10      Paramjit Singh, Subway, and Henry Pham, Saigon Eats, welcomed to the Auxiliary.**
- September '10      Approved Kaplan lease for space formerly occupied by STA Travel.**
- April '10      Approved the preparation of leases for space Nos. 2 and 3, Saigon Eats and Subway Sandwiches, for a maximum of seven years, with vendors to invest over \$100,000 in infrastructure and appearance of the spaces.
- April '10      Approved the extension of the Coffee Spot lease by two years.
- April '10      Voted down a motion to prepare an RFP for copying services at the Postal Annex site.
- Jan. '10      Voted to enter into negotiations with Subway Sandwiches and Saigon Eats.

Vendors (cont'd)

- Dec. '09 Passed a Resolution to extend the Taqueria lease until May 31, 2010; gave the Taqueria until January 10, 2010, to accept terms that were presented in July. A negative response or no response would have the Auxiliary issue an RFP on January 11, 2010,
- Dec. '09 Determined weights for the Bear's Lair RFP scorecard.
- Nov. '09 Reduced CUBS' rent 50% for the summer months the space was inaccessible due to University issues.
- Nov. '09 Decided to charge a \$500 deposit to CALPIRG.
- Nov. '09 Offered to extend the lease of the Taqueria through May, 2010.
- Oct. '09 Extended the lease of Healthy Heavenly Foods through May, 2010.
- Oct. '09 Extended the Daily Cal lease to September 30, 2012, adding CPI and electrical monitoring.
- July '09 Approved a one-year contract extension for the Daily Cal, through 2012.
- July '09 Approved Mr. Zuo as SOB rep to sit on the Daily Cal Board.
- July '09 Voted to present the SOB's contract to Food Court vendors, and to go to RFP if the terms were accepted.
- May '09 Approved an amendment to the Naia lease, to allow the sales of sushi and salads, with Naia to reopen in the fall.
- May '09 Approved a five-year lease extension for CALPIRG, with new lease terms.
- May '09 Agreed to a three-year lease extension for the Daily Cal, and on terms to repay deferred rent payments, with an SOB member to sit on the Daily Cal Board until repayment.
- April '09 Amended the Panda Express contract and voted to renegotiate.
- April '09 Agreed to present draft contracts to the Coffee Spot, the Taqueria el Tacotento, and Healthy Heavenly Foods, going to RFP's if necessary.
- March '09 Approved the Tully's Coffee contract.
- Feb. '09 Voted to approve the CUBS contract.
- Feb. '09 Voted to move forward with the Tully's contract.
- Jan. '09 Voted to continue negotiations with Panda Express and Tully's Coffee.

Vendors (cont'd)

- Dec. '08 Voted to go out to bid for all Bear's Lair Food Court vendors.
- Nov. '08 Approved Action Vending proposal to increase vending prices.
- Sept. '08 Agreed to Daily Cal terms for deferment and reduction of rent.
- 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.  
May '09 Voted down approval of the proposed Panda Express contract.
- May '09 Voted to go to RFP, on June 30, for the STA Travel space, and any other spaces that become vacant in the coming year.
- May '09 Revised the agreement with CampusLink to end its monopoly on Student Union advertising.
- 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 authorize pursuing an agreement for the Alumni Association to manage the Lodge.
- May '05 Approved the further exploration with Daryl Ross of placing a green café at the southeast corner of the Student Union.



Vendors (cont'd)

- March '05 Heard a presentation by Daryl 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.
- April '04 Authorized negotiations for a 12-month contract with the current Bear's Lair tenant, and to terminate the lease if negotiations failed, and to issue an RFP.
- March '04 Agreed to a four-with pilot project for the New York Times Readership Pilot Project.
- March '04 Rejected contract proposals submitted by Pub management, called upon the Commercial Operations Committee 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 community at-large.
- July '03 Approved a five-year lease with the Daily Cal.
- July '03 Authorized an engineering study of the Cal Lodge, for use in negotiations with the lessees.

Vendors (cont'd)

- Nov. '04      Approved a two-year lease extension, begin Jan. 1, '05, to the Taqueria and Healthy Heavenly Foods.
- 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.

Student Union / Pauley Ballroom

- September '10      Welcomed Lawrence Lawler as new Student Union Director.**
- 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.
- April '10      Approved an appropriation of up to \$3,000 from Auxiliary reserves for Lower Sproul, BEARS Referendum-related expenses.
- Nov. '09      Allocated \$30,000 out of Auxiliary reserves to fund a study on a maximum build-out option for Lower Sproul redevelopment.
- May '09      Learned that due to a possible FEMA grant, phase 3, of the Student Union seismic project would be postponed until the summer of 2010, including the Pub, and the Store, and the Multicultural Center.
- Dec. '08      Work began on the seismic retrofit of MLK.
- Oct. '08      Heard from, gave feedback to, Brailsford & Dunleavy, 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.

Student Union / Pauley Ballroom (cont'd)

- Oct. '04 Authorized ASUC President Leybovitch, 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 SOB 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.
- Feb. '03 Approved a subcommittee to look into policies for Pauley Ballroom and for fee waivers.

Budget

- Feb. '10 Had a session to envision the Auxiliary budget.
- July '09 Approved the 2009-10 Auxiliary budget.
- April '06 Approved the 2006-7 Auxiliary budget.
- April '05 Approved the 2005-6 Auxiliary budget.
- Sept. '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 OSA position for the GA.
- April '04 Approved the ASUC Auxiliary FY 2004-5 budget, including a transfer to the ASUC of \$50,000 from Auxiliary Contingency Reserves.
- Feb. '03 Received "ASUC Auxiliary Revenue and Expense Report, July-December 2003."
- June '03 A committee was formed to balance the Auxiliary budget. The Subcommittee on Committees will determine if this should be an ad hoc committee.

Budget (cont'd)

May '03      Approved the 2003-4 budget, and charged the Auxiliary Services Committee to determine cuts to balance the budget. Absent a recommendation by August 30, agreed to staff the security desk in

## STORE OPERATIONS BOARD MINUTES

October 18, 2010

Present: (Members and others)

Sam Baba, (Ib's Hogies)	Elliot Goldstein (ASUC Senator)	Stefan Montouth (ASUC Sen.)
Larry Bach (ASUC Senator)	Ryan Landis (Board member)	Michael Nicholas (Bd. member)
Ron Coley (Board member)	Nanxi Liu (Board member)	Nadesan Permaul (Auxiliary)
Miguel Daal (Board member)	Vishalli Loomba (ASUC Senator)	Jonathan Poullard (Bd.member)
Jeff Deutsch (Store Mgr.)	Philippe Marchand (Board member)	Josh Shaeffer (Maoz Vegetarian)
Edwin Epstein (Board member)	Emily Marthinsen (Board member)	Tom Spivey (Auxiliary)
Joey Freeman (ASUC Senator)	Courtney McDonald (ASUC Senator)	Noah Stern (Board member)
		Yishi Zuo (Board member)

### **SUMMARY OF THE MEETING**

The meeting was called to order by at 5:40.

#### Public Comment

Josh Shaeffer, owner of Maoz Vegetarian on Telegraph, has been talking to the Auxiliary about the Credit Union location, for yogurt ice cream.

#### Election of New Chair of the Store Operations Board

Mr. Daal was elected to be President of the GA and therefore had to resign as Board Chair. Mr. Zuo and Mr. Marchand were nominated to be Chair.

The candidates made statements. Mr. Marchand said the role of chair was as facilitator and to make sure members had access to information in a timely manner. Mr. Zuo said his vision of the Board was a balance between democratic transparency and business expediency.

Mr. Zuo was elected Board Chair.

Ryan Landis, the new undergraduate representative on the SOB, introduced himself.

#### Report from the Auxiliary Director

Hood compliance is complete and Saigon Eats and Subway should be open in November. The Kaplan lease is moving forward.

The Auxiliary has an agreement with IS&T to manage its network and that of student government.

The program to utilize Hearst Gym space, as a result of the BEARS Initiative, should be implemented in the next three weeks. A Web page is advertising it, with reservations made online or at the Events office. The Chancellor's office will be invoiced for costs for physical improvements and safety.

The seismic project was now complete. The Auxiliary expressed for work on this by Nick Peterson, Capital Projects. The project also provided for other repair work in the MLK.

With new clients coming in, improvements have also occurred in the Food Court, including hoods, electrical, plumbing, new patio tables and DSL for vendors' POS systems. A lot of work was paid for by vendors.

A project with Follett was starting to capture additional commercial space by extending the fire doors into the Store. An architect was working on this and will work through Capital Projects. Drawings and estimates were expected shortly.

An elevator was being repaired. The elevator that has been in use will have a scheduled down time to maintain it due to the increased use. Also, the 7th floor is in full operation. It has a Web page and is being rented, and will hopefully generate revenue. It's available to students at no cost.

#### Consideration of FY 2010-11 ASUC Auxiliary Budget

Copies of the year-to-date financial summary against the operational budget were distributed. The budget to the Board last spring had a \$95,000 shortfall. Year-to-date, the shortfall in operations is \$462,616. There was an over-payment from Follett of \$206,000. Follett has proposed forgiving that for a year's extension. This was an accounting issue.

There were shortfalls a bit in Lecture Notes, the Art Studio, and Reservations. They expect to recover most of those funds during the course of the year. The big area they're short was in commercial businesses, due to the delay in opening them. They should have opened September 1, but unforeseen circumstances prevented that. They started out \$68,000 short in revenue and with continued approval of leases, that shortfall should be reduced to about \$24,000. Next year leases will run a full year.

There is \$100,000 in unanticipated maintenance costs, for an elevator and for Food Court improvement. Many costs have been shared with the new vendors.

A request was made for the Auxiliary to project costs for a Publications position for the rest of the year. For a career staff position, the amount would be \$23,000, and for a high-functioning student, \$15,000.

The total shortfall was \$243K rather than the \$95K predicted at the start of the budget cycle.

Reserves totaled about \$1.8 million. To meet the shortfall, about \$143K will come from Operating Reserves and \$100K from Maintenance Reserves, subject to campus approval.

Lower Sproul renewal is changing the equation dramatically.

It was noted that the campus couldn't have funded the seismic project itself, and got about \$3 million from FEMA.

With the new Lower Sproul buildings, the Auxiliary will receive operating funds for those buildings, and that amount will relieve the Auxiliary's operating budget.

The need for a long-term business plan was expressed. It was noted that there a commercial consultant was available to help.

It was suggested that Board members consider the financials that were distributed that evening, ask any additional questions, and then vote on the financials next month.

It was noted that it was possible for the Auxiliary budget, as distributed that evening, could accommodate a change to staffing, and the Auxiliary will send out a proposal for a Publications position.

#### bSpace Access

The Board discussed bSpace access for Senators. It was noted that as ex officio members of the Board, Senators have access to the SOB listserv. But bSpace had confidential information.

In the past, information to the Board has been leaked to the Daily Cal. That was inappropriate and unprofessional. The Auxiliary almost lost the Kaplan lease because of that and UCOP has told the Auxiliary it shouldn't put vendors at risk. All information could be made available at Board meetings.

#### Update on Revision of SOB Charter

The Board passed a Resolution in '09 to consider revising its Charter. Per the CAA, a Charter revision would require approval of the ASUC Senate and the Chancellor. A proposed revision would: create by-laws and standing rules that the Board itself could amend; provide increased clarity on the Board's role and on procedures for meetings; create a student secretariat, freeing Auxiliary staff from administrative and clerical functions; and enhance accountability and duties of Board members and create a censure policy.

A Charter Revision Committee had been meeting and would resume. It was comprised of student government Presidents, Mr. Permaul, and a Board member. Documents have evolved to the point where the campus could be conferred. ASUC and campus lawyers have given input. Mr. Daal will incorporate input in one document and send that out. Conflicting ideas had to be resolved.

Mr. Landis will help with the revision.

#### Revitalized Lower Sproul Retail Visioning

Ms. Marthinsen asked for this to be an ongoing agenda item, to help think about commercial space. They should have a plan 18-24 months before construction is done.

Board members were asked to write what they thought will be in Lower Sproul. Ms. Marthinsen will collate the results and report at the next meeting.

#### Closed Session

The Board met in closed session to discuss possible new food vendors.

Back in open session, the Board considered a motion to authorize the Auxiliary to prepare a lease for Fresh Choice, serving soup and salads, to be located in the former Gelateria space. The lease would be five years; with two one-year extensions, pending construction that occurs. Leases will be sent to the Board before signature. New and amended leases will include clauses for business interruption and relocation as a result of the BEARS Referendum.

Prices of Fresh Choice are expected to match those in the Food Court and on Telegraph Ave.

The Board approved by voice-vote the motion to authorize a lease. Terms will be sent to Board members before signature.

#### Administrative Support for the Store Operations Board

The Auxiliary has to produce material needed for Board meetings, but this was not a preferable use of staff time. Proposed new by-laws would create a student secretariat. It would also set up meetings, help with retreats, update the Web page, and do other things. This would cost \$4,000 for the rest of the year.

It was noted that this position would need a certain level of staffing. Ms. Crowder supervises the Senate Secretariat, and Mr. Stern will talk to her about having the Secretariat do this.

It was suggested that Board members would have binders of all the important documents needed for meetings, including confidential information. Binders would be distributed at meetings and then collected.

Money for this would come from commercial activity revenue. It would add to the deficit.

With no objection, the Board tabled consideration of a Board secretariat.

The meeting adjourned at 8:25 p.m.

## **End Summary of the Meeting**

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This regular meeting of the Store Operations Board was called to order by Miguel Daal at 5:40 in the Senate Chamber.

#### PUBLIC COMMENT

Mr. Daal called for any public comments, and said people would have one and a half minutes to speak.



Josh Shaeffer introduced himself and said he's been talking to Mr. Spivey and Mr. Permaul with regard to a location, where the ASUC Credit Union used to be. He's currently the owner of Maoz Vegetarian on Telegraph. They have a concept for a healthy, snack-based, yogurt ice cream place on campus. They feel it can work really well because of core values they'd have. It will be organic, with compostable things they think will resonate with students, things that are becoming more and more prevalent and accepted. It will be very easy and more do-it-yourself. They're focusing on making it very healthy, with no high-fructose corn syrup. It will be a fun, easy option for people. They're excited about introducing this to the campus and they looked forward to discussing lease terms. Mr. Daal called for any questions and seeing none, called for any other public comments.

#### APPROVAL OF THE AGENDA AND MINUTES

Mr. Daal called for any objection to the agenda.

Mr. Marchand said there was an item on the agenda to consider the 2010-11 Auxiliary budget, and asked if they had a budget to consider. Mr. Daal said he wasn't aware of a budget. This item was the task of the Auxiliary Director and Mr. Daal said that he'd expect to hear an explanation when this comes up on the agenda.

Mr. Goldstein asked if the SOB will approve the budget that evening and asked if there was a budget to be discussed. Mr. Permaul said there were financials and updated budget information.

Mr. Epstein said that if there are financials, he'd like to see them. Mr. Permaul said he sent them out electronically and also had hard copies to distribute.

