

AZTEC SHOPS, Ltd.
Minutes of the Board of Directors
June 7, 2019
Board Meeting

Members present: Xavier Leasau-Aguilar, Agnes Wong Nickerson, Christian Onwuka, Tomi Osinfarolin, Brittany Santos-Derieg, and Carl Winston

Members absent: Joey Lucero, Dr. Seth Mallios, Tyler Morgan, Steven Plante, and Christy Samarkos

Others present: Todd Summer, Kathy Brown, Gayle Fernandez, Heather Hawkins, Jennifer Lakin, Paul Melchior, Rose Olvera, Edward Pierzak (Guest), Chris Thomas (Guest), R.D. Williams

I. Call to Order

Agnes Wong Nickerson, Secretary/Treasurer, called the meeting to order at 12:12 p.m.

II. Approval of the minutes of the Board of Directors Meeting of April 26, 2019

Carl Winston moved to approve the April 26, 2019, Board Meeting minutes. Tomi Osinfarolin seconded the motion. Motion was approved 6-0-0.

Public Comment

Agnes Wong Nickerson opened the meeting for public comment. There was no public comment at the meeting.

IV. Welcome Christian Onwuka

Chris Thomas welcomed Christian Onwuka as the new Associated Students President to the Board of Directors.

V. Farewell to Gayle Fernandez

Todd Summer thanked Gayle Fernandez for her 21 years of service with Aztec Shops.

VI. Election of Officers

The Board of Directors offered the following slate of officers:

Chair:	Seth Mallios
Vice-Chair:	Christian Onwuka
Secretary/Treasurer:	Agnes Wong Nickerson

Per the bylaws, the Secretary/Treasurer position of the corporation is automatically filled by the Vice President of Business and Financial Affairs at San Diego State University. Tomi Osinfarolin motioned to approve the slate of nominees Seth Mallios, as Chair through June 30, 2020

and Christian Onwuka as Vice-Chair beginning June 7, 2019. Xavier Leasau-Aguilar seconded the motion. Motion carried 6-0-0.

VII. Board Nominations

President de la Torre nominated Edward Pierzak for a three-year term beginning July 1, 2019 and ending 6/30/22. Tomi Osinfarolin motioned to approve and Xavier Leasau-Aguilar seconded the motion. Motion carried 6-0-0

Christian Onwuka nominated Chris Thomas and Tyree Baker for two-year terms beginning July 1, 2019 and ending 6/30/21, Tomi Osinfarolin motioned to approve, Xavier Leasau-Aguilar seconded the motion. Motion carried 6-0-0.

VIII. Audit Committee Meeting Report, May 2, 2019

In Tyler Morgan's absence, Todd Summer reported that Rich Rechif reviewed the 990 and 990T returns with the audit committee at the May 2ⁿ meeting. All questions were answered and the returns were distributed to the Board of Directors prior to filing.

IX. Management Discussion

A. Statement of Financial Position (Balance Sheet)

Heather Hawkins, Controller/Director, reported on the Statement of Financial Position Period 10, ending April 30, 2019 and the Statement of Activities through Period 10, ending April 30, 2019. Heather reported that overall results are tracking ahead of budget and our cash position remains strong.

B. Corporate Update

Todd Summer projected \$3.6M vs. \$3.5M Budget New from Operations at year-end.

C. Campus Stores Update

Kathy Brown, Campus Stores Director, reported that the rapid growth of the Immediate Access program and the shift of traditional print textbook sales to lower priced and lower margin digital products affected sales, credit & revenue, and net from operations. Sales have also been affected by attendance at Football and basketball games which affect venue sales and web sales.

D. Dining Update

Paul Melchior, Dining Service Director, reported that with sales shift to South Campus Plaza expenses were managed down as best as possible.

