

EXHIBIT # 1
BUS-2/TAX-FREE ALCOHOL, PERMITS, RECORDS, AND OPERATIONS
CONDITIONS OF USE OF TAX-FREE ALCOHOL

(To be Posted in a Conspicuous Location within the Locked Storage Area)

1. No full drum deliveries shall be made from Storehouse Stock at any time.
2. Deliveries which exceed the stated monthly requirement and deliveries of more than 25 gallons must conform to Fire Protection and Environmental Health and Safety Standards and have the prior approval of the Chancellor or Designee.
3. The User's Custodian shall sign a Storehouse receipt for each delivery of Alcohol and shall maintain complete accurate and up-to-date records of all Tax-Free Alcohol transactions in which the Custodian is involved.
4. All Tax-Free Alcohol shall be used only on the premises of the Permittee and shall not be transported to any location other than a University-Owned Building on that particular UC Location (For possible exceptions refer to SEC. 22 102 of the Federal Regulations on Tax-Free Alcohol which is set forth below).
5. Each UC Location and User shall establish and maintain its Alcohol Storage Facility in accordance with the following criteria:
 - A. Adequate size and construction to provide good ventilation.
 - B. Suitable location which provides convenience to Authorized Personnel and affords maximum physical protection.
 - C. Use of or adherence to security devices or practices which shall include, but are not limited the following use of a cylinder-type door lock or heavy-duty padlock. If a padlock is used the hasp must be installed to preclude access to the mounting screws or bolts when the door is closed and the lock is in place. The Facility Custodian shall have the sole custody of the primary keys to the Facility and procedures shall be established to safeguard all keys.