Mr. Daal called for any objection to approving the agenda, and seeing none, said the agenda was approved.

Mr. Daal asked if everybody reviewed the September minutes. He called for any objection to approval, and seeing none, said the minutes were approved. **THE MINUTES OF THE SEPTEMBER 21, 2010 SOB MEETING WERE APPROVED WITH NO OBJECTION.**

#### ELECTION OF NEW CHAIR OF THE STORE OPERATIONS BOARD

Mr. Daal said he had to resign as Chair of the Board because he was elected President of the GA, and he couldn't do both jobs at the same time. He was therefore resigning at that time from the position of Board Chair.

Mr. Daal said they would proceed to immediate nominations for a replacement as Chair of the Board and said nominations were open.

Mr. Stern nominated Mr. Zuo. The motion was seconded by Ms. Liu. Mr. Goldstein nominated Mr. Marchand. The motion was seconded. Mr. Daal called for any other nominees, and seeing none, said nominations were closed. He said they would hear statements from the two nominees on their plans as Chair, for a maximum of two minutes.

Mr. Marchand said he's been involved in the GA since he came there in the fall of 2008, about half of that time as a Delegate, and the other half as a member of the Executive Board of the GA. He had a very good knowledge of Robert's Rules of Order and was familiar with the Auxiliary and the CAA. He participated in negotiations on the Lower Sproul MOU and has been in discussion around Operational Excellence, two big campus issues the SOB should keep aware of. He's also been involved with the reworking of the SOB Charter and By-laws. He believed he could provide leadership for the Board and thought the role of the chair was primarily as facilitator and to make sure Board members have access in a timely manner to information they need to make better decisions on the Board. He'll also make sure processes on the Board were efficient so meetings operate smoothly. On the student side he'll promote having short meetings just before Board meetings. He thought that would be useful since student members of the Board turn over more frequently. Finally, he wanted to make sure the Board has good communication with the campus Administration on any big issues that affect the operations of the Auxiliary. He had experience with that from being Campus Affairs VP of the GA, where he had meetings with administrators.

Mr. Zuo introduced himself and said he was a senior and has been on the Board since the beginning of his second year, as an ASUC Senator, before he became a Board member. He's been attending meetings since the fall of 2008. He's had a lot of experience and has seen all of the controversy that surrounded the Board, including with Panda Express and Subway. His vision of the Board was a balance between democratic transparency and business expediency. He'd keep the Board moving forward, and to keep the main goal in mind, which was to drive student revenue to student groups, and would work with the Board to achieve that. From his first meeting as interim Chair, he reached out to a lot of students on a lot of motions that could have been controversial, and that meeting went pretty smoothly. He'll continue to do that and follow what his predecessors have done as Chair.

Mr. Daal called for any questions for either candidate.

Mr. Goldstein asked both candidates how they saw the role of being a neutral facilitator. Mr. Zuo said he'd make sure that both sides were heard, and would make sure that pro and con speakers go in turn. And when the time was up, he'll move to make a decision without wasting everyone's time. Mr. Marchand said that one thing he'd do was to make sure people who haven't spoken as much get priority on the speakers' list. He also didn't think the chair should vote, unless to break a tie. On the other hand, he'd ask questions to try to clarify aspects of Board business. But he wouldn't be the main proponent or opponent of specific motions. He thought the primary role of the chair was procedure and process and good working relationships.

Mr. Daal asked if the candidates could describe the nature and the extent of the responsibility of the Board to make business decisions that satisfy the need of revenue by student government; and where that fell with regard to any other priority the Board had. Mr. Zuo said it was a balance between business and getting student input. And he'd put a little more emphasis on revenue. Last year when they were discussing Subway, he went forward with a student forum attended by about 30-40 students. That's how he thought they should get student input, and something he was willing to do if elected chair. Mr.

Marchand said the Board provides an oversight of the business, and maybe the Board should be more proactive in getting student input, as well as providing a vision to students. When they're in a difficult financial situation and Subway was the only business that bids for space, they had to adopt that lease. But they still need a vision for when times do get better. They had to balance short-term goals and a vision.

Mr. Daal asked if there were any existing systemic or other types of problems the candidates would like to address, if elected. Mr. Zuo said he thought greater communication between the Auxiliary and the SOB was important. He thought Mr. Permaul provides them with a great deal of information, but thought that information could be increased, and improved, such as with the Auxiliary budget. Mr. Marchand said that in working on this Board, he's noticed that there's no student interest unless there's something controversial, with a lot of debate. He'd try to be proactive in having discussion outside the Board. Another problem was with the end of the RFP process. RFPs were a way for the Board to prioritize criteria for spaces. Only the Bookstore was above the \$150,000 limit for RFPs at this point.

Mr. Landis asked how much they'd sacrifice giving up their opinions in order to be a facilitator. And he would ask Mr. Daal's experience with that. Mr. Daal said in general, the chair of the Board has perhaps two types of responsibilities. They had to chair meetings, for which a level of impartiality was needed, especially in contentious discussion, and to steer discussion so the pros and cons had equal speaking time. There was another aspect outside of meetings. That might encompass meeting with the Auxiliary, with people leasing from the Auxiliary, in visioning, or understanding the accounting asking critical questions about budgeting, and participating in the building of a budget. That was when a chair may express an agenda.

Mr. Epstein said he was a little quizzical. The first description sounded like a strictly non-partisan official maintaining order and fairness. His concern was whether that would provide real leadership. Chairs of other groups, while they're supposed to maintain fairness, were also part of the Board and could have policy positions, contribute, and play a more proactive role. An analogy from his experience was being Chair of the Academic Senate. They have to ensure fairness, but also provide leadership on critical campus issues. He's heard much more about the former, and very little about the latter.

Mr. Daal said the chair at the meeting was impartial, but away from the meeting, could fulfill leadership roles and work on a vision that the chair may have. The chair's name might be on a Resolution that was a divisive issue, and when that Resolution came up for debate, the chair would steer debate to be as equal and impartial as possible, even though the chair might have a clear stance on that Resolution.

Mr. Landis said his question was trying to establish what the candidates would try to do. Mr. Marchand said that internally, the chair had to be impartial towards the content of a Resolution, but outside the meeting, it was different. When asked for a comment publicly, the chair couldn't give a personal opinion, but what has arisen at Board meetings. It was extremely important for the chair to defend the interests of the Board outside meetings. Mr. Zuo said that outside meetings, the chair could try and steer things in different directions, but had to be fair during meetings.

Mr. Stern said he would ask for the vote to be by secret ballot.

Mr. Daal said that with no objection, they'd have a secret vote. He and Mr. Litwak will tally the votes, and Mr. Daal said he wouldn't vote unless there was a tie. There were nine voting members present.

After a vote, Mr. Daal said the next Chair of the Board would be Mr. Zuo, and he wanted to congratulate him.

Mr. Coley said he would like to thank both candidates for making themselves available at this very important time for the SOB. (Applause)

Mr. Stern asked if Mr. Poullard was still the Vice Chair. Mr. Daal said he was.

With Mr. Zuo chairing the meeting, Ryan Landis introduced himself and said he was the new undergraduate representative on the SOB. (Applause)

### REPORT FROM THE AUXILIARY DIRECTOR

Mr. Permaul said that hood compliance is complete. They are now moving towards Saigon Eats and Subway having their hoods completed and would like to see both of them open the second week of November. The lease with Kaplan is moving forward. Kaplan's lawyer and Real Estate Services were finishing it, and he'll send it out electronically to the Board, as he was obligated, for final review.

Mr. Coley asked if Brian Donahue was involved in the conversation with Kaplan. Mr. Permaul Mr. Donohue works with commercial sponsorship agreements.

Mr. Permaul said the Auxiliary has established an agreement with IS&T to take over the management of the network of the Auxiliary and of student government as it comes into the building and as it's distributed. They'll segregate access between commercial entities, the Auxiliary, and student government, and will complete other pieces. The preliminary estimate is well within the Auxiliary's budget, and the Auxiliary was looking forward to IS&T taking on this responsibility. It's something the Auxiliary has been working on for a year.

Mr. Permaul said the HUP program is the Hearst utilization of space through the BEARS Initiative. It will be implemented in the next three weeks, hopefully. He will invoice Erin Gore for the commercial cost for that program. When he gets those to her office, hopefully that amount will be transferred to the Auxiliary. A Web page has been established to advertise this. There will be an online reservation process as well as an in-person kiosk in the Events office. Many student groups have already contacted the Auxiliary about using space in Hearst. The Auxiliary will implement some physical improvements for which the campus has agreed to take responsibility and pay to encourage safe use. Recreational Sports will provide security for the building, and maintenance will be handled by the Department of Physical Education. All student contact for the use of space will be one-stop shopping through the ASUC Auxiliary.

Mr. Permaul said Mr. Spivey would report on additional work or review of the seismic project, which was now complete.

Mr. Spivey said he first wanted to put out a special thanks to Nick Peterson, of Capital Projects, who has done a huge amount of work for this project and has worked with the Auxiliary on the many infrastructure problems with the Student Union. Mr. Spivey said he couldn't thank Mr. Peterson enough.

Mr. Coley asked if the SOB should send a letter of appreciation. Mr. Spivey said he believed that would be appropriate. Mr. Permaul said he would take responsibility for drafting a letter.

Mr. Spivey said that the Auxiliary got some perks out of the seismic project besides having a safe building. They have new safety windows in Pauley, which previously would have shattered onto their guests. They have improved lighting in the Union, and a beautiful new chandelier in the stairway. Each bulb was supposed to last three years.

Several doors were also repaired. The Tilden Room has new lighting and was quite attractive. The 4th floor has Internet wiring and new paneling, and furniture was added to offices there. There's a new drinking fountain on the 3rd floor which was ADA compliant. All curtains were cleaned and repaired. Levelers were also installed on the 3rd and 4th floors. New carpet will arrive for the lobby in two weeks.

Mr. Spivey said that during this change, a lot of changes have also been made in the Food Court as part of the remodel for the clients coming in. There were also safety changes. The Auxiliary's hood assessment was not compliant and they're now installing a compliant hood. Hood service will be made available for two more tenants, paid for by the tenants.

Mr. Spivey said the Food Court also has a new power module delivering more power. When the Food Court was built in the '70s, it had minimal power for that type of use. They have one-third more capacity. Two new panels have been put in, so they now have a very safe electrical environment for their clients.

Some plumbing upgrades have also occurred. New tables on the patio are ADA and are from recycled plastic. Two more are to be built. Signage is coming and is in a bid process. Each of the four vendors has a DSL upgrade to run their POS system. A lot of work was done in tandem with the remodel that was going on at the vendors' expense. He called for any questions.

Mr. Permaul said they also have a project going on at that time with Follett. They engaged an architect and are working through Capital Projects to extend the ASUC mall beyond the current fire doors, into the Cal Student Store. That will allow them to capture additional commercial space. The trade-off with Follett is to do cosmetic improvements for their offices that abut the space. All this will enable more revenue to be generated, and will also make the mall much more visibly accessible as people walk through it. Mr. Spivey is working on that, and they hope to get drawings and estimates in the near future.

As for the elevators, one of them is in repair. They thought the east elevator would be back up, but it failed again. A part was sent out to a vendor at the request of PPCS, and hopefully they'll have that shortly. The Auxiliary was also told that the elevator they've been using will have to be shut down because of the wear and tear it's taken while the other was shut down. They'll find a time when the building is closed to make those repairs.

Mr. Permaul said the 7th floor is fully in operation, with a Web page, and it's being rented out. They hope to generate more revenue by the Reservations Office. It's available to student groups at no cost. He called for any questions.

#### CONSIDERATION OF FY 2010-11 ASUC AUXILIARY BUDGET

Mr. Permaul said he had copies of the Auxiliary budget to distribute. People received them over a week ago through the bSpace announcement. It's a year-to-date financial summary against the operational budget, not all funds. He'd explain the difference between the two.

At the end of the fiscal year, the Auxiliary balances against all funds, including reserves. In the proposed budget he submitted to the Board last spring, there was a systemic \$95,000 shortfall based on all funds. What Board members have that evening shows a shortfall in operations, year-to-date, of \$462,616. That's because last year the Auxiliary received a \$200,000 over-payment from Follett. Follett was working on the terms and conditions in the original lease, because they had not completed the negotiations with the amendment for the opening of The Scholar's Workstation. They were obligated to pay the Auxiliary under those terms, and Follett over-paid by \$206,000. Follett has proposed that if their lease is extended by a year, they would forgive the \$200,000 over-payment, which was built into the Auxiliary's budget. But year-to-date means that the Auxiliary was not receiving over-payment this year, going into the next. So the Auxiliary revenue year-to-date is short the \$200K that the Auxiliary received last year at this time. This was simply an accounting issue.

Mr. Permaul said the Auxiliary does have some shortfalls, as shown in the notes. They're down in Lecture Notes a bit, down at the Art Studio a bit, and down in Reservations due to the seismic work, and they expect to recover most of those funds during the course of the year. It's their goal, of course, to exceed their revenues from the Art Studio and from Lecture Notes. The Lecture Notes problem was a booking problem in that school started later this year and they didn't book some of the revenue year-to-date that they did last year. That will show up in the October financials rather than the September financials.

Mr. Permaul said the big area where they're short is in their commercial businesses. They were very late. They should have opened all of their businesses on September 1. It wasn't possible to do that for a variety of unforeseen circumstances in construction, the most notable of which was the hood issues, which were raised as compliance issues they had to go back and deal with. So they'll open up their revenues much later than anticipated.

Mr. Permaul said that Mr. Spivey calculated the difference in revenues. They started out being about \$68,000 short of revenue. But if they continue to approve leases, that shortfall should be reduced to about \$24,000. The red numbers shown were the shortfall. Additional, or new revenues, are at the bottom of the page. They should be able to reduce their shortfall to about \$24,000 by the end of the year. They had hoped to have positive numbers, but they'll be in the red for the end of the year. Next year, all these new business leases will run a full year and the Auxiliary will have new revenue that they didn't anticipate. But that's not going to be the case for this fiscal year.

They also have \$100,000 in maintenance costs that they didn't anticipate. That includes \$40-50,000 for the east elevator and includes another \$40,000 in improvements at the Food Court in order to deal with everything from the electrical to the hood improvements. Mr. Permaul said he would point out that for other student unions around the country, the Auxiliary would be responsible for all of the physical improvements. But the Auxiliary has shared these costs with their new vendors. These vendors have accepted them in spite of the fact that the costs were not part their ROI when they signed their leases last spring. For them, that's a cost of between \$30-40,000 additional dollars that they did not anticipate.

Mr. Permaul said he was asked to propose what it would take to fill the Publications position for the remainder of the year. Filling it with a career status person for the remainder of the year would be

another \$23,000. Using a high-functioning student, if they could find one, would probably be another \$14-15,000 for the remainder of the year.

If they add everything up, it comes to about \$243,000, rather than the \$95,000 that they predicted at the beginning of the budget cycle. If they compare that to the min-max, which the Board presented to the Auxiliary last year, the maximum was \$238,000 that the Auxiliary predicted it they could be in the hole. And he was proposing somewhere in the neighborhood of \$243,000. They're barely in the fiscal year and there still could be more maintenance issues. He called for any questions.

