

AZTEC SHOPS, Ltd.
Minutes of the Meeting of the Board of Directors
April 26, 2024

Members present: Leilani Anderson, Kellen Brown, Leanne Locano, Tarek Morsy, Brittany Santos-Derieg, Nikhil Varaiya, Agnes Wong Nickerson, Elliot Scott (virtual), Sabrina Simon (virtual)

Members absent: Christopher Manning, Tyler Morgan, Carl Winston

Others present: Kathy Brown, Benjamin Eisenstein, Julie Goggins, Heather Hawkins, Jennifer Lakin, Colin Miller, Dawn Stoebe, Todd Summer (virtual), Janelle Temnick

- I. Call to Order**
Tarek Morsy, Vice Chair, welcomed everyone and called the meeting to order at 12:11 p.m.
- II. Public Comment**
Tarek Morsy opened the meeting for public comment. There was no public comment.
- III. Approval of December 4, 2023 Board Minutes**
Nikhil Varaiya moved to approve the December 4, 2023 board meeting minutes, Leilani Anderson seconded the motion, and the motion passed unanimously (7-0-0; Leanne Locano and Brittany Santos-Derieg not present for vote).
- IV. Welcomes**
Todd Summer welcomed new board member Dr. Christopher Manning, Vice President of Student Affairs and Campus Diversity (absent). Todd Summer also welcomed two new Aztec Shops staff members: Colin Miller, Director of Real Estate and Business Development, who mentioned he has 20 years of experience in affordable housing and held various leadership positions at the San Diego Housing Commission; and Janelle Temnick, Director of Contracts and Risk Management, who mentioned she has 15-plus years of higher education and auxiliary experience, most recently serving as Associate Executive Director for the CSUSM Corporation, an auxiliary of the California State University, San Marcos. Todd Summer and Agnes Wong Nickerson emphasized that Colin and Janelle are great additions to the Aztec Shops team and will bring new skill sets and expertise to operations.
- V. Conflict of Interest Report**
Todd Summer reported the Conflict of Interest Policy Statement was sent to all board members. Each board member returned a signed form acknowledging no conflicts of interest.
- VI. Retirement Plans Committee Update**
Heather Hawkins, Aztec Shops CFO, stated Aztec Shops met with Morgan Stanley on December 18, 2023 to review the Defined Benefit Retirement Account. Morgan Stanley recommended a minor modification to the portfolio, and the change has been made.
- VII. Shops Resolution for Real Estate Signing Authority**
Heather Hawkins explained current policy allows certain corporate officers and staff to execute transactions related to acquisition and management of real estate holdings. Heather Hawkins proposed Colin Miller, as the new Director of Real Estate and Business Development, be added to the list of corporate officers with signing authority to execute real estate transactions essential to the duties of his position. Nikhil Varaiya moved to approve Colin Miller as an additional signer

for real estate transactions, Leilani Anderson seconded, and the motion passed unanimously (8-0-0; Brittany Santos-Derieg not present for vote).

VIII. Board Nomination

Agnes Wong Nickerson noted Carl Winston, Chair, has been a valuable advocate for Aztec Shops and its stakeholders and deeply understands the value of the company. Agnes Wong Nickerson moved to accept the SDSU President's nomination of Carl Winston for an additional three year term ending June 30, 2027, Kellen Brown seconded, and the motion passed unanimously (8-0-0; Brittany Santos-Derieg not present for vote).

IX. Audit Committee Report and 990 Approval

Leilani Anderson mentioned Aztec Shops audit partner Grant Thorton prepared the 990 documents in good order, there were no disagreements with management, and the Audit Committee recommended accepting the documents. Heather Hawkins added a change was executed from the previous year to Schedule K to consolidate line items and align with industry best practices. Nikhil Varaiya moved to approve acceptance of the 990 documents, Elliot Scott seconded the motion, and the motion passed unanimously (8-0-0; Brittany Santos-Derieg absent for vote).

