STATEMENT OF UNDERSTANDING
BETWEEN THE UNIVERSITY AND THE ASUC

This Statement of Understanding is intended to set forth major aspects of the existing relationship between The Regents of the University of California (“University”) and the Associated Students of the University of California (“ASUC”) on the Berkeley campus. The University and ASUC intend to rely on this Statement of their relationship and will take no action inconsistent with it. This understanding is effective for a term of five (5) years through September 1, 1999, subject to renewal by agreement between the parties, unless the Statement is terminated pursuant to section 12 below.

1. PARTIES

1.1 The University constitutes a public trust to be administered by the existing corporation known as "The Regents of the University of California," with full powers of organization and government.

1.2 The ASUC is a non-profit, unincorporated association recognized by the University as the official student government on the Berkeley campus of the University, and includes, for purposes of this Statement of Understanding, the Graduate Assembly. The ASUC also provides certain commercial services on the Berkeley campus.

2. BASIC RELATIONSHIP

2.1 To the extent that the ASUC acts as the official student government on the Berkeley campus and provides commercial services on the Berkeley campus, it is subject to all applicable University and Berkeley campus policies, rules and regulations, including but not limited to the University of California Policies Applying to Campus Activities, Organizations and Students (Parts A and B), and the Berkeley Campus Regulations Implementing Systemwide Policies, except as exempted herein.

2.2 The ASUC is further obligated to comply with all applicable federal, state and local laws and regulations in its employment, personnel procedures, and maintenance of facilities, and in the maintenance of its tax exempt status, as well as all other aspects of its operation. The buildings and facilities on the Berkeley campus occupied or used by the ASUC are the property of The Regents, although their management as a matter of normal operation has been delegated to the ASUC by the Berkeley campus administration, which retains reasonable regulation over them.

2.3 The ASUC has maximum operating and decision-making discretion constrained only by the Chancellor's responsibility to ensure overall fiscal soundness, a safe and healthy environment, and fulfillment of all conditions outlined in specific agreements between the University and the ASUC on the Berkeley campus.

2.4 This definition of the basic relationship between the University and the ASUC serves as the background for the specific understandings detailed below and is intended to apply to each as appropriate.

3. COMMUNICATION AND REPORTS

3.1 The Chancellor shall appoint a designee to serve as his/her liaison with the ASUC.

3.2 The University and the ASUC may each request all information relevant to the exercise of functions covered by this agreement from the other, including, but not limited to, fiscal, personnel, contractual and programmatic information. Each party shall make such information available to
the other as soon as reasonably possible after receipt of a written request therefor. ASUC and University staff shall cooperate with one another to ensure that all internal fiscal, programmatic, contractual and personnel information requested is provided.

4. PERSONNEL

4.1 The ASUC shall maintain its own personnel system and shall be responsible for the wages, hours, working conditions, hiring and termination of its employees. The ASUC shall maintain its own personnel system separate from but generally in accord with the personnel policies of the University of California at Berkeley, except for those provisions referring to loyalty oath and patent agreements. Representatives of the University and ASUC shall meet and confer annually during the Fall semester of each year to enhance compatibility of personnel policies, particularly in the areas of affirmative action in hiring and the campus nondiscrimination policy.

4.2 ASUC shall be responsible for hiring and establishing the terms of employment of its Executive Director, subject to the prior approval of the Chancellor of the Berkeley campus insofar as selection of the individual hired is concerned. The ASUC may dismiss its Executive Director in accordance with the terms of his/her written employment agreement.

5. BUSINESS OPERATIONS

5.1 The ASUC Business Management Board shall manage the business operations of the ASUC, and shall ensure that annual operating budgets are met, variances explained, and key activities tracked for performance to marketing and financial objectives. The Business Management Board shall also manage ASUC facilities, and commercial enterprises and services, and other activities involving third parties including purchasing; entering into contractual agreements; retention of legal counsel; and any other function necessary to the carrying out of its rights and duties pursuant to the ASUC Constitution or to this document.