Mr. Marchand asked if they would still be in the red if all the space were occupied at a rate they could reasonably get. He asked if there was enough square feet to not be in the red in the current model. Mr. Permaul said that what they're not taking into account was the revenue sharing they have with the vendors. Looking strictly at rent, they're probably either close to break even or below breaking even. But all of the businesses have revenue-sharing models, which was something they didn't have in previous agreements. So they hope they will generate additional revenue above and beyond the rent.

Mr. Landis asked if the revenue would start in February, assuming this was approved. Mr. Permaul said it meant they'd want the leases in place no later than December 1, to give their vendors December and January, at least, to finish their construction. The leases give vendors 60 days to generate revenue from their start-ups. So February 1 was the date they were predicting when they would start to get revenue from them.

Mr. Marchand said \$82,000 was shown for miscellaneous services on the staff line, line item 56639. He asked what that covered. Mr. Permaul said he couldn't break down a lot of line items, but some include IT costs, he believed. For example, they have a contract to provide them with a certain amount of programming for the Auxiliary. They also have desktop support with IS&T. He could provide a breakdown and send that out to the Board.

Mr. Goldstein asked where revenue from the Coca-Cola sponsorship agreement was shown in the revenues section. Mr. Permaul said it was all part of the revenue income that was listed at the top, \$3,183,000. Of that, \$200,000 came from the Coca-Cola contract, with \$50,000 automatically earmarked for the GA, and the other \$150,000 coming to the ASUC.

Mr. Goldstein asked how the Auxiliary accounts for the current Coca-Cola negotiations going on at that time, and how that fit into the deficit of \$240K. Mr. Permaul said they're not counting that revenue. Whether they go to RFP or renegotiate a campus-wide contract. As part of the consortium, they would hope to see an increase in revenue. Mr. Goldstein asked what they were hoping to get in the best-case scenario. Mr. Permaul said he'd hate to give a number out because expectations could exceed reality. But the consortium is negotiating with Coke and looking at an RFP that would significantly enhance revenue.

Mr. Epstein said a reduction was shown year-to-date with regard to staff salaries, \$9,000, yet they show an increase in vacation benefits, \$18,000. Mr. Permaul said he thought that was a timing issue and was year-to-date, with vacations spread out over the course of the year. They're down professional staff, so they're not taking as many vacations in those positions. But other people may have taken vacations earlier in the fiscal year. He couldn't say off the top of his head, but that would be his speculation.

Mr. Nicholas asked if “rental” of real property” included all the space they're renting. Mr. Permaul said that was all the space, including the \$1.75 million guarantee they receive from Follett. There's also revenue from Coca-Cola, from vending machine contracts, lease revenue from ATMs, and a linen program, for instance. The vending was for both Coke and food vending as well. These were all elements of the revenue.

Mr. Nicholas said the second sheet that was distributed was a little confusing. Tully's shows July and August, but he thought they were open year 'round. He asked why there was no entry from September for Tully's. Mr. Permaul said they were closed for a period of time. The spreadsheet showed revenue that was lost. The revenue above, the \$3,000 in July and August, was because Tully's was closed. After that period of time, the Auxiliary started to collect revenue.

Mr. Nicholas asked why Saigon Eats and Subway had negative numbers, when they weren't open in July and August. Mr. Spivey said they projected income from them for September, which the Auxiliary wouldn't collect. Mr. Permaul said their contract just started in September. Mr. Spivey said it was part of their revenue projection they weren't meeting. Mr. Nicholas said the negative numbers under Tully's, then, was money that was lost when it was closed. Mr. Spivey said it's unrealized rent. Mr. Nicholas asked if they were hoping Saigon Eats and Subway open in January. Mr. Spivey said hopefully they'll open in November, and the Auxiliary will start to collect revenue after 60 days.

Mr. Zuo asked how much was in reserves. Mr. Permaul said he would estimate that to be \$1.7 to \$1.8 million. Mr. Zuo asked if this year alone they'd take out almost one-sixth of that. Mr. Permaul said that was correct.

Mr. Marchand asked how much of the reserve can be used to cover losses. Mr. Permaul said the Operating Reserve was about \$500,000. This reserve they would normally be used to cover operating expenses. The Maintenance Reserve covers maintenance and was \$100,000. So approximately \$143K will come from Operating, and \$100K from Maintenance. All this was subject to the approval of the campus. But this was his proposal to the Associate Vice Chancellor.

Mr. Epstein asked what the items were under the boldface subtotal. Mr. Permaul said they're operating costs as S&E. Mr. Epstein said it would be nice to have a title for them. Mr. Permaul said they'd do that in the future.

Mr. Nicholas said that for sales from the Bookstore, it looked like there was a difference, \$15,000, and asked if that was due to rental. Mr. Deutsch said they were impacted by the same seismic project over the summer. They had half the Store closed. Mr. Permaul said he could break that down better and didn't have that specific item in his head.

Mr. Epstein asked what balance they sought to maintain on a monthly basis in terms of cash flow. Mr. Permaul said there was no specific amount identified for the Operating Reserve. The Associate Vice Chancellor made it very clear that they had already exhausted a substantial amount of money over the last two years in dealing with the operating deficits they faced. So they don't have a specific calculation. It wasn't like bond revenue, where they want in reserves 1.25 times the bond total. They don't have debt service. Mr. Permaul said his predecessor did an excellent job in keeping a very conservative balance of cash in reserves. When he arrived, they decided there were so many serious maintenance issues that they needed to spend those reserves down. And then they started spending Operating Reserves because of a



shortfall in revenue. They're now down to \$1.8 million. When he arrived, they were probably at \$2.9-3 million. So they've spent a significant amount of money over the last five years.

Mr. Epstein asked what the comfort zone was in terms of the cash on hand they should have. Mr. Permaul said there was no comfort zone, and as far as he was concerned, they don't have enough money, ever.

Mr. Coley said he thought that was a superb question and one that he wrestled with all the time in the role that he plays.

Mr. Coley said he thought that was a superb question and one that he wrestles with all the time in the role that he plays. What's happening with the Lower Sproul renewal project is changing the equation quite dramatically. Last year, the ASUC, the students, the Auxiliary, the Board, were literally on their own for Eshleman and the Student Union, if anything happened to them. He was actually quite concerned about that, because they had a lot of exposure. But the seismic project has been done. The campus couldn't have funded the seismic project itself and actually got about \$3 million from FEMA to help with that. The students shouldn't forget that. This was one of the benefits of being associated with the campus, because they got that. So that reduced their exposure. And they'll go through Lower Sproul renewal, and that will reduce their exposure.

This didn't need to be done immediately, but they should think about their exposure, after Lower Sproul, and things they'd likely need money for in reserves, and how much. It was his hope that the Auxiliary would spend whatever reserve it had at a slow enough rate so that by the time they got to the other side, they would have enough to actually be okay. He was hoping those things don't collide.

Mr. Permaul said that when the bonds are floated for construction of the new buildings, the Auxiliary will have operating funds for the maintenance and operation of the buildings that will eventually flow to the Auxiliary and relieve its operating budget. But those will be incremental funds and will come in as the buildings are completed.

Mr. Epstein asked if these are Cal bonds. Ms. Marthinsen said she wasn't certain what kind they are.

Mr. Coley said the question was good, and appreciated the seriousness with which the Board was taking this topic. He really wanted to place a bookmark on this conversation. It's work that still needed to be done by the Board, to determine what they need reserves for in the new environment and how much reserves they'll need. They don't need to have excess reserves, since that was money that students could be using for student groups and activities.

Mr. Epstein said that he was intuiting from the answer that the cash flow basis was month-by-month, and asked if that was accurate. Mr. Permaul said that one thing he discovered when he arrived was that ASUC revenues had been flat since 1998, while ASUC expenses were obviously rising. They can anticipate that when the recession finally does come to an end, that there will be a lot of impact. As they could imagine, expenses that have been sequestered will rise again, including everything from salaries, to benefits, to the cost of living, to utilities. So they certainly had to be mindful of generating revenue.

Mr. Stern said that in conversations about Lower Sproul, the long-term business plan has come up a number of times. He asked if the response was that they don't have one, given the issues that have been brought up, of increasing costs, cash flow issues, and building up reserves. He knew the GA was now

creating an endowment to fund its activities. These sort of issues need to be addressed in the long-term, in a 10- to 25-year plan. He didn't know the appropriate model to do that, but hopefully the Board could take that on, with maybe a task force or an auditor.

Mr. Permaul said that as they recall, the Associate Vice Chancellor, Norman Strong, and Beth Piatnitzka, were to bring in a commercial consultant to work with the Auxiliary on trying to determine the best way to develop commercial activities at the renovated Student Union complex.

Mr. Daal said they're going to have a discussion about that.

Mr. Deutsch said that he needed to amend what he said earlier. After looking at the documents from Mr. Nicholas, the Store pays a guarantee of \$1.75 million. He wasn't sure why their sales fluctuation would be reflected in the budget this early in the year. It wouldn't impact what the Store was paying, and he wasn't sure where that figure came from. He and Mr. Permaul could go over it and get back to the Board next month.

Mr. Permaul said that might be the situation from everything from the Art Studio to other kinds of sales. But he'd break that down. Mr. Nicholas said it was "Books/Merchandise." Mr. Permaul said he would get that breakdown.

Mr. Marchand asked if the Board needed to vote on what was distributed. Mr. Permaul said he didn't know if the Board had enough information to feel comfortable about voting what he presented thus far. He would prefer to take questions and let Board members ruminate on the discussion they had, and then send him any additional questions they might have. And then perhaps by the next Board meeting, they would be prepared to vote on this. He asked how the leadership of the Board felt about that.

Mr. Daal said he felt they should get a budget in place and voted on as soon as possible. They wanted to do that at this meeting, so he would advocate for a stronger commitment to have a draft budget for Board members to review within 15 days, with the intention of voting on that budget at the next Board meeting.

Mr. Permaul said that in the notes that Mr. Daal submitted, the Auxiliary was asked to include a resolution of the issue of the Publications position. He thought there needed to be a conversation between the Auxiliary and student leadership on what level of staffing they anticipate for the remainder of the year. And then he'd assume there would be a conversation with Ron Coley to authorize specifically including that to be taken out of the budget. So at some point, there needed to be an authorization for the Auxiliary to add that, and then they could, within 15 days, get the budget out to people.

Mr. Daal asked Mr. Coley if the budget could model a proposed staffing change. Mr. Coley said it could. They've got to see the bottom line. Mr. Coley said that Mr. Permaul talked about the nearly \$1 million that has cumulatively, over the last several years, come out of their reserves, spent to deal with operational challenges and underutilization of revenue. That was quite a concern. So Mr. Coley said he thought they should see what the return on investment would be with this whole piece, and if it warranted and justified digging deeper into reserves. If so, then they'd have to consider that. But it was a big deal.

Mr. Daal said he took that as a yes, that the budget can propose staffing changes, which would be considered at that time, and voted on. Mr. Permaul said that within 15 days they'll have something to send out to the Board.

Mr. Zuo said they'll await the e-mail from Mr. Permaul and vote on the Publications position at the next meeting.

bSpace Access

Mr. Landis asked if he could move to give Senators access to bSpace material that Board members have access to. Mr. Zuo said he could put Senators on the public SOB listserve.

Mr. Permaul said there were two different things. For the public SOB, they had their listserve. The bSpace was for voting members of the Board only, because it has confidential information about leases and negotiations.

Mr. Marchand said that last time Mr. Permaul said lease terms would be sent by e-mail to the quote "whole" Board. The motion they passed last month was to send the terms of the contract by e-mail rather than waiting for a meeting, and it was to be sent to the "whole" Board, which he'd think would include ex officio members. That meant that they had to send information to ex officio members.

Mr. Permaul said he thought it was bad policy for the Board to release negotiation information. They almost lost the Kaplan lease because of that. And the Office of the President has told them that when they negotiate leases, it was bad practice to put their vendors at risk by disclosures. Every time that has happened, information to the Board has been leaked to the Daily Californian. It's been both inappropriate and unprofessional. He felt strongly as the Auxiliary Director that the voting members of the Board are the ones who are responsible for lease-term negotiations in closed session in this room. They could bring everything to Board meetings and make it available. But to put it in print when they know that there's likelihood that someone will take that information and share it inappropriately was not good business practice.

Mr. Zuo said they weren't talking about a contract lease, but the Auxiliary budget. They could discuss this at a later time. But right now, the only thing to be sent in the next couple of weeks was the ASUC Auxiliary budget. He didn't see a problem with sending that to Senators. Mr. Permaul said that was correct, and they could send that out to the listserve. Mr. Zuo said they could discuss the bSpace issue at a later time.

Mr. Marchand said he thought they might be breaking the rules by doing that because what they do online had to be the same as what they do at a meeting. If people could have information at a meeting, they should have it available online. He thought they were violating people's rights. Mr. Zuo said the Board had other things to discuss and had to keep moving on the agenda.

Mr. Epstein said he was hearing about two boards, and asked what that was about, and asked what the wider distribution that people were talking about, as opposed to people around the table. Mr. Zuo said there are two e-mail lists. One goes not just to Board members, but to undergraduate Senators as well. Mr. Permaul was concerned about information being leaked, which has happened. And then there was a private list, which was just for Board members. Mr. Permaul said there are ex officio members of the Board who are not voting members.

Mr. Epstein asked how many people they were talking about. Mr. Permaul said they were talking about the ASUC Senate. Mr. Goldstein said that was 20 people.

Mr. Zuo said the Board could discuss this issue later. They were short of time and there were a lot of things to be covered. The only thing being sent out would be sent to the ASUC listserve.

#### UPDATE ON REVISION OF SOB CHARTER

Mr. Daal said that on July 8, 2009, the Board passed a Resolution he brought up to consider revising Charter terms for the Board. There were several reasons they wanted to look at the Charter.

The current Board Charter is the only governing document for the Board, and is an element of the 1998 Commercial Activities Agreement between the ASUC and the University. To revise, or amend, the Charter, therefore requires the approval of the SOB, the Senate, and the Chancellor. So it was a major undertaking. The effort to revise the Charter has taken a long time because it's a very large effort.

Mr. Daal said he'd read a list of things that the current set of revised Charter terms would encompass, subject to the approval of the Board.

First, what this revision would do was to take the original Charter and break it up into a charter, by-laws, and standing rules. The charter would be the document that was approved by the Chancellor, the ASUC Senate, and the Board, in order to be brought into force.

The standing rules and the by-laws could be amended at any time by the Board itself, to allow greater agility of the Board. Currently, they're in a situation where the Board can't amend its rules without a lot of external approval. So those things that need external approval would be put into the Charter. But those things that don't need that level of scrutiny would be put into the by-laws.

Mr. Daal said that some other things that the revision would provide would be greater clarity on the role of the Board and what the Board was supposed to be doing. That's a question that comes up frequently. Another question would be what its realm of influence was, what its purview was, its charge.

