

AZTEC SHOPS, Ltd.
Minutes of the Board of Directors
September 21, 2018
Board Meeting

Members present: Xavier Leasau-Aguilar, Joey Lucero, Dr. Seth Mallios, Tom McCarron, Tyler Morgan, Tomisin Osinfolarin, Brittany Santos-Derieg, Chris Thomas and Carl Winston

Members absent: Bill Earley and Eric Rivera

Others present: Lisa Albers, Kathy Brown, Gayle Fernandez, Robert Isner (Associate Director, Dining Services), Jennifer Lakin, Todd Summer, RD. Williams and guest, Christy Samarkos (Associate Vice President of Student Affairs)

I. Call to Order

Seth Mallios, Chair, called the meeting to order at 12:12 p.m.

II. Approval of the minutes of the Board of Directors Meeting of June 8, 2018

Joey Lucero moved to approve the minutes of the Board of Directors Meeting of June 8, 2018. Chris Thomas seconded the motion. Motion was approved 9-0-0.

III. Public Comment

Seth Mallios opened the meeting for public comment. There was no public comment at the meeting.

IV. Welcome to Brittany Santos-Derieg

Tom McCarron introduced Brittany Santos-Derieg, the SDSU President's Board designee, to the Board of Directors.

V. Management Discussion A.

Campus Stores Update

Kathy Brown, Campus Stores Director, reported that overall sales were down 10% from the prior year and are 6% below budget. A shift to digital products in course materials, at lower price points than print materials, was the primary driving factor. The Immediate Access program expanded for the fall term to 64 classes, an increase of 220% compared to last year. Students saved \$1.7 million off of new print books and \$550,000 off of ebooks. Kathy reported a kiosk with SDSU merchandise will be in the Fashion Valley mall for the holiday months of November and December, 2018. She also announced a new line of SDSU camouflage merchandise will be available in the SDSU Bookstore to support our student veterans.

B. Dining Services Update

Paul Melchior, Dining Director, reported fall sales were strong as a whole emphasizing strength at South Campus Plaza, Catering, and Concessions (due to a robust concert season). Tenants at South Campus Plaza have been added to the meal plans. SDSU Dining will receive, for the second time, the EMIES Award, (named after Congressman Bill Emerson who wrote the Good Samaritan Food Donation Act of 1966). The award will be presented to SDSU Dining for a distinguished program for un-wasted food by the San Diego Food System Alliance on September 25, 2018. This year's Aztec Rocks Hunger campaign will run from September 28 — October 21, 2018.

C. Business Development and Contract Housing Update

R.D. Williams, Director of Business Development and Contract Housing, reported strong housing occupancy with the exception of a few vacancies at Fraternity Row. Personnel at University Towers, Fraternity Row, Sanctuary Suites and Albert's College Apartments turned more than 200 housing units to prepare them for occupancy for the fall semester. Approximately \$500,000 in capital improvements were completed on various properties over the summer and the roof and HVAC units were replaced at the University house. R.D. reported that South Campus Plaza will have two new tenants, Everbowl and Lolita's Mexican Restaurant. They will open sometime in 2019. There is one space left to fill at South Campus Plaza.

VI. Faculty-Staff Club Renovation Planning

Paul Melchior reported plans have begun to renovate the Faculty Staff Club. It will be a jointly funded project in partnership with the Faculty Staff Club Board of Directors and Aztec Shops. Paul reported the general scope of the project will include new flooring, reconfiguring the food service area, paint, lighting and wood management, and artwork. The work will begin in 2019.

VII. Resolution to Consider the Approval of the CalPERS Health Benefit Employer Contribution — 1/01/19

Jennifer Lakin, Director of Management Services, presented information for health insurance premiums for plans administered by CalPERS through PEMCHA, effective January 1, 2019. 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 \$440.04 per month for employees or annuitants enrolled for self alone, \$880.08 per month for an employee or annuitant enrolled for self and one family member, and \$1,144.11 per month for an employee or annuitant enrolled for self and two or more family members. Toni McCarron seconded the motion. Motion carried 9-0-0.