5.2 The ASUC Business Management Board facilitates campus and ASUC relations, ensures continuity of business and administrative planning for the ASUC, provides consistency of direction and leadership for the ASUC business operations, and reviews multi-year plans for services, programs, enterprises, physical plant, and financing.

5.3 The ASUC Business Management Board shall consist of eight student members, one ASUC employee member, three non-voting university representatives chosen by the Chancellor, a non-voting alumni representative, the ASUC attorney, and non-student staff as designated in the ASUC Business Management Board bylaws. The specific subcommittees dealing with ASUC/University affairs is attached hereto as Exhibit A and made a part hereof.

6. SETTLEMENT OF ACCOUNTS

The University and the ASUC shall in a timely manner provide documented requests for payment of all charges, transfers, and amounts otherwise owing between The Regents and the ASUC. Disputes as to amounts owing shall be set forth in writing within 30 days of the presentation of the request for payment. Full substantiation will be made promptly upon request. Responsibility for resolution of unresolved disputes rests with the Chancellor, after appropriate consultation with the ASUC.

7. BUILDING OWNERSHIP AND MANAGEMENT

7.1 The University owns the Martin Luther King, Jr. Student Union Building, Eshleman Hall and Anthony Hall on the Berkeley campus. However, the Martin Luther King Jr. Student Union
Building was financed by tax-exempt bonds which were paid in full by students attending the University through mandatory student activities fees. The University further acknowledges that Anthony Hall was donated for the purpose of establishing a student publications building and that the present Eshleman Hall was constructed with private and state funds for the construction of a building to house student government and services on the Berkeley campus.

7.2 As a result of the sources of funding for such buildings, the University has granted the ASUC the right to occupy and operate the following University buildings subject to all applicable University policies and regulations: the Martin Luther King, Jr. Student Union building (but not including the Student Union Garage), Anthony Hall, and Eshleman Hall. All are subject to the following terms and conditions.

(i) The ASUC shall not itself modify nor shall it enter into any arrangements to modify the physical structure, or utility infrastructure of the Martin Luther King Jr. Student Union building, Anthony Hall, or Eshleman Hall, without the prior approval of the Chancellor or his designee. This includes but is not limited to fixed interior partitions, the Heating, Ventilating and Air Conditioning (HVAC) systems, major panel alterations in the electrical systems, building mechanical systems not included under HVAC, structure, roof, fenestration and exterior appearance. The requirements of this paragraph shall not apply to normal repair and maintenance.

(ii) The ASUC may allocate and lease, subject to the conditions provided in section 8, space in and effect modifications to the nonstructural fabric of, the Martin Luther King Jr. Student Union Building, Eshleman Hall or Anthony Hall for student related activities, programs and services, such as student and general campus functions, services and programs.

(iii) The ASUC shall take appropriate steps to ensure a safe working, recreational or study environment in any and all
of the facilities subject to its management and control. This includes provisions for proper building maintenance and adequate building security, including key distribution, monitoring building access and usage, and limiting ingress to buildings or designated areas to students or campus or ASUC staff, as appropriate. The ASUC shall, upon request, submit detailed information regarding these concerns to the Chancellor or his official designee.

(iv) The ASUC shall work cooperatively with the University in responding to seismic concerns and possible structural defects in all facilities subject to its management and control. The ASUC shall, upon request, submit detailed information regarding these concerns to the Chancellor or his official designee.

8. LEASES AND SUBLEASES
8.1 The ASUC shall submit to the Chancellor or his/her designee for review and approval proposed lease agreements and documents related thereto which are to be made with third parties, including registered student organizations, leasing space from the ASUC on campus. The requirements of this paragraph shall not apply to the assignment of such space in said buildings to University entities and to registered student organizations occupying space for non-commercial or university-related purposes. The ASUC shall be bound by the Berkeley Campus and Regents' leasing and safety policies in these matters.
8.2 The ASUC shall also provide the Chancellor or his/her designee for his/her information proposed lease agreements and documents related thereto which are to be made with third parties from whom ASUC proposes to lease real property off-campus. ASUC shall secure adequate private personal property and liability insurance for all of said off-campus premises and shall name The Regents as an additional insured and/or loss payee, as applicable, if not insured pursuant to paragraph 10 of this agreement.