The revision would also increase clarity on the procedures of the meetings. That includes the rules of order, voting, and electronic voting, which was currently unclear, as well as a stricter budget approval deadline. The Board, for instance, has not yet approved the budget, California style, and they were deep into the new fiscal year.

Mr. Daal said the revision would also encompass rules or standards that enhance continuity, given that the Board was composed of a majority of students who tend to turn over frequently, as well as non-students, who may tend to turn over frequently as well. Mr. Daal said they need to be vigilant about keeping institutional memory and to make sure everybody knew what was going on as they welcome new Board members. So the new rules would include vision sessions, retreats, and a secretariat of the Board to organize information and make it available to the public and to the Board.

Mr. Daal said that was a good segue to another problem that the new rules would address, which was load balancing for the Auxiliary. Currently, the Auxiliary was effectively the staff of the Board. But the question comes up whether that made sense, being staff of the Board and also being ex officio to the Board as a member, and whether the Auxiliary, for instance, should print out the documents that the Board needs. Mr. Daal said perhaps that should be something a student secretariat would do. So the new rule they envision would include doing clerical and administrative tasks for the Board.

Mr. Daal said they also want these new rules to enhance the accountability and clarity of duties of Board members. There's been a question in the past as to what the duty was of Board members; what interests members should serve while on the Board; and what their fiscal responsibility is to the students, or to the ASUC, or to the University. So Mr. Daal said they hope to introduce some clarity around these types of issues.

Mr. Daal said there would also be consequences for breaking rules. They envision a censure policy for Board members who might do things in conflict with rules of the Board. Another thing these new rules would do would be to give some direction regarding the issue of conflicts of interest. That has come up in the recent past and they want to address that issue through some clarity in the proposed by-laws.

Mr. Daal said they also would want these new rules to improve the agility of the Board to respond to changing needs and environments that the Board had to function in. That's what he was talking about before with regard to the Board being able to modify its by-laws and standing rules, but not its Charter.

Mr. Daal said these are the issues, some of them, that they hope to address in the revised charter, by-laws, and standing rules. These documents are developing pretty substantially and there are drafts. He intended to send out a draft to the Board but never got around to it, because at the moment, he had a whole bunch of input that he hasn't gotten around to putting into one draft.

Mr. Daal said that for the past year, ending in June or so, there was a Charter Revision Committee that met on a monthly basis. They got away from that, and he'd like to start that back up. The subcommittee was composed of the ASUC and GA Presidents, Mr. Permaul, and another Board member. In the past, members have changed. So at that point he would like to know who would be interested in participating in writing by-laws, language for the Charter, and standing rules for the Board. As mentioned, these new documents were pretty much evolved, and as soon as he got all of the input incorporated into one document, he'd send that out to the Board. They're at the point of now conferring with the campus as to what the campus would like to remain in the Charter. Those are the changes the campus would need in order to approve the changes.

Mr. Daal called for any questions.

Mr. Poullard asked how much more work he thought would need to be done. Mr. Daal said they had a copy of the changes for the Board, which made some comments that they started to address, and incorporated them into the language. They sent it out to the ASUC lawyers and campus lawyers, who gave all kinds of suggestions, which conflicted at points. Those now have to be reconciled and then a presentation version had to be made.

Mr. Epstein asked who the "campus" was. Mr. Daal said the CAA is the agreement between the Regents and the ASUC. In the previous discussion, every time he said "the campus," he meant the Regents, who have delegated their authority to the Chancellor, who has delegated his authority to members of the

campus community. Mr. Epstein asked if by “campus” he meant designated administrative officials whose approval was needed. Mr. Daal said the Chancellor’s final approval will be needed. The Chancellor will lean on his Vice Chancellors for their relevant sections of this task. Julie Conner, the Chancellor’s lawyer, will also supply input, as will Erin Gore, who has been involved as well.

Mr. Epstein asked if Mr. Daal could send out the original Charter, along with proposed revisions. Mr. Daal said he should have sent that out immediately because there were no changes to it.

Mr. Poullard said there seemed to be some disagreement between what Ms. Conner and Ms. Gore suggested around language requirements and what Mark Himmelstein suggested. He asked if they could get Mr. Daal, Mr. Stern, and those folks in the same room before the Board looked at anything so the language says consider has been vetted. Mr. Daal said that was the next step.

Mr. Landis volunteered to help with the revision. Mr. Daal said he, Mr. Stern, and Mr. Permaul would also be involved. And he would like to get Todd LaPorte’s input, if possible, because his expertise apparently was in organizational theory. Mr. Stern said he would request Mr. LaPorte’s comments before they meet.

#### REVITALIZED LOWER SPROUL RETAIL VISIONING

Ms. Marthinsen said she asked Mr. Daal to put this on the agenda. And she would like to have this as an ongoing item on the agenda for the next six months or so. As Mr. Coley mentioned, the Lower Sproul project is game-changing for the Board, and for the retail and commercial components of the ASUC and its budget. People on the Board were familiar with the “vocabulary” they’ve used to describe Lower Sproul such as 24/7 library space. This was one reason the Chancellor appointed her to the Board. It was a bit odd for a planner, but they’re in a very major planning effort, and she’s been struggling with what she could do on the Board to help.

Ms. Marthinsen said this body had a lot of immediate decisions to make, such as on the kinds of leases to come, things Mr. Daal was working on, and things related to the budget. Those were not her greatest areas of expertise. But what she thought she could help people do was to help people think through where they want to go with the business plan, and what the real ideas were for the commercial space, so the group can begin to give really good information to the design and architectural consultants, and also so that the Board, the campus as a whole, the ASUC, and the SOB, were ready to launch, when leases had to be negotiated. Their retail consultant, Rob York, said it will be 18 months to two years prior to when this construction is finished that they’d have to be ready. That means they had to have in place their big picture idea, their planning idea, and also the business plan, as well as better financial information, so the Board could make decisions about, e.g., what they really want to ask for the rent, what was really up for negotiation, and what expenses were associated with which spaces. So there was a lot of work to do in advance.

In her own discussions with Mr. York, she thought maybe the Board could do some of that. She had a slight exercise for them that day, that would take maybe two minutes. She’d ask them to write what they think will actually be in the space, their idea of what a lively, 24/7 student center would be. This was

separate from what they think revenue would be, unless the only thing they wanted to write was to maximize revenue. She'll collect what people write and collate them, and next month they could have a discussion about this in terms of the long-term business plan.

Mr. Stern asked if the question was just about commercial space, or the entire Plaza. Ms. Marthinsen said it was primarily for commercial space. They could say they want Macy's there, or only mom-and-pop stores run by families. There was a need to understand what people's thinking was. This wasn't about specific vendors, but the kinds of things people were thinking about. If someone wanted a Macy's here, they could say they want a large, national department store. They're not looking for a Macy's, or a Target, but the kinds of things people were thinking about. Mr. York thought this might be a way to get the conversation started.

Ms. Marthinsen said one reason to do this was to separate what they want in the future compared to where they are now. Some of the improvements vendors are making were likely not to be what the Board wants to have happen in the future. That meant that as the leases allow, there will be some cost to the Auxiliary of buying out the cost of vendors' improvements. That might be something to talk about. They had to be comfortable with making short-term and long-term decisions, and to hold that in balance. Mr. York thought they were kind of going in a circular path and weren't seeing beyond what they now have.

Mr. Daal asked about the next step for this. Ms. Marthinsen said she was hoping that this could be on every agenda. Also, they could bring in Rob York to talk to them, and just keep this topic going. They want to have a work plan that was pretty robust. She was willing to help organize that.

Mr. Daal asked if they saw this effort as giving way to the eventual formulation of an ASUC business plan. Ms. Marthinsen said she thought it was completely related to that. As Mr. York said, it was very hard to figure out what cost to assign to individual spaces because that could be looked at in various ways, such as because of agreements that have been made. Mr. Daal said the two have slightly different needs. The first goal was to maybe feed into the modeling the types of spaces that should be designed into Lower Sproul, which was needed by the end of programming for Lower Sproul. The second one was a long-term business plan, which wasn't necessarily needed by the end of the programming phase. Ms. Marthinsen said she thought they were linked. Mr. Daal said he agreed.

Ms. Marthinsen said they talked a lot about flexible space, and she thought they were on the flexible space mode and having space used in multiple ways. The dimensions can be expanded and can be scalable. She didn't think it was possible to nail this before December. If they decided they wanted Macy's there, then they'd know other tasks they'd have to do going forward. If they want only food there, they'd make certain decisions related to the business plan and consider what was needed to run a food service and the expenses and equipment associated with food service.

Mr. Permaul said he thought this was a very valuable exercise for the Board. It would also help them think about what they're doing currently. He agreed it should be at every meeting.

CLOSED SESSION

Mr. Zuo said he would entertain a motion to move into closed session, exempting Mr. Spivey. It was so moved and seconded and passed with no objection.

This meeting entered into closed session to discuss possible new food vendors.

Back in open session, Mr. Stern submitted the following motion:

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Begin motion

Motion on the Fresh Choice Lessee for Room 141 Cesar Chavez vacant commercial space:

The Store Operations Board authorizes the ASUC Auxiliary to prepare a lease for Room 141, Cesar Chavez/ASUC Mall (former Naia Gelateria space) for final review by the Board, and then signature by the ASUC President and the Chancellor or his designee. The lease terms will be modified to grant a fixed term of five years to the above vendor along with two one-year extensions pending possible construction, to cover vendor investment in the infrastructure and appearance of the space. The Board will see the final lease documents electronically before signature. All new or amended leases will include clauses for business interruption and relocation based on the outcome of the BEARS Referendum.

End motion  
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A motion to approve was made and seconded by Mr. Stern and Mr. Poullard.

Mr. Goldstein asked about the average prices that Fresh Choice sells items for. Mr. Permaul said their restaurants sell in relatively upscale areas, soup and salads, so their prices tend to be high. The Auxiliary made it very clear that they expected prices to match those in the Food Court and on Telegraph Ave., so that students would be able to afford it. Mr. Goldstein asked if there was a menu that has been proposed. Mr. Permaul said they'll obtain one from the restaurant.

Mr. Zuo said that seeing no other questions, the Chair would call for a vote.

**THE MOTION TO APPROVE THE LEASE AUTHORIZATION FOR FRESH CHOICE PASSED BY VOICE-VOTE.**

Mr. Permaul said he'll negotiate the lease, get the terms written up by Real Estate Services, and then send it out electronically to the Board for review before they sign.

Mr. Epstein said the small part of him who is a lawyer was uneasy with approving a lease without having seen the terms. Mr. Permaul has given them terms and conditions, but, for example, the terms and conditions they have been discussing don't include any options, and that was important and had financial implications. He didn't know how they'd work that out. The terms and conditions should be more complete with regard to key provisions, and he didn't like voting this way. Mr. Permaul said he understood.

Mr. Daal said he thought the next agenda topic might address that issue.



Mr. Poullard said the Board wasn't approving a lease at that time, but was approving the Auxiliary to move forward with negotiating a more concrete lease that will come back to the Board for approval. Mr. Epstein said he didn't get the sense that it was quite that discrete. He thought the lease was further along the road. There were some terms to be worked out, but the key provisions basically have been worked out. Mr. Permaul said that was correct. Mr. Epstein said those were the ones he was concerned about.

Mr. Marchand asked why Fresh Choice was not named in the documents they received. Mr. Permaul said he didn't want to expose the vendor until they went into closed session to discuss this.

#### ADMINISTRATIVE SUPPORT FOR THE STORE OPERATIONS BOARD

Mr. Daal said it's difficult for the Auxiliary to produce all of the papers that are needed for Board meetings. The Auxiliary has other tasks, and it would be preferable to use Auxiliary staff's time differently. The new by-laws they're working on would create a secretariat. But those by-laws aren't finished yet, and won't be for another couple of months. Mr. Daal said that what they would like to do was to create some type of student secretariat position that would ensure that all Board members have the papers they need; that meetings were set up and that people were reminded; and to provide assistance at Board retreats that they talk about. And the secretariat would do other things, such as update the Web page for minutes and Board decisions.

Mr. Daal said the proposal would have the Auxiliary appropriate funding for a secretariat in the new budget the Board was considering, to be implemented immediately. This would be a student position, something like 15 hours a week, at \$15 an hour, for \$4,000 for the rest of the year. Hopefully these questions of input will be cleared up by charging somebody with that task.

Mr. Stern asked if the current ASUC Secretariat could take on this role. Mr. Daal asked if that was written into their job description. Mr. Permaul said he could discuss that with Jan Crowder. He thought the real issue was getting someone who was competent to do the level of work that the Board needed. And as has been pointed out, there have been issues that year with the current Secretariat. So it really depended on the level of staffing they'd have. He'll check with Ms. Crowder, and the Secretariat would be their first location to go for this.

Mr. Daal said he would envision that Board members would have a binder of all the important documents they need for every meeting, even the confidential meetings, where the secretariat would pass out and collect information. People would get their own binder at every meeting. He believed that would really help their meetings.

Mr. Daal asked if people were generally in agreement that this type of position should be proposed in the budget.

Mr. Goldstein asked where this money would come out of. Mr. Daal said it would come from commercial activity revenue and would be in the Auxiliary budget. Mr. Permaul said it would add to the deficit.

Mr. Landis asked about the difficulty of people doing these things themselves, and having their own binders, and saving \$4,000. Mr. Daal said binders were just one aspect of this broad position. Members

couldn't necessarily store their own copies of leases, which had to be kept with the Auxiliary. And if a Board member wanted to be responsible for making sure their binder was up to date, that would address the issue of being current.

Mr. Coley said he thought the objective was worthy, but he was having trouble with this on two levels. First, it would be nice to have, but with the red ink that they have, it was hard to justify implementing something that was nice to have. The other comment was that if anybody was wondering why the campus was involved in Operational Excellence, what Mr. Daal was describing was really the heart of it. They'd have a secretariat that was charged with servicing the Board.

Mr. Stern noted that the Secretariat doesn't serve the Auxiliary, but the Senate and Executive offices. Mr. Zuo noted that the Secretariat, though, was paid for by the Auxiliary.

Mr. Coley asked what Jan Crowder had to do with it. Mr. Permaul said she oversees the Secretariat.

Mr. Poullard said he took it upon himself to read things that Mr. Permaul posts on the listserve. It was his job to do that and to come to the meeting prepared. He was frustrated about the Board revisiting conversations for things they should have read, and hearing so many questions that could have been answered if people had read the material. Some things they need were specific, and he didn't recall, for example, getting people's bios. That was something that could have easily been posted. He could have read that before coming to the meeting, so he'd know who people are and their backgrounds. People should be prepared and ready to engage in dialogue.

Mr. Marchand said that on the other hand, a Board secretariat would be justified by saving people time, like Mr. Permaul, who was doing other things, and whose time was more valuable than a Work Study student.

Mr. Coley said he thought Mr. Marchand's comments were on target. Mr. Coley said he could probably get his arms around this idea if he had a better sense of what the functions would be that were envisioned, because then it became an economical decision. He asked how these services were now being done, and at what cost, and if it would be more beneficial and economical for the Board to be able to have those things done in a different way.

