

AZTEC SHOPS, Ltd.
Minutes of the Meeting of the
Board of Directors
April 24, 2020

Members present: Tyree Baker, Xavier Leasau-Aguilar, Dr. Seth Mallios, Agnes Wong Nickerson, Christian Onwuka, Edward Pierzak, Tyler Morgan, Chris Thomas, and Carl Winston.

Members absent: Brittany Santos-Derieg, Christy Samarkos, and Steven Plante.

Others present: Todd Summer, Kathy Brown, Heather Hawkins, Jahan Jamshidi, Jennifer Lakin, Paul Melchior, R.D. Williams, and Christian Holt (Guest)

I. Call to Order

Seth Mallios, Chair, called the meeting to order at 12:11 p.m. All present board members and most of the management team participated remotely. Jahan Jamshidi and Paul Melchior were on site at the Aztec Shops corporate offices. Each board member was asked, individually, if they could hear in order to be able to fully participate. Everyone confirmed they were able to fully participate via Zoom.

II. Approval of the February 28, 2020, Board Meeting Minutes

Carl Winston motioned to approve the minutes of the Board of Directors meeting of February 28, 2020. Xavier Leasau-Aguilar 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. It was noted that anyone from the public had opportunity to request online access to the meeting by emailing a request to boardmeeting@aztecmail.com, with nobody doing so, and that anyone could also show in person at SHOPS corporate offices, with nobody doing so.

IV. Board Members

- A. Christian Onwuka nominated Tyler Morgan for an additional term. Chris Thomas motioned to approve Tyler Morgan for an additional board term, beginning July 1, 2020 and ending June 30, 2023. Carl Winston seconded the motion. Motion was approved 8-0-1 with Tyler Morgan abstaining.
- B. Christian Onwuka welcomed Christian Holt, the new A.S. President.
- C. Seth Mallios thanked Christian Onwuka for his work on the board and on campus over the last year, also noting that Christian was a spectacular individual.

V. Oversight Committee Update

Jennifer Lakin, Director of Management Services, stated the oversight committee met on April 1, 2020 and one of the topics discussed was The CARES Act. One of the new provisions of the CARES act permits a plan to increase temporarily the limit on plan loans to qualified individuals up to (i) \$100,000, or (ii) 100% of the participant's vested account balance. This increase is permitted for loans granted during the 180-day period after the date of enactment, i.e.,

until September 23, 2020. This was an automatic process through our third part administrator. With respect to plan loans to qualified individuals that are outstanding on or after March 27, 2020, any loan repayment dates scheduled from March 27, 2020 through December 31, 2020 may be delayed for one year.

VI. Management Committee Update

Todd Summer, CEO, noted that there was a virtual critical information meeting for the board, due to the COVID-19 crisis, on March 25. Staff reported on decreased business and preliminary estimates on cash burn rate at the critical information meeting. There were no action items at this meeting.

Heather Hawkins, Director of Financial Services and Controller, reported that Aztec Shops had been approved for a Paycheck Protection Program loan of approximately \$3,059,000 and that SHOPS expected funding within a few days.

Jennifer Lakin reported that on April 6, SHOPS placed approximately 150 part-time non-student employees on an emergency COVID leave and placed approximately 625 part-time student employees on semester leave, which is normal process for students at the end of the May and December semesters. SHOPS paid part-time students and part-time non-students their normal scheduled hours through April 5, allowing them to use sick time to cover some lost time after April 5. Also on April 6, SHOPS eliminated 12 full-time positions and laid off employees in those positions, with those employees receiving between two and ten weeks of severance pay. There are also ten open positions that will not be filled.

Heather Hawkins then reported on projected operating financials for the fiscal year-end, noting that, due to reduced revenue based on COVID-19, SHOPS is projected to lose \$825,000 (this compares to a budget of approximately a positive \$3.5M). Heather also reported on the March 31, 2020 balance sheet, noting approximately \$12M in cash and cash equivalents. Heather also noted that, with the loan, there is enough cash to carry SHOPS through October.

Todd reported on monthly cash burn through end of year of a little over \$2M/month and also on expenses that have been cut and expenses that remain. Todd also noted possible further expense cut measures that might be taken during or after the period that covers the Paycheck Protection Program loan. Todd reiterated cash should take SHOPS through October.

VII. Investment Committee Meeting

Ed Pierzak, Chair of the Investment Committee and Board member, thanked staff for recommending moving to cash in the Greystone/Morgan Stanley investment account during the latter part of several days of stock market gains recently. Approximately \$200K of the \$1M put into the account had been invested. After unanimous investment committee consent, all positions in the account were sold and moved to cash. The balance in the account now stands at \$998,477. Ed motioned to allow management to access some or all of the near \$1M in cash in Greystone/Morgan Stanley account to support operations as needed. Carl Winston seconded. Motion passed 9-0-0.

VIII. PERS Soft Fresh Start Funding

Heather noted that management had previously reported that its PERS retirement plan was underfunded and that the board had voted on a soft plan to pay off the liability over 15 years. The

soft plan allows SHOPS to make payments at its discretion. Heather recommended that SHOPS now pause payments (one payment had already been made in the last fiscal year) with this year's payment scheduled at over \$300K. Carl Winston motioned to accept the management recommendation to pause PERS soft investments in the Fresh Start 15 year program. Christian Onwuka seconded the motion. Motion passed 9-0-0.

IX. HR Report on Personnel and Benefits

Todd Summer explained the vacation buyback program and recommended a pause in allowing employees to sell back vacation time, not allowing any time to be sold back until July 1, 2021. Todd noted the plan was originally scheduled to end on December 31, 2021 with employees being allowed to sell up to 80 hours this calendar year and up to 40 hours next calendar year. With the pause, Todd requested an extension of the plan until December 31, 2022. Employees who have already sold time this year would have that amount count toward the 120 total hours now being allowed to be sold from July 1, 2021 through December 31, 2022. Carl Winston moved to allow management to pause employee sale (buy-out) of vacation time until July 1, 2021 and allow employees to sell a total of 120 hours of time from January 1, 2020 to December 31, 2022. This motion was seconded by Christian Onwuka. Motion passed 8-0-0 (Chris Thomas having left the meeting).

X. Corporate Goals for Fiscal Year 2021

Todd Summer reported on progress for the current year's goals and also reported on proposed goals for next year. There were no changes to the proposed goals.

XI. Capital Expenditure Budget for Fiscal Year 2021

R.D. Williams, Director of Business Development, proposed a \$1.1M Capital Budget for fiscal year 2021. It was noted that this compares to a usual capital budget of approximately \$3M. Ed Pierzak motioned to approve the capital budget. Carl Winston seconded. Motion passed 8-0-0.

XII. Preliminary Highlights for Operating Budget Fiscal Year 2021

Todd Summer noted that, due to COVID-19 uncertainty, SHOPS was working on several scenarios for the budget for Fiscal 2021

XIII. Adjournment

Agnes Wong Nickerson moved to adjourn the meeting at 1:34 p.m. Carl Winston seconded the motion. Motion carried 8-0-0.


Todd Summer (May 7, 2020)

Todd Summer
Chief Executive Officer