9. SERVICES AND COMMERCIAL ENTERPRISES
9.1 The ASUC conducts certain services and retail enterprises on the Berkeley campus primarily for the benefit and convenience of students, faculty and staff of the University. Such services and enterprises include those listed in Exhibit B, attached hereto and made a part hereof. The University and the ASUC may agree at any time to amend Exhibit B to add or delete services that may be permitted on the campus.
9.2 ASUC shall provide the Chancellor or his/her designee for review and approval a copy of each agreement proposed to be entered into with third parties to provide commercial programs and services on the Berkeley campus. The paragraph shall not apply to internal agreements between the ASUC and campus departments and/or registered student organizational to commercial and service agreements of less than $10,000; and to those agreements referenced in section 10 (viii) of this document, provided, however, that all such agreements comply with the

9.3 The University shall not limit ASUC access to those areas of the campus necessary for the conduct of authorized ASUC business.

9.4 The ASUC has previously entered into letters of understanding or written agreements with the University and third parties to provide additional services on campus. A list of those agreements, attached as Exhibit D hereto and made a part hereof, are subject to appropriate review and approval by the ASUC and the Chancellor or his/her designee upon their submission for renewal.

9.5 The ASUC may operate services and commercial enterprises outside of Eshleman Hall, the Student Union Building, Anthony Hall and additional vending machine operations on the Berkeley campus only following consent thereto by the University.

10. INSURANCE AND INDEMNIFICATION

(i) Public Liability, Products liability, and Property Damage Insurance

10.1 The University shall include the operations of ASUC under The Regents' public liability, product liability, and property damage insurance policy, in accordance with the terms and conditions of Business & Finance Bulletin, BUS-75, in effect at the time of the loss, the current version of which is attached hereto as Exhibit E, and made a part hereof, provided that ASUC adheres to all written guidelines as established under The Regents' Policy on Risk Management as adopted on January 16, 1970 and modified on November 17, 1993, hereinafter referred to as The Risk Policy and attached hereto as Exhibit F, and made a part hereof, and all applicable risk management Business and Finance Bulletins as amended from time to time. ASUC shall reimburse The Regents annually for ASUC's share of the cost of such insurance. This reimbursement shall be based on the formula using revenue, wages and losses as a percentage of the entire University-wide cost, attached hereto as Exhibit G and made a part hereof.

10.2 The University shall defend, indemnify, and hold harmless the ASUC, its officers, employees and agents from and against losses and expenses (including costs and attorneys fees) by reason of liability imposed by law upon the ASUC for damages because of public liability, bodily injury, or products liability, including death at any time resulting therefrom, sustained by any person or persons or on account of damage to property, including loss of use thereof arising out of or in consequence of ASUC operations under this agreement, if such injuries to persons or damage to property are due or are claimed to be due to any acts of the ASUC, its officers, employees or agents, save and except that the University shall not be responsible for defense and/or indemnification of the ASUC, its officers, employees, or agents, for judgments and forfeitures incurred by reason of malicious or willful acts or omissions, or those for which punitive damages are awarded. Neither the University nor the ASUC shall assume liability for a third party without the express prior written consent of the University.

10.3 The University shall procure and maintain in effect during the term of this agreement public liability, products liability, and property damage self-insurance and commercial insurance to provide coverage for the above commitments in the same amounts as for the other operations and activities of the University.

(ii) Workers Compensation Insurance
10.4 The University shall cover Workers' Compensation risks of the ASUC under its self-insured Workers' Compensation Program. The ASUC shall pay the University annually for the cost of such insurance. The ASUC shall have the right to procure separate workers' compensation coverage through a private carrier at its own cost and expense provided that it gives the University at least sixty days prior written notice.