Mr. Zuo said they were 20 minutes over time. They're almost done, but it seemed like a good portion of the Board was opposed to the idea of spending \$4,000 for additional secretariat work. He would like to suggest that they see what the ASUC Secretariat could do with this idea, and if that didn't work, to revisit the proposal.

Mr. Daal said he heard the question asking for more clarity about the job description, and heard that there was at least sound motivation for having this type of support and off-loading these types of clerical functions from the Auxiliary so staff could be more attentive to leases and such.

Mr. Zuo asked for a show of hands of what people were leaning towards, a straw poll. He asked if a job description would help.

Mr. Daal said the position would provide paperwork for meetings; arrange for posting of minutes; maintain public records; ensure attendance records; update the roster; update standing rules; put things online;

maintain other records for the Board as necessary; give information to new members; assist perspective members; work with the Director of the Auxiliary to communicate to perspective and new Board members; work with the Auxiliary and other relevant campus offices to secure letters of appointment of new members; communicate information; keep an organizational chart of the Auxiliary on the Web site; maintain an ongoing record of addressed questions; coordinate retreats; and arrange for meetings of the Board.

Mr. Epstein moved to table consideration until the next Board meeting. He said that Mr. Coley has posed questions in terms of alternative resources on the campus, and in terms of cost-benefits. The motion to table was seconded by Mr. Stern. **THE MOTION TO TABLE CONSIDERATION OF HAVING A SECRETARIAT FOR THE BOARD PASSED WITH NO OBJECTION.**

Mr. Permaul said that Mr. Marchand asked in an e-mail about information on all the Auxiliary's commercial and marketing sponsorships, and a matrix was put together. He just got it that day and will post it. Mr. Permaul said the same was true with the bios, and he just got them all that day. He'll post them, and for the vendors as well. This was just background information on the Auxiliary's commercial sponsorships.

Mr. Poullard moved to adjourn. The motion was seconded by Mr. Stern and passed with no objection.

This meeting adjourned at 8:25 p.m.

These minutes respectfully submitted by,

Steven I. Litwak  
Recording Secretary

DECISIONS OF THE BOARD

Procedures

**October '10 Mr. Zuo elected as Board Chair**

**October '10 Ryan Landis joins the Board, undergraduate representative.**

September '10 Mr. Daal elected as Board Chair.

September '10 Prof. Edwin Epstein joins the Board.

September '10 Approved Resolution on Board Authorization of Minor Lease Negotiation, whereby negotiations on a minor lease may be stopped by Board vote.

June '10 Approved up to \$13,000 for the search and selection of a Lower Sproul consulting architect and for a LS student relations position.

April '10 Amended Section 3.3 of the CAA to define "minor leases" at \$150,000.

March '10 Emily Marthinsen joins the Board, replacing Ms. Griscavage.

Dec. '09 Welcomed to the Board Khira Griscavage.

Nov. '09 Established a Food Subcommittee for the Bear's Lair Food Court.

Sept. '09 Heard a presentation from Business Services on RFP procedures.

Sept. '09 Voted to have \$20,000 from ASUC reserves, held by the Auxiliary, to be used for the Lower Sproul campaign.

July '09 Welcomed to the Board Prof. Myers and Dean Poullard.

July '09 Elected Mr. Rajan and Mr. Poullard as Chair and Vice Chair.

July '09 Established a subcommittee to consider amendments to the SOB Charter and By-laws.

July '09 Approved an operating principle of perspective vendors submitting an ROI to the Auxiliary before having the matter come to the Board.

May '09 Welcomed Mr. Zuo and Ms. Coleman to the Board, undergrad reps in two-year and one-year terms respectively.

May '09 Approved proposed changes to the CAA that would have the ASUC and the GA share commercial revenue.

Procedures (cont'd)

- 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 first Board meeting as undergraduate representative.
- 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.
- Feb. '05 Mr. Miles and Mr. Williamson joined the Board.
- August '04 Formed an ad hoc committee to study increasing efficiency in information technology.

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.
- Jan. '04 Agreed to send another letter to the ASUC Senate and the GA asking to resolve the question of GA representation on the Board.
- Dec. '03 Voted to send a letter to the ASUC and the GA 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 members orientation by August 30.
- May '03 Agreed on the need for a Board members orientation to be held before the start of the school year.
- Dec. '02 Enhanced Board minutes by adding "Decisions of the Board."

Vendors

- September '10 Paramjit Singh, Subway, and Henry Pham, Saigon Eats, welcomed to the Auxiliary.
- September '10 Approved Kaplan lease for space formerly occupied by STA Travel.
- April '10 Approved the preparation of leases for space Nos. 2 and 3, Saigon Eats and Subway Sandwiches, for a maximum of seven years, with vendors to invest over \$100,000 in infrastructure and appearance of the spaces.
- April '10 Approved the extension of the Coffee Spot lease by two years.

Vendors (cont'd)

- April '10 Voted down a motion to prepare an RFP for copying services at the Postal Annex site.
- Jan. '10 Voted to enter into negotiations with Subway Sandwiches and Saigon Eats.
- Dec. '09 Passed a Resolution to extend the Taqueria lease until May 31, 2010; gave the Taqueria until January 10, 2010, to accept terms that were presented in July. A negative response or no response would have the Auxiliary issue an RFP on January 11, 2010,
- Dec. '09 Determined weights for the Bear's Lair RFP scorecard.
- Nov. '09 Reduced CUBS' rent 50% for the summer months the space was inaccessible due to University issues.
- Nov. '09 Decided to charge a \$500 deposit to CALPIRG.
- Nov. '09 Offered to extend the lease of the Taqueria through May, 2010.
- Oct. '09 Extended the lease of Healthy Heavenly Foods through May, 2010.
- Oct. '09 Extended the Daily Cal lease to September 30, 2012, adding CPI and electrical monitoring.
- July '09 Approved a one-year contract extension for the Daily Cal, through 2012.
- July '09 Approved Mr. Zuo as SOB rep to sit on the Daily Cal Board.
- July '09 Voted to present the SOB's contract to Food Court vendors, and to go to RFP if the terms were accepted.
- May '09 Approved an amendment to the Naia lease, to allow the sales of sushi and salads, with Naia to reopen in the fall.
- May '09 Approved a five-year lease extension for CALPIRG, with new lease terms.
- May '09 Agreed to a three-year lease extension for the Daily Cal, and on terms to repay deferred rent payments, with an SOB member to sit on the Daily Cal Board until repayment.
- April '09 Amended the Panda Express contract and voted to renegotiate.
- April '09 Agreed to present draft contracts to the Coffee Spot, the Taqueria el Tacotento, and Healthy Heavenly Foods, going to RFP's if necessary.
- March '09 Approved the Tully's Coffee contract.
- Feb. '09 Voted to approve the CUBS contract.

Vendors (cont'd)

- Feb. '09 Voted to move forward with the Tully's contract.
- Jan. '09 Voted to continue negotiations with Panda Express and Tully's Coffee.
- Dec. '08 Voted to go out to bid for all Bear's Lair Food Court vendors.
- Nov. '08 Approved Action Vending proposal to increase vending prices.
- Sept. '08 Agreed to Daily Cal terms for deferment and reduction of rent.
- 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.
- May '09 Voted down approval of the proposed Panda Express contract.
- May '09 Voted to go to RFP, on June 30, for the STA Travel space, and any other spaces that become vacant in the coming year.
- May '09 Revised the agreement with CampusLink to end its monopoly on Student Union advertising.
- 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.



Vendors (cont'd)

- March '05 Heard a presentation by Daryl 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.
- April '04 Authorized negotiations for a 12-month contract with the current Bear's Lair tenant, and to terminate the lease if negotiations failed, and to issue an RFP.
- March '04 Agreed to a four-with pilot project for the New York Times Readership Pilot Project.
- March '04 Rejected contract proposals submitted by Pub management, called upon the Commercial Operations Committee 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 community at-large.
- July '03 Approved a five-year lease with the Daily Cal.
- July '03 Authorized an engineering study of the Cal Lodge, for use in negotiations with the lessees.

Vendors (cont'd)

- Sept. '05      Approved used of an inspector suggested by the Alumni Association to inspect the Cal Lodge, to authorize pursuing an agreement for the Alumni Association to manage the Lodge.
- May '05        Approved the further exploration with Daryl Ross of placing a green café at the southeast corner of the Student Union.
- Nov. '04        Approved a two-year lease extension, begin Jan. 1, '05, to the Taqueria and Healthy Heavenly Foods.
- 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.

Student Union / Pauley Ballroom

- September '10 Welcomed Lawrence Lawler as new Student Union Director.
- 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.
- April '10        Approved an appropriation of up to \$3,000 from Auxiliary reserves for Lower Sproul, BEARS Referendum-related expenses.
- Nov. '09        Allocated \$30,000 out of Auxiliary reserves to fund a study on a maximum build-out option for Lower Sproul redevelopment.
- May '09        Learned that due to a possible FEMA grant, phase 3, of the Student Union seismic project would be postponed until the summer of 2010, including the Pub, and the Store, and the Multicultural Center.
- Dec. '08        Work began on the seismic retrofit of MLK.
- Oct. '08        Heard from, gave feedback to, Brailsford & Dunleavy, on Lower Sproul redevelopment.

Student Union / Pauley Ballroom (cont'd)

- 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 Leybovitch, 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 SOB 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.
- Feb. '03 Approved a subcommittee to look into policies for Pauley Ballroom and for fee waivers.

Budget

- Feb. '10 Had a session to envision the Auxiliary budget.
- July '09 Approved the 2009-10 Auxiliary budget.
- April '06 Approved the 2006-7 Auxiliary budget.
- April '05 Approved the 2005-6 Auxiliary budget.
- Sept. '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 OSA position for the GA.
- April '04 Approved the ASUC Auxiliary FY 2004-5 budget, including a transfer to the ASUC of \$50,000 from Auxiliary Contingency Reserves.

Budget (cont'd)

- |          |  |
|----------|--|
| Feb. '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 |

## STORE OPERATIONS BOARD MINUTES

November 22, 2010

Present: (Members and others)

Rich Berberian (Sr. Textbook Mgr.)	Ryan Landis (Board member)	Michael Nicholas (Bd. mbr.)
Ron Coley (Board member)	Nanxi Liu (Board member)	Nadesan Permaul (Auxiliary)
Miguel Daal (LS Steering Cmte.)	Vishalli Loomba (ASUC Sen.)	Jonathan Poullard (Bd.mbr.)
Jeff Deutsch (Bookstore Mgr.)	Philippe Marchand (Bd. mbr.)	Mark Rentz (Asst. Store Mgr.)
Edwin Epstein (Board member)	Emily Marthinsen (Bd. member)	Tom Spivey (Auxiliary)
Elliott Goldstein (ASUC Senator)	Farrah Moos (ASUC Senator)	Marilyn Stager (Auxiliary)
		Noah Stern (Board member)

This regular meeting of the Store Operations Board was called to order by Yishi Zuo at 5:37 in the Senate Chamber.

### PUBLIC COMMENT

Jeff Deutsch, Cal Student Store Director, said he would like to get on the agenda for next month's meeting to give an update on how the Store did last year. He would like to introduce two Managers. Mark Rentz is the Assistant Director, who is very involved in all aspects of the operation. Mr. Deutsch said that if people needed anything in his absence, Mr. Rentz would be the person to go to. Rich Berberian is the Senior Textbook Manager and oversees the adoption process, working with departments to get as many textbooks ordered as early as possible.

### APPROVAL OF THE AGENDA AND MINUTES

Mr. Zuo called for any objection to approval of the agenda.

Mr. Marchand said the only documents they got in advance of the meeting were the Auxiliary budget. He understood they didn't have all the necessary information to distribute beforehand. But he didn't feel comfortable voting on proposals for Follett, Kaplan, or on the former CUBS spot, and he wanted to acknowledge for the minutes that he would abstain on votes on any of those matters.

Mr. Epstein asked if they need the minutes to be a document of over 20 pages, a verbatim record of the conversation. Most minutes distill the essence of discussion on issues. He would request having the minutes at a more manageable length, and suggested four to six pages. Mr. Zuo said they would do that. Speakers talked about the form and length of the minutes.

THE MINUTES TO THE OCTOBER 18 MEETING WERE APPROVED WITH NO OBJECTION.

### SENATOR ACCESS TO THE SOB'S bSPACE MATERIAL

Mr. Zuo said Senators want access to the SOB's bSpace page. The conclusion after discussion with people was that as elected officials, Senators should have some access. If issues arise, such as leaks, the Board could always revisit the issue.

Information in the Auxiliary's bSpace was discussed. Some content was public and some proprietary, and content also included e-mails and personal information.

A suggestion was made to have three levels of access: for voting members, for Senators, and for the public.

Mr. Goldstein said he authored a bill that was unanimously passed by the Senate asking for access to bSpace. Senators, as representatives and ex officio members of the Board, should be informed so they knew what was rumor and what was fact. Trust was an issue, and access would establish trust.

Mr. Epstein said the question was what information the Senate really needed. Mr. Zuo said he could work on that.

Mr. Marchand said Senators already are able to remain for executive session, and bSpace was a virtual executive session. He suggested giving Senators full access, but also adopting a confidentiality policy with possible sanctions for breaches. That could be part of the new By-laws. At the next meeting they could consider a policy brought by the Chair, including expectations and consequences.

Mr. Zuo suggested first giving access to bSpace and then seeing what happens.

Mr. Permaul said there were ways other than bSpace to send information to Board members only. The only information he'd recommend removing from bSpace was printed versions of actual terms that are considered in closed session. Those terms could be copied and distributed. In the past, he's printed entire leases without financial terms or any proprietary information.

Mr. Marchand moved to give Senators the same access to bSpace information as voting members of the Board, and to ask the Chair to come up with confidentiality measures against possible breaches, for voting and non-voting members of the Board. The motion was seconded.

Mr. Daal suggested a motion to grant Senators access to bSpace and to leave it to the Chair to determine which documents to put on the site.

Mr. Zuo said there was no way to make confidential information available to 20 Senators. There was too much information. He didn't see an alternative to Mr. Daal's suggestion.

Mr. Marchand's motion giving Senators the same access to bSpace as Board members failed by hand-vote.

Mr. Daal moved to grant Senators access to bSpace and until the new Charter is adopted, to allow the Chair to determine what was confidential, as a guide to what was put on bSpace.

Mr. Poullard said he was concerned about holding people accountable when things are breached, which has happened twice since he's been on the Board. It puts the Auxiliary in a difficult place.

Mr. Stern suggested keeping confidential information off bSpace until they had a concrete policy for breaches of confidentiality.

Mr. Daal's motion above, failed by hand-vote 4-4-1, to give Senators access to bSpace.

Mr. Goldstein expressed his disappointment in the Board. He thought that all non-student members of the Board voting against student access was against the purpose of the ASUC as a student-run organization.

Mr. Epstein said he'd like a well-constructed motion that lays out what would be available to Senators and what the sanctions would be if a breach occurred.

