

AZTEC SHOPS, Ltd.
Minutes of the Meeting of the
Board of Directors
November 22, 2019

Members present: Tyree Baker, Xavier Leasau-Aguilar, Dr. Seth Mallios, Agnes Wong Nickerson, Christian Onwuka, Edward Pierzak, Christy Samarkos, Brittany Santos-Derieg, and Carl Winston.

Members absent: Tyler Morgan, Steven Plante, Chris Thomas

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

I. Approval of the September 20, 2019, Board Meeting Minutes

Seth Mallios, Chair, called the meeting to order at 12:21 p.m.

II. Approval of the September 20, 2019, Board Meeting Minutes

Carl Winston motioned to approve the minutes of the Board of Directors meeting of September 20, 2019. Agnes Wong Nickerson seconded the motion. Motion was approved 7-0-0 (Brittany Santos-Derieg and 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 Tyree Baker

Tyree was welcomed to the board.

V. Management Discussion

A. Corporate Update

Heather Hawkins, Director of Financial Services/Controller, reported on the Statement of Financial Position (Balance Sheet) for the month ending October 31, 2019 and the Statement of Activities through the full year ending October 31, 2019. Heather reported that the inventory balance decreased due primarily to the transition from traditional books to digital and that Long Term Debt decreased as the result of principal payments made for SRB loans. Todd Summer reported there were savings in corporate overhead primarily due to not filling open positions and that these savings were helping to offset shortfall in Dining.

B. Campus Stores Update

Kathy Brown, Campus Stores Director, summarized the Campus Stores financial report through Period 4 (ending October 31, 2019). Kathy reported that campus stores financials are trending very close to budget and there was nothing out of the ordinary to report. She gave a brief history of digital sales going back to 2007 when Campus Stores was 1 of 6 stores in the country to participate in a pilot with CourseSmart digital books. In 2013 digital sales were still only 1% of the total of all course materials sales. In 2016 Immediate Access was introduced and a huge shift to digital began. In fall of this year, 53% of course materials sales were digital (44% from Immediate Access). Immediate Access spring projections are 150 classes and 30,000 seats. Last spring, there were 64 classes that participated with 18,500 seats.

C. Dining Update

Paul Melchior, Dining Services Director, summarized the Dining financial report through Period 4 (ending October 31, 2019). Paul reported that overall sales missed an assertive budget while increasing by \$113,615 over last year. Sales discount increased due to strong value added plan sales. Credits and Revenues down to budget due to 600 fewer meal plans than budgeted impacting self ops, as well as leased ops commissions. Aztec Rocks Hunger collections at Dining locations set a new record with \$13,000 more than last year. SDSU Aztec Stadium Concessions and Catering Design is in progress.

D. Business Development and Contract Housing Update

R.D. Williams, Director, Business Development and Contract Housing, reported that the division's Net from Operations of \$490,199 at the end of Period 4 was above budget by \$246,655. The positive variance was attributed to greater than anticipated summer revenue and holding turn expenses to the budgeted totals. YTD depreciation expense for the division was \$1,120,980. R.D. briefed the board on progress of planning for a possible renovation of West Commons and construction of an apartment building on Linda Paseo.

VI. Investment Committee Meeting

Ed Pierzak, Chair of the Investment Committee and Board member, provided a summary of four investment strategies discussed at the last Investment Committee meeting. He informed the Board that the committee chose to proceed with the Morgan Stanley contract.

VII. Defined Benefit Pension Plan Oversight Committee Meeting, November 18, 2019

Heather Hawkins reported that the Aztec Shops Defined Benefit Pension Plan Oversight Committee met with Morgan Stanley and Principal to review the Hourly Defined Benefit Pension Plan and Aztec Shops Retirement Savings Plan 403B. Heather provided a detailed summary of the Oversight Committee meeting.

VIII. Conflict of Interest

Todd Summer explained that in accordance with the Aztec Shops Conflict of Interest Policy, Board members are required to report any conflicts of interest. If there are no incidents of conflict of interest to report to management, each member of the Board of Directors is to sign and return an acknowledgement by December 31, 2019. An annual report memorandum for the calendar year ending December 31, 2019, will be submitted to the Vice President of Business and Financial Affairs by January 31, 2020.

IX. Report of 2020 Merit Pool Increase

Todd Summer reported the implementation of a 3% merit increase for full-time salaried and hourly employees, effective for the pay period that includes the start of the New Year.

X. Motion to go into Closed Session

Christian Onwuka motioned to move into Closed Session. Xavier Leasau-Aguilar seconded the motion. Motion was approved 8-0-0. (Agnes Wong Nickerson absent for this vote)

XI. Closed Session: CEO Assessment & Discussion

XII. Motion to return to Open Session

Xavier Leasau-Aguilar motioned to move into Open Session. Tyree Baker seconded the motion. Motion was approved 8-0-0. (Agnes Wong Nickerson absent for this vote)

XIII. Adjournment

Xavier Leasau-Aguilar moved to adjourn the meeting at 1:45 p.m. Carl Winston seconded the motion. Motion carried 8-0-0. (Agnes Wong Nickerson absent for this vote)



Todd Summer
Chief Executive Officer