X. Financials

- A. Balance Sheet** - Heather Hawkins stated the balance sheet reflected about \$21.5 million in Cash and Investments. Heather noted the strong cash position will support the planned capital expenditures budget for fiscal year 2025.
- B. Corporate Update** - Todd Summer stated the company is \$1 million ahead of budget and anticipates revenue shortfalls in May and June related to residential occupancy in properties due to off-peak months and a decrease in materialized meal plans. Todd noted the summer concert and conference schedule will add in revenue generation throughout the end of fiscal year.
- C. Campus Stores** - Kathy Brown presented Campus Stores financial statement, noting the division was trending flat to budget through March with strong apparel sales throughout the holiday season and special events during the semester. Kathy also stated negotiations with publishers are ongoing for pricing of course materials for the Equitable Access program, being renamed Day1Ready, which has about an 80% student participation rate. Nikhil Varaiya asked what materials are included in Equitable Access, and Kathy clarified only required course materials are included in the program and students may opt out of the program.
- D. SDSU Dining** - Todd Summer informed the board he is serving as interim Dining Director. Todd noted the division is not meeting budgetary targets due to a shortfall in budgeted meal plans and some excess spending. Todd reported the division will remain vigilant in analyzing costs and reducing expenses where feasible.
- E. Real Estate & Business Development** - Colin Miller noted the Real Estate and Business Development division is ahead of budget. Colin mentioned depreciation and costs for the division will increase in the coming months due to renovations, and planning is underway for multiple renovation projects in various buildings, set to begin this summer.

XI. AB 1228 and AB 610

Jennifer Lakin updated the Board on two related California Assembly Bills impacting Aztec Shops operations, with implementation begun on April 1, 2024. AB 610 and AB 1228 establish a fast food council in the State responsible for health, safety, and other standards in the industry, including minimum wage for concepts with over 60 locations, also noting exceptions to the legislation. In response to this legislation, Aztec Shops has increased the minimum wage to \$20

per hour at Starbucks and will also be increasing wages for many other, but not all, part time workers. There was discussion of the financial impacts of this legislation and suggestions to alleviate these impacts. Jennifer clarified that other dining entities on campus not operated by Aztec Shops are also impacted by minimum wage increases.

XII. Capital Expenditure Budget Fiscal 2025

Heather Hawkins presented a Capital Expenditure budget for Fiscal Year 2025 of approximately \$10.9 million. Most of the budget will be utilized for property renovations concentrated in University Towers and Sunset Plaza, with additional improvements to Piedra Del Sol Apartments, The Tec's, a proposed Faculty Housing ADU, and other areas. Leilani Anderson moved to approve the Capital Expenditures Budget for FY 2025, Nikhil Varaiya seconded the motion, and the motion passed unanimously (9-0-0).

XIII. Proposed Corporate Goals Fiscal 2025

Todd Summer presented updates on the progress of the 2024 corporate priority goals and discussed priority goals for 2025. No changes were recommended.

XIV. Farewell to Outgoing Board Members

Todd Summer thanked Tarek Morsy, Leanne Locano, and Kellen Brown for their service on the Aztec Shops Board of Directors. Tarek, Leanne, and Kellen all thanked the board and Aztec Shops leadership staff for the opportunity to represent students on the board and are excited for what lies ahead as graduates of SDSU.

XV. Closed Session - Legal Matter

Tarek Morsy announced that while the Education Code requires auxiliary board meetings to be in open session, discussions related to investments, litigation, a specific individual personnel matter, or collective bargaining may be held in closed session. Tarek asked for a motion to move into closed session for a discussion on a legal matter. Leilani Anderson made the motion, Nikhil Varaiya seconded, and the motion passed unanimously (9-0-0). The meeting moved into closed session at 1:17 p.m.

XVI. Adjournment

Elliot Scott moved to return to open session and adjourn the meeting, Kellen Brown seconded, and the motion passed unanimously (9-0-0). The meeting was adjourned at 1:38 p.m.



Todd Summer
Chief Executive Officer