

AZTEC SHOPS, Ltd.
Minutes of the Board of Directors
June 5, 2020
Board Meeting

Members present: Christian Holt, Seth Mallios, Tyler Morgan, Agnes Wong Nickerson, Edward Pierzak, Christy Samarkos, Brittany Santos-Derieg, and Carl Winston

Members absent: Tyree Baker, Xavier Leasau-Aguilar, Steven Plante, and Chris Thomas

Others present: Todd Summer, Kathy Brown, Heather Hawkins, Jahan Jamshidi, Jennifer Lakin, Paul Melchior, Rose Olvera, R.D. Williams, Luke Wood (Guest)

I. Call to Order

Seth Mallios, Chair, called the meeting to order at 12:05 p.m.

II. Approval of the minutes of the Board of Directors Meeting of April 24, 2020

Carl Winston moved to approve the April 24, 2020, Board Meeting minutes. Christian Holt seconded the motion. Motion was approved 8-0-0.

III. Public Comment

Seth Mallios opened the meeting for public comment. There was no public comment at the meeting and there was no request for online access to the meeting.

IV. Farewell to Outgoing Board Members

Seth Mallios and Christian Holt thanked student board member Xavier Leasau-Aguilar for his service and contributions to the board. Seth Mallios and Agnes Wong Nickerson thanked Christy Samarkos for her service and contributions to the board. Agnes Wong Nickerson and Todd Summer thanked Seth Mallios (outgoing Chair) for his service and contributions to the board.

V. Election of Officers

The Board of Directors offered the following slate of officers:

Chair:	Carl Winston
Vice-Chair:	Christian Holt
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. Tyler Morgan motioned to approve the slate of nominees Carl Winston, as Chair through June 30, 2021 and Christian Holt as Vice-Chair through April 30, 2021. Agnes Wong Nickerson seconded the motion. The votes for Chair and Vice-Chair each carried 7-0 with one abstention, nominees abstaining on their own seats.

VI. Board Nominations

President de la Torre nominated Tom Donnelly for a three-year term for the board beginning July 1, 2020 and ending June 30, 2023. Carl Winston motioned to approve and Agnes Wong Nickerson seconded the motion. Motion carried 8-0-0.

Seth Mallios nominated Chris Thomas for a one-year term on the Audit Committee beginning July 1, 2020 and ending June 30, 2021. Carl Winston motioned to approve, Chris Holt seconded the motion. Motion carried 8-0-0.

Seth Mallios nominated Hass Ibrahim for a three-year term on the Audit Committee beginning July 1, 2020 and June 30, 2023. Tyler Morgan motioned to approve, Carl Winston seconded the motion. Motion carried 8-0-0.

VII. Audit Committee Meeting Report, May 8, 2020

Tyler Morgan reported that Rich Rechif reviewed the 990 and 990T returns with the audit committee at the May 8th meeting. All questions were answered and the returns were distributed to the Board of Director's prior to filing. Tyler also noted that Grant Thornton reviewed the audit approach for the FY20 audit.

VIII. Defined Benefit and 403b Meeting Report, May 8, 2020

Heather Hawkins, Director, Financial Services reported that the Oversight Committee had a meeting with Morgan Stanley on May 8th to review the performance of the Defined Benefit and 403B plans. The committee reviewed the current asset mix for the Defined Benefit pension plan and discussed a new mix of 55/40/5% for Stock/Bonds/Alternative. The change requested was 10% increase in Bonds, 5% reduction in Stocks and 5% reduction for Alternatives.

IX. Lease Accounting

Heather Hawkins, Director, Financial Services reported that in February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Updated (ASU) 2016-2 Leases (ASC 842). This guidance provides new requirements for financial accounting and reporting for lessees and lessors and introduces significant changes to lease accounting, such as lessees' recognition of lease assets and liabilities. The change in lease standard presents both a challenge and opportunity to enhance internal control and optimize the lease accounting and administration processes. Heather reported that she joined the Chancellor's office work group for the implementation of Lease Accelerator and was asked in mid-May to participate in the configuration and testing of the software for the Auxiliaries (FASB). San Francisco State was asked to participate for the university side.

X. Management Discussion

Statement of Financial Position (Balance Sheet)

Heather Hawkins reported on the Statement of Financial Position for the month ending April 30, 2020. She reported that the current cash balance is \$8.5M with our expected cash balance at year-end to be approximately \$4.5M.

A. Year End Projection

Todd Summer projected we will miss budget by \$4.5M, projecting no worse than a \$900K loss against a budget in the black of approximately \$3.6M. The bookstore was doing better than expected with some robust online sales and the organization would have additional expenses related to unemployment benefits.

B. I.T. Update

Jahan Jamshidi, Director of I.T, talked about the updated version of the Aztec Meal Plan program. The new system replaced an old application from 1980. The new system is fully web based and allows integration to modern applications such as mobile apps and mobile point of sales systems.

C. HR Update

Jennifer Lakin, Director of Management Services, reminded the board that in April, while it was a very difficult decision, the organization laid off 12 hourly employees in full time positions. The organization also put all part time students and non-students on leave when the COVID stay at home order began. Additionally, once it was realized that the organization was not eligible for the paycheck protection loan, on May 26 the organization laid off an additional 11 hourly and 1 exempt employee in full time positions and furloughed 57 employees at varied percentages ranging from 25% to 90%. All benefits will be continued and vacation/sick accruals kept intact.

XI. Approval of the 2020/2021 Operating Budget

Todd Summer reported that a budget workshop to review the proposed 2020/2021 operating budget was conducted on May 8, 2020. Board members present were Agnes Wong Nickerson, Christy Samarkos, Brittany Santos-Derieg, Christian Holt, Edward Pierzak and Carl Winston.

Todd noted there was no incentive or wage increases in the budget. There is expected to be an increase in the minimum wage in January.

Tyler Morgan motioned to approve the 2020/2021 operating budget. Carl Winston seconded the motion. Motion was approved 8-0-0.

XII. Allocation of Earnings for 2020/2021

Todd Summer reported that for the 2020/2021 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.

Edward Pierzak motioned to approve the allocations as outlined. Agnes Wong Nickerson seconded the motion. Motion carried 7-0-0. (Christy Samarkos absent for vote).

XIII. Resolution Establishing Board of Directors Schedule of Meetings for Academic Year 2020/2021

Todd Summer presented a resolution to establish a Board meeting schedule for the 2020/2021 academic year. Agnes Wong Nickerson motioned that the Board of Directors approve the resolution establishing a Board of Directors meeting schedule for the 2020/2021 academic year. Edward Pierzak seconded the motion. Motion was approved 7-0-0. (Christy Samarkos absent for vote).

XIV. Motion to move into closed session

Seth Mallios described that auxiliary board meetings must be in open session. Discussions of investments, including real estate transactions, and discussions of potential or pending litigation, however, may be held in private. There is a potential matter that warrants a closed session. Seth motioned to move into Closed Session. Brittany Santos-Derieg seconded the motion. Motion was approved 7-0-0. (Christy Samarkos absent for vote).

XV. Adjournment

Seth Mallios moved to adjourn the meeting at 12:25 p.m.


Todd Summer (Jul 2, 2020 12:43 PDT)
Todd Summer
Chief Executive Officer