VIII. EIA Health Plan

Jennifer Lakin presented a Memorandum of Understanding, proposed by Alliant, the benefit broker for the Benefit User's Group (BUG), to join the Excess Insurance Authority (EIA) Benefits Program. This program is meant to provide the participating auxiliaries of the California State University system with health, dental, vision, & life insurance benefits in the most cost-effective manner possible. A resolution was also presented to recommend participation in the Excess Insurance Authority Benefits Program. Chris Thomas moved to approve the Memorandum of Understanding and Resolution to join the Excess Insurance Authority Benefits Program. Tomi Osinfolarin seconded the motion. Motion carried 9-0-0.

IX. Special Meeting for CalPERS Retirement Funding and Investment Policy

Todd Summer requested a special Board of Directors meeting be scheduled for November 2, 2018, to discuss the CalPERS Retirement Funding and the Investment Policy. Carl Winston moved to approve the Special Board meeting on November 2, 2018. Joey Lucero seconded the motion. Motion carried 9-0-0.

X. Wage and Benefit Policy

Jennifer Lakin and Todd Summer reported on the proposed changes to Aztec Shops Wage and Benefit policy which include bringing benefit changes to the Board of Directors for vote/ratification; Any material changes to the schedule of wages or benefit programs, other than regular annual increases highlighted in the budget or to establish new positions and/or move positions through a reclassification process within the approved schedule of ranges, shall be brought to the board for specific ratification. Management will report additions or subtractions to the number of full time positions to the Board on an annual basis. Tyler Morgan moved to approve the proposed changes to the Wage and Benefit policy. Chris Thomas seconded the motion. Motion carried 9-0-0.

XI. Benefit Changes

Todd Summer reviewed proposed changes to Aztec Shops vacation and sick time benefits as discussed at the June 8, 2018, Board of Directors meeting. Tom McCarron moved to approve the changes. Carl Winston seconded the motion. Motion carried 9-0-0. The changes are as follows:

- Employees have been given the opportunity to cash-out accrued vacation time. Currently they can cash out up to 224 hours per year. This benefit will see reductions in the amount of time allowed to be cashed out, on a rolling basis, in calendar years 2019, 2020, and 2021. The program will be discontinued after calendar year 2021. For years 2019 (up to 160 hours may be cashed out), 2020 (up to 80), and 2021 (up to 40), in order for employees to be able to cash out any time they must have taken at least 40 hours in vacation in the prior year.

- Employees have been able to convert excess accrued sick-time into contributions to the PERS 457 retirement fund. This will be discontinued after June 30, 2019.
- PERS Classic (pre 2006) employees, in lieu of converting sick time to service time at retirement, have been given the option of cashing out accrued sick time. The option of cashing out accrued sick time will be discontinued after June 30, 2019.
- The holiday schedule will be changed from 12 holidays per year to 13 holidays per year. Aztec Shops will also honor any additional time granted by the state or campus.

XII. 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 representatives Michael Welch and Beth Warrem met with Rick Wentzel and Jing Jin (Grant Thornton audit firm representatives) to review the audited financial statements for the year ending June 30, 2018. Grant Thornton issued an unqualified opinion finding no material weaknesses or significant deficiencies. The committee accepted the audit for fiscal year 2017-2018. Grant Thornton's 2018 presentation to the audit committee, committee meeting minutes and the audited financials were distributed to the Board of Directors.

XIII. Fiscal 2018 End of Year Operating Financials

Todd Summer reported the Financial Reports for years ending June 30, 2018 and 2017.

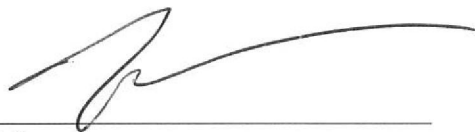
XIV. Incentive Plan Recommendation

Todd Summer made a recommendation on a pay-out of 115% for the Aztec Shops Incentive Plan, recommending to designate all employees currently classified as full-time, non-exempt to be included in this year's pay-out along with exempt employees, with exceptions, for the 2017-2018 plan year. Examples of exceptions are for time of service or unsatisfactory reviews.

Carl Winston moved to set the incentive plan for the fiscal year ended June 30, 2018, at 115% based on the recommendation. Tyler Morgan seconded the motion. Motion passed 9-0-0.

XV. Adjournment

Chris Thomas motioned to adjourn the meeting at 1:45 p.m. was approved. Xavier Leasau-Aguilar seconded the motion. Motion carried 9-0-0.



Todd Summer
Chief Executive Officer