

AZTEC SHOPS, Ltd.
Minutes of the Meeting of the
Board of Directors
February 24, 2017

Members present: Megan Collins, Bill Earley, Brie Hornig, Dr. Seth Mallios, Tom McCarron, Jamie Miller, Tyler Morgan, Eric Rivera and Okaro Shinn

Members Absent: Anthony Lee, Dustin Pina and Carl Winston

Others present: Todd Summer, Lisa Albers, Kathy Brown, Gayle Fernandez, Jahan Jamshidi, Jennifer Lakin, Paul Melchior and R.D. Williams

I. Call to Order

Megan Collins, Chair, called the meeting to order at 12:15 p.m.

II. Approval of the December 16, 2016, Board Meeting Minutes

Megan Collins asked for approval of the minutes of the December 16, 2016, Board meeting. Tom McCarron moved to approve the minutes of the December 16, 2016, Board meeting. Jamie Miller seconded the motion. Motion was approved 9-0-0.

III. Public Comment

Megan Collins opened the meeting for public comment. There was no public comment at the meeting.

IV. Conflict of Interest

Megan Collins explained that, in accordance with the Aztec Shops Conflict of Interest Policy, the Board is required to report any conflicts of interest for Aztec Shops employees and members of the Board of Directors. An annual memorandum to the Vice President of Business and Financial Affairs from Todd Summer confirmed that for the calendar year ended December 31, 2016, Aztec Shops had no incidents of conflict of interest reported to Aztec Shops management_

V. Management Discussion A.

Introduction: Kathy Brown

Todd Summer introduced Kathy Brown, Aztec Shops Interim Bookstores Director, to the Board of Directors. Kathy has been in the bookstore industry since 2005. She was previously the Bookstore Director at Santa Barbara City College and CSU San Marcos before joining Aztec Shops in 2013 as Associate Director.

B. Financial Update

Lisa Albers, Director of Financial Services/Controller, reported on the Statement of Financial Position (Balance Sheet) as of December 31, 2016, and the Statement of Activities which reported year-to-date activity through Period 6 (ending December 31, 2016). A detailed discussion took place and all questions were answered. Moving on to the management discussion, Lisa Albers reported that the overall corporate results are tracking well ahead of budget. Corporate Administration is tracking 1.4% favorable to budget through Period 6 and there were no unusual items to report.

C. Campus Stores Update

Kathy Brown, Interim Campus Stores Director, summarized the Campus Stores financial report through Period 6. Net from Operations was ahead of budget and 3.6% higher than prior year. Merchandise sales were negatively impacted at Viejas due to lower attendance. The Course Materials unit sales totaled 72,210 units in spring 2017 versus 58,734 in spring 2016, an increase of 24%. Kathy anticipates Campus Stores will be ahead of budget at year-end.

D. Dining Update

Paul Melchior, SDSU Dining Director, summarized the SDSU Dining financial report through Period 6. Paul reported that sales continue to be strong in the areas of Concessions, Catering and The Garden. The Margin was favorable at 6.9% over budget due to assertive purchasing and efficiencies. The variance helped to offset higher payroll costs. Credits and Revenue continue to be strong due to third party commissions and Summer Conference business. Net from Operations was also favorable to budget and continues to be strong. The Open Air Theater concession stand construction is 99% complete.

E. Business Development and Housing Update

R.D. Williams, Director of Business Development and Contract Housing, reported that financial results are tracking ahead of budget through Period 6. Rental income was higher than budget based on occupancy at Albert's College Apartments and Fraternity Row. The depreciation expense recorded year-to-date was \$1,415,239. Contribution over budget is expected to hold through year-end. Trader Joe's is on track to open in June, 2017.

VI. SRB Financed Property Performance

R.D. Williams, Director of Business Development and Contract Housing, reported on the System-Wide Revenue Bond-Financed Apartment Properties performance from 2012-2016. The properties, which include Albert's College Apartments, College West Apartments, Piedra del Sol and Fraternity Row Apartments, consistently met or exceeded projections with returns on investment at 9-10%.

VII. Montezuma Publishing

Todd Summer, CEO, reported Montezuma Publishing, a department of the Campus Stores division, was approached by the National Association of College Stores to provide course readers (compilations of copyrighted material) for campus stores across the country. Montezuma has been providing course readers for SDSU and other California campuses to date and this expansion would add to top and bottom lines. The pilot would be evaluated at the end of one year.

VIII. Insurance Review

Jennifer Lakin, Director of Management Services, reported on a Workers Compensation insurance cost comparison of AORMA (Auxiliary Organization Risk Management Alliance) vs. Zenith Insurance Company. By switching from Zenith to AORMA for the coverage, Aztec Shops projects a cost savings of \$168,089 and potential earned dividends.

IX. Information Technology Update

Jahan Jamshidi, Director of Information Technology, reported that he has sent out Request for Proposals to replace the Point-of-Sale system in use in the bookstore. The outdated system has exceeded its ability to keep up with the new technology and needs to be replaced. The expense for a new POS system would be included in the 2017-2018 Capital Budget.

X. Adjournment

Seth Mallios moved to adjourn the meeting at 1:20 p.m. Jamie Miller seconded the motion. Motion was approved 9-0-0.



Todd Summer
Chief Executive Office