

AZTEC SHOPS, Ltd.
Minutes of the Board of Directors
September 20, 2019
Board Meeting

Members present: Xavier Leasau-Aguilar, Dr. Seth Mallios, Tyler Morgan, Agnes Wong Nickerson, Christian Onwuka, Edward Pierzak, Steven Plante, Brittany Santos-Derieg, and Carl Winston

Members absent: Tyree Baker, Christy Samarkos, Chris Thomas

Others present: Todd Summer, Kathy Brown, Heather Hawkins Jahan Jamshidi, Jennifer Lakin, Paul Melchior Rose Olvera, and R.D. Williams

I. Call to Order

Seth Mallios, Chair, called the meeting to order at 12:16 p.m.

II. Approval of the minutes of the Board of Directors Meeting of June 7, 2019

Steven Plante motioned to approve the minutes of the Board of Directors Meeting of June 7, 2019. Xavier Leasau-Aguilar seconded the motion. Motion was approved 8-0-0 (Christian Onwuka absent for this vote).

III. Public Comment

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

IV. Welcome to Tyree Baker

Tyree Baker was not present at the meeting.

V. Management Discussion

A. Campus Stores Update

For fall 2019, Immediate Access included 30,000+ seats, \$2.8 million savings off print and \$880K savings compared to regular digital. There were 12,500 more seats participating in the program compared to last year with 95% of students staying in the program. Kathy reported she submitted a proposal to Athletics for merchandise sales for the new stadium.

B. Dining Services Update

Paul Melchior, Dining Director, reported Conference Services finished at \$2.9M for 2019 vs \$3M in 2018. The variance is related to discounting the CIY conference per person in order to extend the contract one additional year. Lolita's opened at South Campus Plaza and Halal Shack opened in East Commons. Faculty Staff Club has been recently renovated and a new aeroponic garden has been added to the outdoor patio. Catering and Concessions remain strong with a high concert season in October. Aztec Rocks Hunger campaign will run from October 18 to November 10, 2019.

C. Business Development and Contract Housing Update

R.D. Williams, Director of Business Development and Contract Housing; reported that almost 2,000 students moved into Aztec Shops-owned properties in August, including 680 at Albert's College Apts. During the summer more than \$3 million in construction on previously approved projects was completed. The list included large projects at Albert's College and Piedra del Sol as well as smaller projects at other properties including the Faculty-Staff Club and University House.

D. I.T.

Jahan Jamshidi, I.T. Director, reported on a security related issue.

VI. Resolution to Consider the Approval of the CalPERS Health Benefit Employer Contribution — 1/01/20

Jennifer Lakin, Director of Management Services, reported that health insurance premiums for plans administered by CalPERS through PEMCHA will slightly decrease effective January 1, 2020. Seth Mallios moved to approve the resolution fixing the employer's contribution under the Public Employees' Medical and Hospital Care Act at a maximum of \$451.67 per month for employees or annuitants enrolled for self alone, \$903.34 per month for an employee or annuitant enrolled for self and one family member, and \$1,174.33 per month for an employee or annuitant enrolled for self and two or more family members. Xavier Leasau-Aguilar seconded the motion. Motion approved 9.0.0.

VII. A. Investment Committee Chair

Heather Hawkins, Controller/Director, informed the Board that the investment committee is recommending that the Board of Director's elect Ed Pierzak as the Investment Committee Chair. Steven Plante moved to approve. Xavier Leasau-Aguilar seconded the motion. Motion approved 8.0.1 (Ed Pierzak abstaining).

B. Investment Committee Charter

Heather Hawkins, Controller/Director, informed the Board that the investment committee has reviewed the Investment Committee Charter and is recommending that the Board approves a

motion to adopt the Investment Committee Charter. Tyler Morgan motioned to approve. Christin Onwuka seconded the motion. Motion approved 9.0.0.

