

AZTEC SHOPS, Ltd.
Minutes of the Board of Directors
September 22, 2017
Board Meeting

Members present: Chimezie Ebiriekwe, Brie Hornig, Gina Jacobs, Joey Lucero, Dr. Seth Mallios, Tom McCarron, Tomisin Osinfolarin, Okaro Shinn and Carl Winston

Members absent: Bill Earley, Tyler Morgan and Eric Rivera

Others present: Lisa Albers, Kathy Brown, Gayle Fernandez, Robert Isner (Associate Director, Dining Services), Jennifer Lakin, Todd Summer and R.D. Williams

I. Call to Order

Chimezie Ebiriekwe, Vice-Chair, called the meeting to order at 12:28 p.m.

II. Approval of the minutes of the Board of Directors Meeting of June 9, 2017 and minutes of the Special Board of Directors Meeting of August 1, 2017

Carl Winston moved to approve the minutes of the Board of Directors Meeting of June 9, 2017, and the Special Board of Directors Meeting of August 1, 2017. Seth Mallios seconded the motion. Motion was approved 9-0-0.

III. Public Comment

Chimezie Ebiriekwe opened the meeting for public comment. There was no public comment at the meeting.

IV. Bylaws Revisions

Todd Summer, CEO, presented proposed revisions to the Aztec Shops Bylaws. Changes include: 1) changing the quorum from seven to six members for the transaction of business; 2) clarified the President of Associated Students shall elect five student directors in good academic standing with the University with an option to substitute an alum of San Diego State University for one of the five student slots; 3) board terms are not to exceed three years; 4) all terms shall end on the last day of a fiscal year; 5) addition of committee section; and 6) addition of emergency powers section. Okaro Shinn motioned to approve the revisions to Aztec Shops Bylaws effective September 22, 2017. Carl Winston seconded the motion. Motion was approved 9-0-0.

V. Election of Directors

Chimezie Ebiriekwe, Associated Students President, nominated Joey Lucero and Tomisin Osinfolarin to serve two-year terms on the Aztec Shops Board of Directors. Their terms will expire

June 30, 2019. Tom McCarron moved to elect Joey Lucero and Tomisin Osinfolarin to serve on the board for two-year terms. Gina Jacobs seconded the motion. Motion carried 9-0-0.

VI. Election of Officers

The Board of Directors offered the following slate: Bill Early, Chair

Seth Mallios moved to approve Bill Early as the Chair of Aztec Shops Board of Directors. Gina Jacobs seconded the motion. Motion was approved 9-0-0.

VII. Audit Committee Report

Lisa Albers reported that the Audit Committee comprised of Tyler Morgan (Chair, Board Member), Seth Mallios (Board Member), Valerie Peterson and John Penrose along with management representatives Todd Summer, Lisa Albers and Donna Martens, and university representative Kim Reilly met with Rick Wentzel and Brooke Cipolla (Grant Thornton audit firm representatives) to review the audited financial statements for the year ending June 30, 2017. Grant Thornton issued an unqualified opinion finding no material weaknesses or significant deficiencies. The committee accepted the audit for fiscal year 2016-2017. Grant Thornton's 2017 presentation to the audit committee, committee meeting minutes and the audited financials were distributed to the Board of Directors.

VIII. Management Discussion

A. Corporate Update

Todd Summer reported that Net from Operations for the fiscal year ended June 30, 2017, was \$2.4 million. Escrow closed September 5, 2017, for Aztec Shops purchase of a new university house for San Diego State University. Operations of the Road Scholar program have been terminated.

B. Campus Stores Update

Kathy Brown, Campus Stores Director, reported that sales are ahead of budget due to used, rental and digital books. Apparel is up compared to last year. The Immediate Access program expanded in the fall term to 20 classes (vs. three in the previous fall term) and over 8,000 students (vs. 2,000 in the previous fall term). Kathy reported that she is participating in the Provost Mentoring Program.

C. Dining Services Update

Robert Isner, Dining Associate Director, reported on behalf of Paul Melchior, Dining Director, that sales are up 2.9% compared to last year. Menu changes were made at University Towers Kitchen (UTK), Vinnie's is offering flatbread pizza and Dickey's 13BQ will be opening in East Commons on Thursday, September 28. Robert reported on SDSU Dining's Campus Grown, a program in which organic produce grown in several locations on campus is used by SDSU Dining.

D. Business Development and Contract Housing Update

R.D. Williams, Director of Business Development and Contract Housing, reported that apartment occupancy is strong. Fraternity Row and Albert's College Apartment's occupancy are over 90%. University Towers revenue was slightly above budget due to Summer Conference business. There were more than 40 summer capital projects which included the renovation of a Chapter House at 5545 Aztec Walk, the Community Room at Piedra del Sol and renovations at Albert's College Apartments. Eureka opened at South Campus Plaza and three leased spaces are under construction. They include Which Wich, Broken Yolk and Epic Wings.

IX. Resolution to Consider the Approval of the CalPERS Health Benefit Employer Contribution — 1/01/18

Jennifer Lakin reported that health insurance premiums for plans administered by Ca1PERS through PEMCHA will increase effective January 1, 2018. Carl Winston moved to approve the resolution fixing the employer's contribution under the Public Employees' Medical and Hospital Care Act at a maximum of \$466.76 per month for employees or annuitants enrolled for self alone, \$933.52 per month for an employee or annuitant enrolled for self and one family member, and \$1,213.58 per month for an employee or annuitant enrolled for self and two or more family members. Tom McCarron seconded the motion. Motion carried 9-0-0.

X. Motion to move into Closed Session

Gina Jacobs motioned to move into Closed Session at 1:17 p.m. Carl Winston seconded the motion. Motion carried 9-0-0.

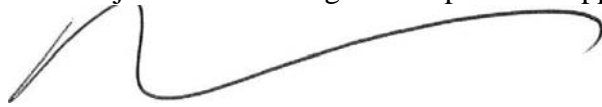
XI. Motion to move into Open Session to approve a Resolution Related to Internal Revenue Code 414(h)(2)

Seth Mallios motioned to move into Open Session. Tomi Osinfolarin seconded the motion. Motion carried 9-0-0.

Jennifer Lakin and Todd Summer explained resolution Internal Revenue Code 414(h)(2). The resolution allows for employee paid contributions to California Public Employees' Retirement System to be tax deferred. Joey Lucero motioned to approve the Resolution to Tax Defer Member Paid Contributions — IRC 414(h)(2). Okaro Shinn seconded the motion. Motion carried 9-0-0.

XII. Adjournment

A motion to adjourn the meeting at 1:35 p.m. was approved. Motion carried 9-0-0.



Todd Summer
Chief Executive Officer