(iii) Comprehensive Dishonesty, Disappearance and Destruction Insurance

10.5 The ASUC shall, at ASUC's sole cost and expense, and in the ASUC's own name as an independent employer, procure and maintain in effect at all times a Comprehensive Dishonesty, Disappearance and Destruction Bond to protect against dishonesty of employees, volunteers, all non-compensated officers and all directors and trustees and the loss of money or securities. This policy shall name The Regents as an additional insured and shall obligate the carrier or carriers of the insurance to notify The Regents at least 30 days prior to cancellation or change of said policies. Said policy shall be endorsed to cover the acts of Regents' employees while acting on behalf of the ASUC or while in possession of ASUC-covered property.

(iv) Buildings and Contents Insurance

10.6 The University shall cover the buildings occupied by the ASUC on the Berkeley campus under an "at risk" program of self-insurance and excess insurance. This insurance also covers contents, including items of inventory held for sale and valued separately (bookstore inventory). All off-campus properties (owned by the ASUC) must be listed separately. In accordance with campus procedures, this listing shall be provided to the Systemwide Office of Risk Management. If buildings are leased, there must be an appropriate lease document in place, signed by an authorized ASUC officer, that clearly assigns responsibility to the owner/landlord for providing building insurance. All current safety and environmental standards must also be met. ASUC personal property, including items of inventory held for sale and valued separately (bookstore inventory), located at approved lease locations will be covered by the University's "all risk" program of self-insurance and excess insurance. If not insured under this paragraph, ASUC agrees to provide all risk building and contents insurance for all off-campus properties owned by ASUC and contents insurance for all off-campus properties leased from third-parties and to name The Regents as an additional insured and/or loss payee, as applicable.

10.7 The foregoing shall apply to all property insured under this paragraph, provided that the ASUC adheres to all written guidelines as established under The Risk Policy and applicable Business and Finance Bulletins. The cost of such property insurance shall be allocated to the ASUC based on a proportional formula as a percentage of the entire University-wide cost for this coverage, attached hereto as Exhibit H and made a part hereof.

(v) Unemployment Insurance

10.8 The ASUC shall, at ASUC's sole cost and expense, and in ASUC's own name as an independent employer, procure and maintain in effect at all times unemployment insurance.
(vi) Automobile Insurance

10.9 All automobiles, trucks or other motor vehicles owned or leased by the University and used by the ASUC, its officers, agents and employees in the course and scope of employment shall be covered by The Regents' Automobile Liability Self-Insurance Program on said vehicles for bodily injury and property damage in those amounts as maintained by the University. Said vehicles shall be also covered under The Regents' Automobile Physical Damage Program.

10.10 All automobile, trucks, or other motor vehicles not owned or leased by the University which are used by the ASUC, and by its officers, agents and employees in the course and scope of employment shall be covered by a separate Automobile Liability Insurance Policy issued by the auto rental agency from which said vehicle is rented in a minimum amount of $1,000,000 combined single limit. Such insurance shall be endorsed to be primary and shall name The Regents as additional insured and shall obligate the carrier or carriers to notify The Regents at least thirty days prior to cancellation or change of said policies.

10.11 All automobiles, trucks or other motor vehicles which are leased by the ASUC in its own name and used by the ASUC, its officers, agents and employees in the course and scope of employment shall be covered by a separate Automobile Liability Insurance Policy issued by the auto leasing agency or agencies from which said vehicle(s) are leased in a minimum amount of $1,000,000 combined single limit. Such insurance shall be endorsed to be primary and shall name The Regents and the ASUC as additional insured and shall obligate the carrier or carriers to notify the ASUC and The Regents at least thirty days prior to cancellation or change of said policies.

(vii) Business Interruption Insurance

10.12 The ASUC shall, at the ASUC's sole cost and expense, and in the ASUC's own name, procure and maintain in effect at all times Business Interruption Insurance to protect against losses which interrupt its loss of earnings during the time required to rebuild or repair property damaged or destroyed by an insured peril covered by the University's "all risk" buildings and contents self-insurance program.