Mr. Coley noted that not all non-students voted against Mr. Daal's motion, and said he voted for it.

Mr. Poullard said he thought they first need a policy on accountability.

Mr. Nicholas said they needed to have the structure for what was and wasn't confidential, and for putting information on bSpace.

Mr. Zuo said he'll try to work on getting get confidentiality measures to propose.

Mr. Epstein moved to reconsider Mr. Daal's motion. The motion was seconded and passed with no objection.

Mr. Daal's motion was to allow Senators access to bSpace, with the Chair to determine what confidential items should not be included on the site.

Ms. Marthinsen said that since the bSpace site has sensitive information, before it's made available, sensitive information should be removed.

**MR. DAAL'S MOTION, ABOVE, WAS APPROVED BY HAND-VOTE 4-2-3. IT ALLOWS SENATORS ACCESS TO bSPACE, WITH THE CHAIR TO DETERMINE WHAT ITEMS WERE CONFIDENTIAL AND TO REMOVE THEM.**

### LOWER SPROUL RETAIL VISIONING

Ms. Marthinsen said at their last meeting people wrote down what they thought would be in Lower Sproul, and she put the results together. Overwhelmingly, everybody talked about food, and a slightly less, about drink. There was a little bit about non-retail space and other aspects of the project, like hang-out space. An asterisk on the form was something three or more people mentioned, and included revenue and sustainability.

Almost everybody wrote about food service and about having diverse choices: sit down/quick serve, chains/small vendors. This suggests that conversations at the Board should be less about individual vendors and more about providing varying price points and types of food, and the overall look. Things now were being considered one-at-a-time, piecemeal. The survey suggests that they might want to insert more food in the programming process.

Mr. Daal said that what shocked him was MRY's projection of only \$245-347,000 a year total in base rent in the scenario that would maximize retail, although that didn't include the Bookstore.

Mr. Permaul said they actually had a small footprint. The Mall was in transition, and for a long time, they couldn't even attract vendors. The new Lower Sproul will be a destination point.

Mr. Coley said that what Ms. Marthinsen talked about was the possibility of a full-service firm outfitting the entire area. Mr. Permaul said Riverside, Davis, Irvine, and most Pac-10 schools have a single vendor that provides options.

Ms. Marthinsen said the LS project will not add a lot more space. What was mostly happening was that the space was being reconfigured. She also noted that other schools were more isolated than Cal, and didn't have as many nearby food options.

Mr. Daal said that MRY's projection for hybrid usage was \$145-205,000. Mr. Permaul said that was about \$2.88 per square foot.

Auxiliary income from leaseholders and vending was \$343,00.

Mr. Permaul asked about the next step for LS visioning. Ms. Marthinsen said they could hear a presentation from a current consultant already on-site, or she and Mr. Daal could put together what was said. Mr. Daal said they could also decide on a commercial revenue target and translate that into square footage. Mr. Stern said they had to make sure they don't have empty store fronts when they open up the new LS. Mr. Coley said they need to compare rent they now receive with the MRY models that Mr. Daal mentioned.

#### REPORT FROM THE AUXILIARY DIRECTOR

- Hopefully, the Board will approve that evening moving forward with the Kaplan lease.
- An offer was made to fill the Lecture Notes Manager position.
- The Art Studio Manager resigned for another, outstanding offer and will become Executive Director of the Institute of the Book. The Art Studio will have interim management.
- The Auxiliary will work on physical plans for the Fresh Choice space and its lease options.

A summary of information on the revised budget was sent out.

- The operating budget last year had a built-in deficit of \$70,000. There is an additional \$127K in shortfall, including \$133K due to lack of revenue.
- Net payroll will increase be about \$29K, as a result of two positions being reclassified.
- The Auxiliary is down by \$34K for S&E against the budget.
- All funds' deficits was \$313K, including \$103K in maintenance and capital projects costs. They will defer about \$50K in projects they had anticipated doing that year.
- Operating reserves are at about \$500K.



Mr. Poullard asked about exposure due to deferred maintenance. Mr. Spivey said he'll take out three projects: He'll defer having a contingency, \$20K; leak abatement, \$30K, as that work in the Union will hopefully now be done by the campus; and toilet replacement will stop.

Mr. Permaul noted that they had three more quarters for the fiscal year for potential maintenance issues. Elevator maintenance will be \$50K, at least. The demand is high, 18 hours a day.

Mr. Goldstein suggested putting up signs to try and reduce elevator usage.

Mr. Zuo asked what options have been explored to reduce the deficit. Mr. Permaul said that operationally, they're at the bare bone. Under Activity-Based Costing, if they eliminate programs, indirect costs are shifted to other areas. They expect a \$97K shortfall for the Art Studio. That amount would be subsidized. Closing it down mid-year, the subsidy would go up to \$142K because indirect costs would shift and they wouldn't pull in Studio revenue. The only program where they could save money was Student Affairs, since it was completely subsidized and generated no revenue. With OE, they could possibly collapse one position and eliminate another, but the Auxiliary was at the nadir of its ability to reduce. Reducing the deficit by cutting would mean they'd have to decide what services to simply stop providing.

Mr. Permaul said the Board had to look in the next budget cycle of what services it wants to provide, and think about the plan for the next five years.

The good news was that next year, with all the contracts in place they'll have almost \$167K in additional rent. There could also be a substantial increase in soft drink revenue, enough to eliminate the entire deficit, although not the systemic issues of growing expenses and not growing revenue. Mr. Stern said the Chancellor was also close to accepting the Principles for Commercial Partnership, which could create other opportunities across campus.

Mr. Daal asked about the pension fund. Mr. Coley said they could anticipate a 20% increase. Ms. Stager said the cost for the pension fund cost was \$52K that year.

Mr. Daal said external forces make it impossible to plan a multi-year budget, like pension funds and people not being paid enough.

Mr. Permaul said they should have been growing total revenues 3.5% a year to maintain the status quo, and they haven't approached that in the last three years.

There are comparisons for the cost of services from the Dean of Students office and from RSSP, for operations and custodial services that will help to target service levels and set trajectories for upcoming years.

Filling the Mall that year will make a significant difference.

Mr. Epstein said they seemed to be thinking of money coming from one pot, from current revenue sources, and not having an entrepreneurial mindset. Mr. Daal said they're constrained by campus policies. Mr. Stern said the Principles for Commercial Partnership with the campus states that the campus should help in finding revenue opportunities across the campus. Mr. Spivey said that either the campus does business with someone else or departments take the business elsewhere.

Mr. Goldstein asked about increasing student employees, such as for custodial work.

Mr. Poullard said they had a unique socio-political culture on what appropriate businesses were for the campuses. In addition, they're constrained by campus policy and its decentralized structure.

Mr. Stern he would rather not pass a budget until they knew what other opportunities exist to increase revenue in the next three years, action items to address this situation.

Ms. Marthinsen said there were other ways to raise money. Perhaps they could lease space to developers, incubators, such as those working on technology transfers. They could talk to Michael Cohen about that. They had to get out of the idea of just being a Food Court. One idea was fundraising, and they don't go after donors. Also, she would like a list of expenses to prioritize. Mr. Daal said they did that last year, and it was very difficult.

Mr. Poullard said the Board should have a retreat to develop plans.

Mr. Coley said the trajectory the Auxiliary was on was very clear.

Ms. Liu there were simple ways to get money, like sponsorships. PWC will give \$5K a semester for just putting a logo on a Web site. But some people in student government were against something like that. Alcatel Lucent will pay \$10,000 to host an event. The Auxiliary was limited by what it was allowed to do.

Ms. Moos suggested offering classes in the Art Studio for credit and recharging academic departments. There were ways to raise revenue that weren't dependent on space.

Mr. Daal asked to collect these ideas and look at them.

Mr. Coley said this conversation hasn't occurred in the past. This was a special moment, having this discussion on this problem. In its absence, they've seen revenue opportunities erode.

Mr. Zuo said he'll consult with people and figure out a way to move forward.

Mr. Poullard moved to have a retreat before the start of next semester to think about a 2-3 year plan for the budget and address the current year's shortfall. Mr. Zuo will work on having a retreat in December or January.

Mr. Epstein asked about Mr. Coley's comment that this was the first time this budgetary discussion occurred, and thought such a discussion would have been natural. Mr. Coley they have at times been overwhelmed. There was no crowd of people there, and the Board could have a civil conversation. There have been numerous attempts to consider these matters. The Board also used to have a budget committee, a finance committee, and a structure they put in place. But it was rare to have the conversation they've had that evening.

Mr. Daal said he noticed the change first when the Board worked on revenue sharing and saw data showing flat Auxiliary revenue. Mr. Coley directed the adoption of the activity-based model for budgeting, which showed how indirect costs were killing them. So they now can make future projections.

Mr. Poullard said they have also missed opportunities to fix holes in the budget, due to the politics around those opportunities, and the types of businesses students do or do not want change.

Mr. Zuo said he would like to re-establish a budget subcommittee. Mr. Daal said it's a standing committee, per the Charter. Members volunteering included Mr. Epstein, Ms. Liu, Ms. Marthinsen, Mr. Permaul. Mr. Zuo said they'd call it the "Finance Committee."

Mr. Zuo will find a suitable time for as many as possible to attend a one-day retreat in December or January.

#### FOLLETT LEASE EXTENSION

Mr. Permaul said he wasn't going to request action on the Follett extension, but distributed the motion he was asking the Board to consider, to give them some background. It should be done in conjunction with the budget and they could consider the extension later.

#### EXECUTIVE SESSION

Mr. Zuo asked to meet in executive session. A recess was requested. The meeting was recessed. Back in session, this meeting entered into closed session to discuss possible bids for the CUBS spot.

BACK IN OPEN SESSION, A MOTION TO MOVE FORWARD WITH THE LEASE AGREEMENT WITH MAOZ VEGETARIAN PASSED BY HAND-VOTE 4-0-4.

#### KAPLAN LEASE

Mr. Zuo said the contract for the Kaplan lease was sent out. Mr. Permaul said no motion was needed, and absent any objections or corrections, he'd sign the lease.

The meeting adjourned at 8:15 p.m.

These minutes respectfully submitted by,

Steven I. Litwak  
Recording Secretary

DECISIONS OF THE BOARD

Procedures

- Nov. 10**      **Voted to give Senators access to SOB bSpace material, with the Board Chair to remove confidential material.**
- Nov. '10**      **Decided to have shorter minutes.**
- October '10    Mr. Zuo elected as Board Chair
- October '10    Ryan Landis joins the Board, undergraduate representative.
- September '10 Mr. Daal elected as Board Chair.
- September '10 Prof. Edwin Epstein joins the Board.
- September '10 Approved Resolution on Board Authorization of Minor Lease Negotiation, whereby negotiations on a minor lease may be stopped by Board vote.
- June '10      Approved up to \$13,000 for the search and selection of a Lower Sproul consulting architect and for a LS student relations position.
- April '10      Amended Section 3.3 of the CAA to define "minor leases" at \$150,000.
- March '10      Emily Marthinsen joins the Board, replacing Ms. Griscavage.
- Dec. '09      Welcomed to the Board Khira Griscavage.
- Nov. '09      Established a Food Subcommittee for the Bear's Lair Food Court.
- Sept. '09      Heard a presentation from Business Services on RFP procedures.
- Sept. '09      Voted to have \$20,000 from ASUC reserves, held by the Auxiliary, to be used for the Lower Sproul campaign.
- July '09      Welcomed to the Board Prof. Myers and Dean Poullard.
- July '09      Elected Mr. Rajan and Mr. Poullard as Chair and Vice Chair.
- July '09      Established a subcommittee to consider amendments to the SOB Charter and By-laws.
- July '09      Approved an operating principle of perspective vendors submitting an ROI to the Auxiliary before having the matter come to the Board.

Procedures (cont'd)

- May '09 Welcomed Mr. Zuo and Ms. Coleman to the Board, undergrad reps in two-year and one-year terms respectively.
- May '09 Approved proposed changes to the CAA that would have the ASUC and the GA share commercial revenue.
- 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 first Board meeting as undergraduate representative.
- 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.

Procedures (cont'd)

June '05	Re-elected Mr. Cohen as SOB Chair and elected Ms. Putnam-Smith as Vice Chair.
Feb. '05	Mr. Miles and Mr. Williamson joined the Board.
August '04	Formed an ad hoc committee to study increasing efficiency in information technology.
July '04	Elected Elliot Cohen as Acting Chair of the SOB, for 2004-5.
April '04	Considered and amended ASUC Auxiliary Budget Principles.
Jan. '04	Agreed to send another letter to the ASUC Senate and the GA asking to resolve the question of GA representation on the Board.
Dec. '03	Voted to send a letter to the ASUC and the GA 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 members orientation by August 30.
May '03	Agreed on the need for a Board members orientation to be held before the start of the school year.
Dec. '02	Enhanced Board minutes by adding "Decisions of the Board."

Vendors

September '10	Paramjit Singh, Subway, and Henry Pham, Saigon Eats, welcomed to the Auxiliary.
September '10	Approved Kaplan lease for space formerly occupied by STA Travel.

Vendors (cont'd)

- April '10 Approved the preparation of leases for space Nos. 2 and 3, Saigon Eats and Subway Sandwiches, for a maximum of seven years, with vendors to invest over \$100,000 in infrastructure and appearance of the spaces.
- April '10 Approved the extension of the Coffee Spot lease by two years.
- April '10 Voted down a motion to prepare an RFP for copying services at the Postal Annex site.
- Jan. '10 Voted to enter into negotiations with Subway Sandwiches and Saigon Eats.
- Dec. '09 Passed a Resolution to extend the Taqueria lease until May 31, 2010; gave the Taqueria until January 10, 2010, to accept terms that were presented in July. A negative response or no response would have the Auxiliary issue an RFP on January 11, 2010,
- Dec. '09 Determined weights for the Bear's Lair RFP scorecard.
- Nov. '09 Reduced CUBS' rent 50% for the summer months the space was inaccessible due to University issues.
- Nov. '09 Decided to charge a \$500 deposit to CALPIRG.
- Nov. '09 Offered to extend the lease of the Taqueria through May, 2010.
- Oct. '09 Extended the lease of Healthy Heavenly Foods through May, 2010.
- Oct. '09 Extended the Daily Cal lease to September 30, 2012, adding CPI and electrical monitoring.
- July '09 Approved a one-year contract extension for the Daily Cal, through 2012.
- July '09 Approved Mr. Zuo as SOB rep to sit on the Daily Cal Board.
- July '09 Voted to present the SOB's contract to Food Court vendors, and to go to RFP if the terms were accepted.
- May '09 Approved an amendment to the Naia lease, to allow the sales of sushi and salads, with Naia to reopen in the fall.
- May '09 Approved a five-year lease extension for CALPIRG, with new lease terms.
- May '09 Agreed to a three-year lease extension for the Daily Cal, and on terms to repay deferred rent payments, with an SOB member to sit on the Daily Cal Board until repayment.
- April '09 Amended the Panda Express contract and voted to renegotiate.

