

**Council Resolution 9: Decertification of the Che Cafe Collective**



**WHEREAS**, On May 1, 2006, GSAUCSD entered into a Master Space Agreement (MSA) with UCSD Food Cooperative, Che Cafe Collective, Groundworks Books, UCSD General Store, the Regents of the University of California on behalf of the University of California, San Diego, and Associated Students (AS); and,

**WHEREAS**, by the definition within the listing parties a Co-Ops is defined as a "tax-exempt organizations"; and,

**WHEREAS**, University Centers (UCEN) has stated that AS and GSA are to be the executors of the MSA and to define, report and or explain violations to the MSA; and,

**WHEREAS**, AS and GSA likewise retain the responsibility for enforcement of the MSA and punitive measures; and,

**WHEREAS**, Student fees have been and continue to be used to subsidize rent, utilities, and maintenance for the Che Cafe; and,

**WHEREAS**, In the recent University Centers Student Usage and Priority Survey 80% of graduate students rated the Che Cafe as a low to very low priority as did 78% of undergraduates; and,

**WHEREAS**, the UCSD Fire Marshal has strongly recommended the Che Facility have a sprinkler system and fire alarm system; and

**WHEREAS**, A recent facilities report indicates that the Che Cafe needs \$854,212 in the 2014-2015 academic year in repair which will be paid from student fees; and,

**WHEREAS**, University Centers spent \$43,210 this year on unexpected maintenance on the Che Cafe facility; and,

**WHEREAS**, University Centers is projected to have a \$1,500,000 deficit in 2014-15 annual budget if it were to repair Che Cafe facility; and

**WHEREAS**, University Centers is projected to have \$2,800,000 in reserves at the end of 2013-14, which is considered to be really low with an annual operating expense of \$11,052,456, and a deferred maintenance for repair and replacement of facility at over \$10,000,000.

**WHEREAS** GSAUCSD passed a resolution decertifying all co-ops on December, 10th, 2012; and,

**WHEREAS**, GSAUCSD find the Che Cafe to be in violation of the MSA in the following parts:

1.4.b.i Whether the financial practices of each Co-Op are sound, based on financial and CPA reports, including long-term budgeting for the maintenance, repair, and replacement of equipment;

1.4.b.iv Whether each Co-Op is financially solvent;

2.2 Provided that it has obtained the written certification of both the AS and the GSA, as provided in Sections 1.4(b) and (c) above, within ninety (90) days prior to the end of a Term or any Extension Term as to each Co-Op;

3.3 No later than January 15 of each year following the Space Agreement Commencement Date and throughout its Term and any Extension Term(s), each Co-Op shall furnish the University with financial statements, prepared by an independent, certified public accountant and certified by officers of each Co-Op as being true, complete and correct, including, but not limited to, annual statement of gross sales, balance sheets, profit and loss statements, income statements and changes to financial condition, which reflect current financial conditions of each Co-Op. Any information obtained from the Co-Ops' financial statements shall be confidential and shall not be disclosed to anyone other than officers, employees or agents of the University and the University), other than to carry out the purposes of this Space Agreement and as required by law; provided, however, the University shall incur no liability for the inadvertent disclosure of any such information, and the University may divulge the contents of any financial statements of the Co-Ops in connection with any financing arrangement or assignment of the University's interest in the Premises or in connection with any administrative or judicial proceedings or request pursuant to the California Public Records Act;

6.4.b The Co-Ops shall comply with applicable laws and the University's policies in all respects, including, but not limited to, (i) acquisition of and compliance with all permits, licenses, orders, requirements, approvals, plans and authorizations which are or may become necessary for conduct of the Co-Ops' operations in their respective Premises;

and,

**WHEREAS**, GSAUCSD finds Che Cafe in violation of 1.3.b: That such Co-Op maintains its tax exempt status under section 501(c) of the Federal Internal Revenue Code and section 23701d of the California Revenue and Taxation Code and provides the University with evidence of such compliance by submitting annually a copy of Form RRF-1, as filed with the California State Attorney General within thirty (30) days after its filing; and,

**WHEREAS**, Certification from AS and GSA has not been obtained in the last two academic years; and,

**WHEREAS**, Che Cafe rent, apart from being subsidized with student fees, is significantly lower than market or near market rate and was set at \$84 / month; and,

**WHEREAS**, The Che Cafe Collective currently owes over \$6,500 dollars in back rent and utilities as of May 2014; and,

**WHEREAS**, Che Cafe Collective would not have to maintain its tax exempt status, if it were to lose its status as a Co-Op, and be a CSI registered Student Organization; and,

**WHEREAS**, Che Cafe Collective would not have the need to get their own liability insurance, if it were to be a CSI registered Student Organization; and,

**WHEREAS**, the MSA between the UCSD Retail Cooperatives and the University states in section 1.4, the AS and GSA are responsible for determining whether the Co-ops are acting in the best interest of students and the act of decertification of a particular Co-op shall result in termination of its Space Agreement.

**BE IT RESOLVED**, That GSAUCSD formally decertifies the Che Cafe Collective and requests the University to terminate the Space Agreement with the Che Cafe Collective and its use of the Che Facility by the end of the fiscal year, June 30, 2014; and

**BE IT RESOLVED**, That GSAUCSD calls the Che Cafe Collective to continue its activities as a Registered Student Organization at UC San Diego with oversight from a university provided fund manager; and

**BE IT RESOLVED**, That GSAUCSD calls the Che Cafe Collective to accept temporary relocation of their facility to the Student Center with ability to program at the Stage Room at Porter's Pub, the Loft, and/or any other University Centers locations normally available to Registered Student Organizations; and

**BE IT FINALLY RESOLVED**, That GSAUCSD calls the University to find a suitable place for relocation of the murals from the Che Facility to the Student Center should the Che Cafe Collective wish them to be relocated.

**Voted & Passed in GSA Council Meeting 14: 05/19/2014 (Y/N/A - 26/1/1)**  
**Certified: Rahul S. Kapadia, 05/20/2014**