E. Business Development and Contract Housing Update

R.D. Williams, Director of Business Development and Contract Housing, reported that the division's net from operations continues to exceed budget based on higher-than-anticipated revenue

and lower-than-budgeted costs. He predicted that the positive trend will continue through the end of the fiscal year. Depreciation expense for the division was \$2,719,626 through Period 10. Capital improvement projects are underway at several properties including Piedra del Sol, Albert's Apts. and the Faculty-Staff Club.

X. Approval of the 2019/2020 Operating Budget

Todd Summer reported that a budget workshop to review the proposed 2019/2020 operating budget was conducted on May 22, 2019. Board members Agnes Wong Nickerson, Christy Samarkos, Christian Onwuka, and Tomi Osinfarolin were present at the workshop.

Todd presented the key financial points in the Aztec Shops overall budget including the proposed 3% merit pool effective December 23, 2019, the California minimum wage increase of \$1.00 and additional payments for CalPERS.

Agnes Wong Nickerson motioned to approve the 2019/2020 operating budget. Xavier Leasau-Aguilar seconded the motion. Motion was approved 6-0-0.

XL Allocation of Earnings for 2019/2020

Todd Summer reported that for the 2019/2020 fiscal year management recommends an earnings allocation in the amount of \$310,000 to the University's Auxiliary Discretionary Fund and an allocation in the amount of \$55,000 to Associated Students Campus Community Relations.

Tomi Osinfarolin motioned to approve the allocations as outlined. Xavier Leasau-Aguilar seconded the motion. Motion carried 6-0-0.

XII. Resolution Establishing Board of Directors Schedule of Meetings for Academic Year 2019/2020

Todd Summer presented a resolution to establish a Board meeting schedule for the 2019/2020 academic year. Carl Winston motioned that the Board of Directors approve the resolution establishing a Board of Directors meeting schedule for the 2019/2020 academic year. Xavier Leasau-Aguilar seconded the motion. Motion was approved 6-0-0.

XIII. SDSU Mission Valley update: Food Service & Merchandise

Paul presented the details of the Concessions and Catering Proposal for Aztec Stadium, as well as proformas based on three scenarios of Athletics securing a MLS team, a USL team, or no soccer team. All three proformas are conservative in nature and showed net gains at five years and ten years. Carl Winston motioned to support the Concessions and Catering Operating Proposal for Aztec Stadium, and Tomi Osinfarolin seconded the motion. Motion was approved 6-0-0.

XIV. Mission Valley \$1M/yr. (30 years) as Guarantor

Todd Summer reported Aztec Shops was asked by the University to act as guarantor of up to \$1M per year for 30 years on System-Wide Revenue bonds for SDSU's Mission Valley project.

Tomi Osinfarolin motioned to approve Aztec Shops acting as guarantor of up to \$1M per year for 30 years on System-Wide Revenue bonds for SDSU's Mission Valley project. Xavier Leasau-Aguilar seconded the motion. Motion was approved 6-0-0.

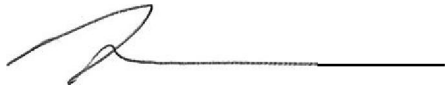
XV. Investment Policy

Todd Summer asked board to affirm ad-hoc committee's acceptance and implementation of new investment policy as presented and to move \$1M to an Investment Reserve Fund managed by Graystone/Morgan Stanley, pending execution of contract with Graystone/Morgan Stanley. Tomi Osinfarolin motioned to approve. Xavier Leasau-Aguilar seconded the motion. Motion was approved 6-0-0.

Xavier Leasau-Aguilar motioned to convert Aztec Shops ad-hoc investment committee to a standing investment committee with members being the Chair of the Board, Secretary/Treasurer of Board (VP of Business & Financial Affairs), Audit Committee Chair, A.S. President or designee, and Edward Pierzak. Tomi Osinfarolin seconded the motion. Motion was approved 6-0-0.

XVI. Adjournment

Christian Onwuka moved to adjourn the meeting at 1:20 p.m.



Todd Summer
Chief Executive Officer