Vendors (cont'd)

- April '09 Agreed to present draft contracts to the Coffee Spot, the Taqueria el Tacotento, and Healthy Heavenly Foods, going to RFP's if necessary.
- March '09 Approved the Tully's Coffee contract.
- Feb. '09 Voted to approve the CUBS contract.
- Feb. '09 Voted to move forward with the Tully's contract.
- Jan. '09 Voted to continue negotiations with Panda Express and Tully's Coffee.
- Dec. '08 Voted to go out to bid for all Bear's Lair Food Court vendors.
- Nov. '08 Approved Action Vending proposal to increase vending prices.
- Sept. '08 Agreed to Daily Cal terms for deferment and reduction of rent.
- 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.
- May '09 Voted down approval of the proposed Panda Express contract.
- May '09 Voted to go to RFP, on June 30, for the STA Travel space, and any other spaces that become vacant in the coming year.
- May '09 Revised the agreement with CampusLink to end its monopoly on Student Union advertising.



Vendors (cont'd)

- Feb. '06 Authorized pursuit of a judgment against the previous Cal Lodge leaseholder on behalf of the ASUC and the ASUC Auxiliary.
- Sept. '05 Authorized the Chair to write a letter to Associate Vice Chancellor LeGrande about the rate and usage of the Cal 1 Card.
- March '05 Heard a presentation by Daryl 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.
- April '04 Authorized negotiations for a 12-month contract with the current Bear's Lair tenant, and to terminate the lease if negotiations failed, and to issue an RFP.
- March '04 Agreed to a four-with pilot project for the New York Times Readership Pilot Project.
- March '04 Rejected contract proposals submitted by Pub management, called upon the Commercial Operations Committee 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.

Vendors (cont'd)

- Aug. '03 Amended the Daily Cal lease to have a code of conduct for the paper discussed by the campus community 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.
- Sept. '05 Approved use of an inspector suggested by the Alumni Association to inspect the Cal Lodge, to authorize pursuing an agreement for the Alumni Association to manage the Lodge.
- May '05 Approved the further exploration with Daryl Ross of placing a green café at the southeast corner of the Student Union.
- Nov. '04 Approved a two-year lease extension, begin Jan. 1, '05, to the Taqueria and Healthy Heavenly Foods.
- 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.

Student Union / Pauley Ballroom

- September '10 Welcomed Lawrence Lawler as new Student Union Director.
- 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.
- April '10 Approved an appropriation of up to \$3,000 from Auxiliary reserves for Lower Sproul, BEARS Referendum-related expenses.
- Nov. '09 Allocated \$30,000 out of Auxiliary reserves to fund a study on a maximum build-out option for Lower Sproul redevelopment.

Student Union / Pauley Ballroom (cont'd)

- May '09 Learned that due to a possible FEMA grant, phase 3, of the Student Union seismic project would be postponed until the summer of 2010, including the Pub, and the Store, and the Multicultural Center.
- Dec. '08 Work began on the seismic retrofit of MLK.
- Oct. '08 Heard from, gave feedback to, Brailsford & Dunleavy, 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 Leybovitch, 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 SOB 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.
- Feb. '03 Approved a subcommittee to look into policies for Pauley Ballroom and for fee waivers.

Budget

- Feb. '10 Had a session to envision the Auxiliary budget.
- July '09 Approved the 2009-10 Auxiliary budget.
- April '06 Approved the 2006-7 Auxiliary budget.
- April '05 Approved the 2005-6 Auxiliary budget.

Budget (cont'd)

- Sept. '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 OSA position for the GA.
- April '04      Approved the ASUC Auxiliary FY 2004-5 budget, including a transfer to the ASUC of \$50,000 from Auxiliary Contingency Reserves.
- Feb. '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

## STORE OPERATIONS BOARD MINUTES

December 16, 2010

Present: (Members and others)

Sam Baba (Vendor)	Emily Marthinsen (Bd. member)	Josh Shaeffer (Vendor)
Ron Coley (Board member)	Michael Nicholas (Board member)	Tom Spivey (Auxiliary)
Miguel Daal (Board member)	Nadesan Permaul (Auxiliary)	Marilyn Stager (Auxiliary)
Jeff Deutsch (Store Mgr.)	Jonathan Poullard (Bd. member)	Noah Stern (Board member)
Philippe Marchand (Bd. member, via phone)	Mark Rentz (Asst. Store Mgr.)	Yishi Zuo (Board member)

This regular meeting of the Store Operations Board, concluding the Fall Semester, was called to order by Yishi Zuo at 6:08 in the Senate Chamber.

### APPROVAL OF THE AGENDA AND MINUTES

Mr. Zuo said he would like to move to approve the minutes from the previous meeting, November 22. THE MINUTES OF THE NOVEMBER 22, 2010 MEETING WERE APPROVED WITH NO OBJECTION.

Mr. Zuo said that before they go into the agenda, he would like to move closed session as well as motion to discuss the leases first, after public comment. THE AGENDA, AS AMENDED, WAS APPROVED WITH NO OBJECTION.

Mr. Daal said he and Ms. Marthinsen were going to do a presentation on Lower Sproul finance but it wasn't on the agenda. Mr. Zuo said that was his mistake. Mr. Nicholas moved to hear that at the next meeting, since so few people were present at that time. Mr. Zuo said that with no objection, they'd hear the presentation that at the next meeting.

### PUBLIC COMMENT

Mr. Permaul said the two vendors opening up the concession at the old CUBS location have been meeting with him and Mr. Spivey. They had hoped to present lease terms that evening, but Real Estate Services wasn't done with them. However, the vendors wanted to talk about some modifications they made to the concept they're proposed.

Josh Schaffer introduced himself and Sam Barber, local businessmen working to open the old Credit Union space. They wanted to let the Board know that their plans have changed due to changes in the marketplace. They were present to explain their new concept. Since their last time there, the yogurt and

ice cream marketplace has kind of blown up. They still think yogurt and ice cream would be a successful concept on campus, but they'd rather be a first mover and not a follower, so they want to do something a little more unique that wasn't currently being offered, something they think students will embrace and enjoy.

Pinkberry got approved by the Berkeley City Council that fall and Tutti Frutti, similar to Yogurtland, will be opening up on Telegraph. In addition Jamba Juice will apparently start to carry yogurt, and Cream also just opened on Telegraph. Mr. Schaffer said that their original plan was somewhat compelling, but in the past two and a half months marketplace dynamics have changed.

Mr. Baba said their new idea was to have a blended juice bar, with fruit and vegetables. People could have a blended drink with vegetables, sweetened with juice, and get the recommended five servings in a 16-ounce glass. The other aspect will be a wall of items for people to make trail mix. The names they have for these are "Follow the Trail" and "Five a Day." They think these two offerings are a good marriage. They're healthy, will be organic when possible, and will keep with green and sustainable concepts. It's unique, as nobody else does a blended drink, and people currently just have juice and smoothies.

Mr. Permaul asked about price points. Mr. Shaeffer said they need to figure that out, but people will walk out of there for no more than \$5. A pound of trail mix will be between \$6-9 a pound. They feel the price point will be very friendly to students. Another nice thing about this concept is that it's fairly easy to put in place and it wouldn't delay things. They envision opening up around March. There's no cooking and not a lot of equipment will be needed.

Mr. Daal said these concepts were new and untried. He asked how flexible they'd be to respond if their return comes in under par, if that turns out to be the case. Mr. Shaeffer said that as with everything, they're taking a risk. Juiced-blended bars do pretty well, and there wasn't anything on campus like it. It would tie in with what was going on. Fresh Choice will be right behind them and people from Kaplan and from the RSF will need pick-me-ups. Mr. Baba said they'd be wide open to change, if necessary. Mr. Shaeffer said he's opened up 16 businesses and listens to his customers.

Mr. Daal asked how much money they planned to put into improvements. Mr. Shaeffer said they're working on the budget at that time. Costs will be minimal. They'll probably open up large doors in the front, where the windows are. Costs will probably be \$20-30,000.

Mr. Daal asked what impact they saw with Lower Sproul revitalization, while the Plaza was torn up. Mr. Shaeffer said that was a main concern, and maybe something to talk about in the lease before it's finalized.

Mr. Nicholas asked about the cups they'd use. Mr. Shaeffer said they want to make this as affordable as possible. Compostable cups were 4-5 times more expensive than recyclable cups. They'll get students' input and they could talk to the Board about price points on cups, and see what they thought was best. Mr. Baba said they'd have a deal for people who came in with a bottle; and they'd sell bottles, or give them away.

Mr. Baba said they hadn't wanted to make these changes and felt bad about them, but it was business. Yogurt was feasible, but the market now was saturated.

Mr. Zuo said he would like to thank them for attending, and said they'd have to discuss this further. Mr. Baba said they were always available and were flexible.

Continuing Public Comment, Mr. Zuo said that Mr. Deutsch had a comment he wanted to make. Mr. Deutsch said the Store was on the agenda twice that evening, and the items were entirely separate.

#### CLOSED SESSION

Mr. Zuo said he would entertain a motion to go into closed session, with the exception of Mr. Spivey. It was so moved and seconded and passed with no objection. This meeting entered into closed session to discuss the Fresh Choice lease.

Back in session, Mr. Zuo said he would entertain a motion to table discussion of the Fresh Choice lease. It was so moved and seconded. THE MOTION TO TABLE DISCUSSION OF THE FRESH CHOICE LEASE PASSED WITH NO OBJECTION.

#### CAL STUDENT STORE PRESENTATION BY JEFF DEUTSCH, DIRECTOR

Mr. Deutsch introduced Mark Rentz, the Assistant Bookstore Director. Every year they do a program review with Mr. Permaul and Mr. Coley. The screen showed a picture of Bookstore staff. If the Board wanted to talk about any specific part of the business at a subsequent meeting, he'd be glad to bring any of the managers to that meeting.

The next screen showed what they're doing with the community. Obviously they support the ASUC, but they also have a long list of organizations on campus they support in any number of ways. Above and beyond the \$1.75 million that goes to the Auxiliary, this year they'll spend almost \$10,000 in donations, focused on student groups, with some administrative organizations as well.

Mr. Deutsch said the slides are for the previous academic year, 2009-10.

Textbook rental has been implemented. They did an in-store promotion that raised about \$5,000 for cancer charities.

Online sales have grown 17%, with 22% increase in transactions. They've seen double-digit growth in online business for at least the last five years. Their first full year of the computer store is completed.

As for other partnerships, they spend a lot of time with campus leadership in trying to increase adoptions. They had a student feedback group last spring for the Store's marketing. A member of the Board, Ryan Landis, was part of that. It was really successful, and the Store was actually rolling out quite a bit from that. Marketing is one thing the Store has done poorly in the past. It's been somewhat generic and has not catered to the Cal community. They're now trying to do as much campus-specific marketing as

possible. Other than the Rent-A-Text, everything else shown on the screen was Cal specific. They're also doing a lot more social networking. People should check out the Store's Facebook page. They just uploaded a movie that was done by a Cal student about buy-back. They want to make their Facebook page a space to go to for entertainment, when students want to take a two-minute break from studying.

Mr. Deutsch said their main mission was to provide textbooks and course materials, but obviously, the clothing side was really important to them, and a great revenue driver when trying to exceed the Auxiliary's guarantee of \$1.75 million. Aside from increasing adoptions and possibly getting new contracts on campus, having really robust clothing sales was the best way to exceed the guarantee. This year was kind of rough because of the football team, but the Store did okay last year.

The next screen showed some of responses they've made to the economy. They have a lot more value-priced items and a lot of cheaper options.

Mr. Coley asked how they factored in the football team being away next year. Mr. Deutsch said they expect to lose approximately \$500,000 in revenue, assuming football games provide no bump at all. That was their worst-case scenario. They've discussed this with Mr. Stern and Mr. Permaul and have talked about having viewing parties on campus and trying to make Lower Sproul a destination for people who won't be able to fit into the stadium. They've had some conversations about going off-site, but doing that to make up what they do on game days would be difficult.

Mr. Coley asked if they've done an analysis of having big screens, with maybe a couple of thousand people attending. Mr. Permaul said they're working with Intercollegiate Athletics' Community Services to try to put together a consortium. They have reserved Pauley Ballroom for all home games. They could bring 900 people to Pauley. They're looking to see if they could put together a package.

Mr. Deutsch said the only benchmark they had was from a Lower Sproul viewing party that Will Smelko put together for an away game; and there was no bump. But it was raining and Cal got blown out. He's heard conflicting stories as to how long it will take to complete the new Stadium, and hopefully it will only take one year.

Mr. Deutsch said the Store does a ton of book events around campus and in the Store. These lose money or break even, but they think its real value to the academic and the pop culture community. Mr. Deutsch said he was really passionate about this element, but it wasn't a big business for them.

They're working with a Cal alumnus who has a product, CaféScribe, which combines digital textbooks with social networking. It allows networks people with others in their class. It hasn't caught on yet, but they think rental will develop, along with a robust course materials environment, and they think this network will be tremendous down the road. Some smart phone apps for this will be rolled out in the spring.

The next screen showed savings students enjoy from used books. Students save 25%, and through buy-backs and used books, students have saved over \$1 million a year for the past three years. There was a drop-off in the amount saved year because some big classes started new editions of books, which happens every three years. This year in rental alone they'll probably save students at least \$1 million. And in almost an exact correlation, the sooner they get book adoptions, the more books they can get and the more students save.



Mr. Deutsch said the next slide talks about sustainability. They work very closely with STEAM, and student sustainability groups promote buybacks. The Store was involved in the inaugural PlayGreen Festival and has significantly expanded the selection of green products. They were really behind companies that were completely tied into communities that produce clothing. The Store has been carrying compostable bags. He regularly meets with the Director of Sustainability on campus. They walk through the Store and she points things out.

Mr. Deutsch said the next screen showed company goals that include driving adoption, marketing plans, encouraging the use of e-Follett, and have one-on-one meetings with faculty. In the Store, rental is their big focus for this year, as well as service standards, training, development, and employee recognition.

Mr. Coley asked if the students know about the \$500,000 they collectively saved. Mr. Zuo said that would be a good marketing point.

Mr. Poullard suggested having an advisory committee, a ready-made focus group, to help to think about how the marketing was working. Cal-SO was thinking of starting a required reading for summer freshmen. The Bookstore could sponsor the books. For leadership symposiums, they could have authors there. He thought there were ways to raise the visibility of the Bookstore, which would benefit students since that was money back to them in the end.

Mr. Deutsch said student group partnerships came out of the student focus group, and the Store really wants to expand that. So any ideas would be great. He'd be happy to speak to any topics on that.

Mr. Daal asked about graduate student patronage. Mr. Deutsch said the feedback from the GA was that grads don't buy books there and don't go to the Store. But he couldn't give specifics. There's been a little talk about having the point-of-sales system show undergraduate versus graduates, but there were system limitations and other issues.

Mr. Coley said a past ASUC President, Misha Leybovitch, about five years ago, before Follett got there, created a marketing team of students that was very aggressive and actually transformed the mindset of a lot of students. It might be too late in the year to think about something like, but Mr. Coley said he's always regretted that they didn't continue that. The three or four people in the team were very assertive and very knowledgeable about the Bookstore. Doing something like that was just a thought.