VIII. Parking Rates

Jennifer Lakin, Director of Management Services stated that, due to a new tax law - Tax Cuts and Jobs Act, provisions were added that relate to certain fringe benefits provided to employees by tax exempt employers. Currently, employees have a pre-tax benefit for parking deductions from their paycheck. The tax law changed how these taxes are treated and Aztec Shops would like to continue processing the parking fees for the employees pre-tax. The other option is to change the treatment to post tax, which would be a cost to employees. Aztec Shops has reviewed the options and has determined to keep the deductions pre-tax, and pay the related tax, which would cost Aztec Shops an additional \$8,000 annually. Tyler Morgan motioned to approve keeping the parking fees on a pre-tax basis. Carl Winston seconded the motion. Motion was approved 9-0-0.

Employee Meals

Jennifer Lakin, Director of Management Services, stated the prices in the dining locations increased on average 5%. Dining employees, under certain conditions, currently receive a meal allowance of \$7.00. Due to the price increases, Aztec Shops asked for a motion to approve an increase in the dining employee meal allowance to \$7.35 per shift. Tyler Morgan motioned to approve. Xavier Leasau-Aguilar seconded the motion. Motion was approved 8-0-0 (Agnes Wong Nickerson absent for this vote).

IX. Diversity and Inclusion

Jennifer Lakin, Director of Management Services, relayed that the University has a newly created Diversity and Innovation Department on campus, overseen by Dr. Luke Wood. The department, in cooperation with others on campus, is developing various programs including one on inclusive hiring. Aztec Shops will develop its own programs and initiatives in parallel with the campus.

X. Property Performance Update -RD

R.D. Williams, Director of Business Development and Contract Housing, presented the annual report on financial performance of SRB-financed apartments projects versus the predictions made for them in 2013. During FY 2019, the properties continued to beat predictions with actual earnings before interest, depreciation and overhead of \$5,391,522 compared to a prediction of \$4,581,799.

XI. Audit Committee Report

Heather Hawkins, Controller/Director, 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, Heather Hawkins and Donna Martens, and university representatives Michael Welch and Beth Warren met on September 23rd with Rick Wentzel and Gina Marie Hernandez (Grant Thornton audit firm representatives) to review the audited financial statements for the year ending June 30, 2019. Grant Thornton issued an

unqualified opinion finding no material weaknesses or significant deficiencies. The committee accepted the audit for fiscal year 2018-2019. Grant Thornton's 2019 presentation to the audit committee, committee meeting minutes and the audited financials were distributed to the Board of **Directors**.

XII. Fiscal 2019 End of Year Operating Financials

Todd Summer discussed the Financial Report for years ending June 30, 2019 and 2018. The budget was adjusted by \$365,000 to align with the audited financial operating results which includes the accrued allocations.

XIII. A. Defining Satisfactory Performance for Incentives

Motion to determine that the term "meritorious" as stated in the incentive plan is the equivalent of the term "successful performer" or "exceptional performer" in an employee's review and that for purposes of an employee receiving an incentive for Fiscal Year 2019, an employee would have had to receive a "successful performer" or exceptional performer" rating on their Fiscal 2019 review. Carl Winston motioned to approve. Christian Onwuka seconded the motion. Motion was approved 8-0-0 (Agnes Wong Nickerson absent for this vote).

B. Incentive Plan Recommendation

Motion to designate all employees currently classified as full-time, non-exempt, to be included in this year's pay-out/incentive along with exempt employees and to award all these employees, if a successful or exceptional performer, a 100% incentive. Steven Plante motioned to approve. Christian Onwuka seconded the motion. Motion was approved 8-0-0 (Agnes Wong Nickerson absent for this vote).

XIV. Adjournment

Christian Onwuka motioned to adjourn the meeting at 1:35 p.m. Xavier Leasau-Aguilar seconded the motion. Motion carried 8-0-0 (Agnes Wong Nickerson absent for this vote).



Todd Summer
Chief Executive Officer