(viii) Third Party Contracts

10.13 Except as provided below, all ASUC contracts including leases, with third parties insured under this paragraph shall be reviewed and approved by the University with respect to the University's liability exposure and insurance coverage prior to execution. There shall be open communication between the parties in a good faith effort to manage and insure the liability exposure under such contracts. Campus approval shall not be withheld except for reasonable cause, in which case the Chancellor or his/her designee shall communicate the reason(s) therefor to the Executive Director of the ASUC within ten (10) working days after University's receipt of the proposed contract.

10.14 The following categories of ASUC contracts with third parties shall be excluded from the requirement of the above paragraph:
(a) Purchase contracts for supplies, goods, and equipment; equipment leases; and equipment services agreements, provided that University's currently applicable insurance and indemnification requirements for services agreements are incorporated in the contracts.

(b) Contracts for legal services, audit services, and consulting services, provided that University's currently applicable insurance and indemnification requirements for service agreements and independent consultants are incorporated in the contracts.

(c) Construction contracts up to $5,000 with licensed contractors provided that the work undertaken conforms to the limitations outlined in section 7 above and provided that the University's currently applicable insurance and indemnification requirements for construction contracts are incorporated in the contracts.

(d) Food service contracts up to $10,000 per event with licensed food service contractors, provided that the University's currently applicable insurance and indemnification requirements for service agreements are incorporated in the contracts.

(ix) Losses and Uninsured Business Liabilities

10.15 Losses and uninsured liabilities which arise from the operation of ASUC's services and commercial enterprises shall be the sole responsibility of the ASUC, and the ASUC shall indemnify and hold harmless the University from any claim arising therefrom.

11. FINANCIAL SYSTEMS
11.1 The ASUC shall maintain its own finance and accounting system consistent with sound business practices:
(i) All ASUC fiscal policies, including but not limited to ASUC revenues, shall be the responsibility of the ASUC, provided that the ASUC complies with all applicable federal, state and local laws.

(ii) The ASUC Business Management Board has the right to determine the internal fiscal policies which shall guide its various activities and must follow sound business practices. These will be reviewed by the Chancellor or his/her designee for overall fiscal soundness.

(iii) The ASUC has the right to determine the disposition of any net revenue resulting from its various operations. Similarly, the ASUC Business Management Board must take appropriate remedial action relative to any operating net loss which may be experienced.

(iv) The ASUC shall provide all financial information requested by the University, as well as quarterly financial reports to the Chancellor or his/her designee.

(v) The ASUC will continue to engage a firm of independent certified public accountants which shall audit the financial statements and accounting records of the ASUC on an annual basis in accordance with generally accepted auditing standards. In addition to regular written reports regarding ASUC finances, a copy of all audit reports shall be furnished to the University. The Chancellor or his designee may also audit the finances of the ASUC and exercise control over expenditures of its funds when and to the extent necessary to maintain the financial solvency of ASUC and, where necessary, may take action to ensure that any activity under the control of the ASUC is operated in accordance with sound business practices.

(vi) Both the University and ASUC agree to cooperate and share electronically, where feasible, financial transaction data to speed payments and transfers of monies between the University and ASUC and reduce transaction costs.

(vii) ASUC may make periodic reports on its own behalf directly to the Chancellor of the Berkeley campus to keep him informed of developments, progress and concerns regarding its financial systems.

12. TERMINATION
12.1 The authorizations contained within this Statement of Understanding may be revoked by the University for good cause, which shall consist of one or more of the following:

(i) Financial insolvency of the ASUC;
(ii) Willful neglect of the physical plant under the operation and control of the ASUC on the campus;

(iii) Intentional use of University premises by the ASUC for unauthorized purposes;

(iv) ASUC failure to comply with risk management requirements relating to insurance coverage of University property; or

(v) Willful breach of any University policy, rule, or regulation.

12.2 Upon the occurrence of any of the above events, the University is required to give ASUC written notice of the alleged breach and at least forty-five (45) days to correct the problem prior to revocation of said authorization, unless the incident must cease immediately, in which case the ASUC may appeal directly to the Chancellor to resolve the matter.