#### EXTENSION OF FOLLETT'S LEASE BY ONE YEAR

Mr. Zuo said the motion was to extend Follett's lease by one year, to expire in 2013, in order to resolve an over-payment in 2008-9. Mr. Permaul said this was simply a timing matter. They weren't able to execute the agreement to the Computer Store in a timely way. That agreement is an amendment to the master lease. When Follett paid commissions, it was forced to use the master lease, which was the only agreement in place. Follett ended up over-paying based on the terms that were negotiated.

Mr. Permaul said the Auxiliary could either repay Follett that year \$200,000, which would add to the deficit, or extend the lease one year, to 2013.

Mr. Daal noted that this impacts surge for Eshleman, since one option was to surge into MLK. If Follett wasn't in all of its spaces in 2013, when Eshleman is demolished, then those spaces would be viable surge options.

Mr. Deutsch said he thought the current contract went to 2013.

Mr. Daal said the surge demand was still very undefined, and they haven't discussed it.

Mr. Permaul said the term ends 6/30/13, so it's an extra year.

The motion to approve was made and seconded by Ms. Marthinsen and Mr. Stern. Mr. Zuo said the motion was to extend the Follett lease by one year, to expire in 2014, in order to resolve an overpayment in 2008-9.

Mr. Coley said he would like to offer an amendment. The Board could vote on this, but that doesn't make it actionable, and more things needed to be done. He wasn't personally confident enough about this and had to know if, during this period, the Auxiliary received \$200,000 above the \$1.75 million they get. Mr. Permaul said they didn't. Mr. Coley asked if they received amounts above the minimum payment during these years. Mr. Permaul said they didn't in 08-09. Mr. Coley said he, Mr. Deutsch, and Mr. Permaul should talk about this offline. Also, since this motion amends the contract, it would have to go to the OP. The Board could approve this contingent upon other administrative groups being satisfied.

Ms. Marthinsen said the motion was for the Board to approve extending the Follett lease by one year, to expire in 2014, in order to resolve an overpayment in 2008-9, pending further review, analysis, and approval by the campus and UCOP.

THE MOTION TO APPROVE EXTENSION OF THE FOLLETT LEASE BY ONE YEAR PASSED WITH NO OBJECTION.

#### REPORT ON THE FINANCE COMMITTEE MEETING

Mr. Permaul said the Finance Committee met about a week ago. They talked about looking at what services the Auxiliary needed to provide the students. He said Ms. Marthinsen suggested changing the terms and categories of how they look at the Auxiliary's budget, to be more of a conceptual budget, looking at broader functions. The hand-out showed areas of the current ASUC Auxiliary: administration, operations, student services; and financial services. The broad categories that the Finance Committee's discussion produced were management function, student org advising, programs (Lecture Notes, Art Studio, SUPERB, OCF), and support of the ASUC, listed at \$350K. The proposal was to separate out the indirect costs for each service and to look at revenue that supports each area in order to analyze where the Auxiliary needed to go over the next two to three years.

Mr. Daal asked how that would be different from the activity-based model that included full costing. Mr. Permaul said they previously looked more at programs, and now will look at functions. Ms. Marthinsen said she thought this would help people understand because pieces were too entangled. This

was just a way to think about things. It also helped to think about how much money needed to be generated by Lower Sproul commercial activities.

Mr. Permaul said the next step was for students to think about what they consider to be the important services and programs the Auxiliary needed to provide for the ASUC. They also needed to consider the other things the Board needed to look at this financial model that they want to develop, in a three-to-five year window, so they could project what Ms. Marthinsen would need in terms of thinking about revenues from Lower Sproul.

Mr. Zuo said that Mr. Poullard's ideas were to see a multi-year budget plan; a commercial plan for vendors, both before and after construction; training the Board in January and August; and opportunities program collaboration with other campus units.

Ms. Marthinsen said other campus units might have functional overlaps, which would mean the Auxiliary didn't have to provide them.

Mr. Daal said he thought revenue returned to student government was one of the important figures.

Mr. Permaul said students don't get "paid" until the Auxiliary was over \$250,000. He had \$350K as a minimum target of funds to be returned to student government. Mr. Daal said that was on top of operating expenses. Mr. Permaul said that was correct. They could either start from fixed operating expenses or a residual return expectation.

Ms. Marthinsen said that Capital Projects thinks about a budget like a tool, a framework to use for decisions. So it might not matter where they start from to see the impact of changes that are made.

Mr. Permaul said he wanted to know what the Board needed from the Auxiliary.

Mr. Coley said the first obligation was to pay for the Auxiliary, and then anything remaining would go to the students. If that's reframed with revenue to students being an obligation and that was a clear expectation, that would be part of the bottom line that would drive a lot of other decisions. The categories in the hand-out were fine. They could spend a lot of time putting labels on things and rearranging things; but there were only a, X-amount of dollars, and same numbers will fall out no matter what they're labeled. The list of all the categories of expenses was marginally intelligible, and people wanted something better, a communications tool for what was there. But that wouldn't change the numbers. Having an expectation of revenue going to students per year would mean they'd have to make changes.

Ms. Marthinsen asked who will organize and plan the retreat. Mr. Zuo said he'll collaborate with Mr. Permaul and anyone who wanted to join in on that. They'll meet on a Sunday.

Mr. Zuo said the discussion they've had and the categories in the hand-out were about services and costs. He would also like to look at revenues as well. There was shock at the last meeting when they talked about the maximum amount of only \$300,000 per year that they'd get after Lower Sproul was done. He thought they needed to clarify that. Mr. Daal said that was the subject of the presentation he and Ms. Marthinsen were going to do.

Mr. Daal said he thought they should talk to UCLA about commercial activities, since UCLA which seems to do a good job with that. Also, he's recently become very reluctant to move forward with

Charter revisions without campus representation at the table. Mr. Zuo suggested sending the campus proposed changes as they move along with them. Mr. Daal said he's asked the Chancellor to have Julie Connor involved. The Chancellor has agreed, although that hasn't happened yet. Mr. Zuo said the Board also needed to be kept up to speed. Mr. Daal said there have been no changes since the last time the Board reviewed the document.

#### Discussion of January Retreat

Ms. Marthinsen recommended focusing on the budget at the retreat, and not try and cram too much in. She thought the Charter would be a separate discussion. Mr. Daal suggested considering budgeting, long-term visioning, and CAA expectations. Mr. Coley said they need to think about cost-reduction models. Mr. Daal said they asked Erin and Claudia for suggestions on reimbursements and check cutting. Mr. Coley said that's what the Board had to consider, because their real payoff would not be about generating more revenue, but reducing expenses. Mr. Daal said that's why he thought they should focus their model on how much the students get back.

Mr. Zuo said that seeing no further discussion, that concluded the meeting.

This meeting adjourned at 8:15 p.m.

These minutes respectfully submitted by,

Steven I. Litwak  
Recording Secretary

DECISIONS OF THE BOARD

Procedures

- Nov. 10 Voted to give Senators access to SOB bSpace material, with the Board Chair to remove confidential material.
- Nov. '10 Decided to have shorter minutes.
- October '10 Mr. Zuo elected as Board Chair
- October '10 Ryan Landis joins the Board, undergraduate representative.
- September '10 Mr. Daal elected as Board Chair.
- September '10 Prof. Edwin Epstein joins the Board.
- September '10 Approved Resolution on Board Authorization of Minor Lease Negotiation, whereby negotiations on a minor lease may be stopped by Board vote.
- June '10 Approved up to \$13,000 for the search and selection of a Lower Sproul consulting architect and for a LS student relations position.
- April '10 Amended Section 3.3 of the CAA to define "minor leases" at \$150,000.
- March '10 Emily Marthinsen joins the Board, replacing Ms. Griscavage.
- Dec. '09 Welcomed to the Board Khira Griscavage.
- Nov. '09 Established a Food Subcommittee for the Bear's Lair Food Court.
- Sept. '09 Heard a presentation from Business Services on RFP procedures.
- Sept. '09 Voted to have \$20,000 from ASUC reserves, held by the Auxiliary, to be used for the Lower Sproul campaign.
- July '09 Welcomed to the Board Prof. Myers and Dean Poullard.
- July '09 Elected Mr. Rajan and Mr. Poullard as Chair and Vice Chair.
- July '09 Established a subcommittee to consider amendments to the SOB Charter and By-laws.
- July '09 Approved an operating principle of perspective vendors submitting an ROI to the Auxiliary before having the matter come to the Board.

Procedures (cont'd)

- May '09 Welcomed Mr. Zuo and Ms. Coleman to the Board, undergrad reps in two-year and one-year terms respectively.
- May '09 Approved proposed changes to the CAA that would have the ASUC and the GA share commercial revenue.
- 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 first Board meeting as undergraduate representative.
- 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.

Procedures (cont'd)

June '05	Re-elected Mr. Cohen as SOB Chair and elected Ms. Putnam-Smith as Vice Chair.
Feb. '05	Mr. Miles and Mr. Williamson joined the Board.
August '04	Formed an ad hoc committee to study increasing efficiency in information technology.
July '04	Elected Elliot Cohen as Acting Chair of the SOB, for 2004-5.
April '04	Considered and amended ASUC Auxiliary Budget Principles.
Jan. '04	Agreed to send another letter to the ASUC Senate and the GA asking to resolve the question of GA representation on the Board.
Dec. '03	Voted to send a letter to the ASUC and the GA 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 members orientation by August 30.
May '03	Agreed on the need for a Board members orientation to be held before the start of the school year.
Dec. '02	Enhanced Board minutes by adding "Decisions of the Board."

Vendors

<b>December '10</b>	<b>Voted to extend the Follett lease for one year, to 2014, in exchange for an overpayment by Follett.</b>
September '10	Paramjit Singh, Subway, and Henry Pham, Saigon Eats, welcomed to the Auxiliary.

Vendors (cont'd)

- September '10 Approved Kaplan lease for space formerly occupied by STA Travel.
- April '10 Approved the preparation of leases for space Nos. 2 and 3, Saigon Eats and Subway Sandwiches, for a maximum of seven years, with vendors to invest over \$100,000 in infrastructure and appearance of the spaces.
- April '10 Approved the extension of the Coffee Spot lease by two years.
- April '10 Voted down a motion to prepare an RFP for copying services at the Postal Annex site.
- Jan. '10 Voted to enter into negotiations with Subway Sandwiches and Saigon Eats.
- Dec. '09 Passed a Resolution to extend the Taqueria lease until May 31, 2010; gave the Taqueria until January 10, 2010, to accept terms that were presented in July. A negative response or no response would have the Auxiliary issue an RFP on January 11, 2010,
- Dec. '09 Determined weights for the Bear's Lair RFP scorecard.
- Nov. '09 Reduced CUBS' rent 50% for the summer months the space was inaccessible due to University issues.
- Nov. '09 Decided to charge a \$500 deposit to CALPIRG.
- Nov. '09 Offered to extend the lease of the Taqueria through May, 2010.
- Oct. '09 Extended the lease of Healthy Heavenly Foods through May, 2010.
- Oct. '09 Extended the Daily Cal lease to September 30, 2012, adding CPI and electrical monitoring.
- July '09 Approved a one-year contract extension for the Daily Cal, through 2012.
- July '09 Approved Mr. Zuo as SOB rep to sit on the Daily Cal Board.
- July '09 Voted to present the SOB's contract to Food Court vendors, and to go to RFP if the terms were accepted.
- May '09 Approved an amendment to the Naia lease, to allow the sales of sushi and salads, with Naia to reopen in the fall.
- May '09 Approved a five-year lease extension for CALPIRG, with new lease terms.



Vendors (cont'd)

- May '09 Agreed to a three-year lease extension for the Daily Cal, and on terms to repay deferred rent payments, with an SOB member to sit on the Daily Cal Board until repayment.
- April '09 Amended the Panda Express contract and voted to renegotiate.
- April '09 Agreed to present draft contracts to the Coffee Spot, the Taqueria el Tacotento, and Healthy Heavenly Foods, going to RFP's if necessary.
- March '09 Approved the Tully's Coffee contract.
- Feb. '09 Voted to approve the CUBS contract.
- Feb. '09 Voted to move forward with the Tully's contract.
- Jan. '09 Voted to continue negotiations with Panda Express and Tully's Coffee.
- Dec. '08 Voted to go out to bid for all Bear's Lair Food Court vendors.
- Nov. '08 Approved Action Vending proposal to increase vending prices.
- Sept. '08 Agreed to Daily Cal terms for deferment and reduction of rent.
- 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.

Vendors (cont'd)

- May '09 Voted down approval of the proposed Panda Express contract.
- May '09 Voted to go to RFP, on June 30, for the STA Travel space, and any other spaces that become vacant in the coming year.
- May '09 Revised the agreement with CampusLink to end its monopoly on Student Union advertising.
- 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.
- March '05 Heard a presentation by Daryl 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.
- April '04 Authorized negotiations for a 12-month contract with the current Bear's Lair tenant, and to terminate the lease if negotiations failed, and to issue an RFP.
- March '04 Agreed to a four-with pilot project for the New York Times Readership Pilot Project.
- March '04 Rejected contract proposals submitted by Pub management, called upon the Commercial Operations Committee 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.

Vendors (cont'd)

- 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 community 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.
- Sept. '05 Approved used of an inspector suggested by the Alumni Association to inspect the Cal Lodge, to authorize pursuing an agreement for the Alumni Association to manage the Lodge.
- May '05 Approved the further exploration with Daryl Ross of placing a green café at the southeast corner of the Student Union.
- Nov. '04 Approved a two-year lease extension, begin Jan. 1, '05, to the Taqueria and Healthy Heavenly Foods.
- 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.

Student Union / Pauley Ballroom

- September '10 Welcomed Lawrence Lawler as new Student Union Director.
- 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 (cont'd)

- April '10      Approved an appropriation of up to \$3,000 from Auxiliary reserves for Lower Sproul, BEARS Referendum-related expenses.
- Nov. '09      Allocated \$30,000 out of Auxiliary reserves to fund a study on a maximum build-out option for Lower Sproul redevelopment.
- May '09      Learned that due to a possible FEMA grant, phase 3, of the Student Union seismic project would be postponed until the summer of 2010, including the Pub, and the Store, and the Multicultural Center.
- Dec. '08      Work began on the seismic retrofit of MLK.
- Oct. '08      Heard from, gave feedback to, Brailsford & Dunleavy, 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 Leybovitch, 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 SOB 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.
- Feb. '03      Approved a subcommittee to look into policies for Pauley Ballroom and for fee waivers.

Budget

- Feb. '10      Had a session to envision the Auxiliary budget.

Budget (cont'd)

- July '09      Approved the 2009-10 Auxiliary budget.
- April '06      Approved the 2006-7 Auxiliary budget.
- April '05      Approved the 2005-6 Auxiliary budget.
- Sept. '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 OSA position for the GA.
- April '04      Approved the ASUC Auxiliary FY 2004-5 budget, including a transfer to the ASUC of \$50,000 from Auxiliary Contingency Reserves.
- Feb. '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