

AZTEC SHOPS, Ltd.
Minutes of the Board of Directors
December 2, 2020
Board Meeting

Members present: Tom Donnelly, Christian Holt, Tyler Morgan, Edward Pierzak, Brittany Santos-Derieg, Bianca Shaw, and Carl Winston

Members absent: Tyree Baker, Steven Plante, Chris Thomas, Agnes Wong Nickerson, Luke Wood

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

I. Call to Order

Carl Winston, Chair, called the meeting to order at 8:05 a.m.

II. Approval of the minutes of the Board of Directors Meeting of September 18, 2020

Tyler Morgan motioned to approve the minutes of the Board of Directors Meeting of September 18, 2020. Brittany Santos-Derieg seconded the motion. Motion was approved 6-0-0. (Tom Donnelly not present for the vote).

III. Public Comment

Carl Winston opened the meeting for public comment. There were no requests to access the meeting online, no public participants appeared at Aztec Shops corporate offices, and there was no public comment at the meeting.

IV. Management Discussion

A. Corporate Update: Heather Hawkins, Controller/Director, reported on the Statement of Financial Position for Period 4, ending October 31, 2020. Heather discussed the current cash position and the fluctuation in the Accounts Payable and Meal Card Liability balances. Todd Summer, CEO, reported on the overall operating statement ending October 31, 2020.

B. Campus Stores Update: Kathy Brown, Campus Stores Director, reported that even though there are little to no people on campus and the Bookstore is operating on limited store hours net to operations is trending close to budget. Kathy mentioned, that like traditional outside retail, Campus Stores sales have shifted more to online where sales are up 114% to last year.

Kathy explained a new program, Equitable Access (EA). EA is a program that may launch in the fall of 2021. Like the current Immediate Access program students will get access to materials prior to classes starting and have an opportunity to opt-out of participating in the program. Unlike Immediate Access, which is a course level program with faculty choosing to be included or not, Equitable Access will include all undergraduate courses. Each undergraduate student will still be able to opt-out but the

opt-out will be for their entire roster of classes instead of course by course. Pricing is still being worked on and may be \$65 per 3-credit class or about \$22 per credit. This new flat fee opt-out model will allow students to more easily budget from semester to semester which currently is difficult.

- C. Dining Update:** Paul Melchior discussed that the financials for Dining reflect less than budgeted activity due to fewer students, faculty and staff being on campus than expected. Dining is managing controllable expenses well but fixed expenses are having a big impact on the financials in relation to reduced revenue. Dining extended an Offer of Employment to Susan Hawke, who will be Executive General Manager of Aztec Stadium Food & Beverage. Susan will be starting on December 14, 2020.
- D. Business Development and Contract Housing Update:** R.D. Williams reported Net from Operations of \$141,604 through Period 4 (October 31, 2020). Expenses for the division are under budget despite several unexpected large repairs at the apartment properties. Depreciation expense recorded through Period 4 was \$1,148,159. R.D. stated that the renovation project at the previous KB Books retail site on College Avenue is progressing well.
- E. Forecast:** Todd Summer discussed the projected operating statement income and projected cash position for year end. Todd also discussed some preliminary assumptions for the next fiscal year.

V. DEI Update

Jennifer Lakin, Director of Management Services, reported that the draft DEI plan is going through some final management review. Following that review Christian Holt, Bianca Shaw, and Brittany Santos-Derieg have agreed to act on behalf of the board to review the final document for comment. The document, with a high level summary, will be presented to board for approval at the February board meeting.

VI. SDSU Strategic Plan

Todd Summer reported on the importance of the campus strategic plan and the various activities and work that SHOPS was involved with in regard to the plan including environmental sustainability, new revenue and opportunities, and economic crisis response. Brittany Santos-Derieg added that SHOPS would be involved in some of the new revenue opportunities and it was agreed those opportunities, when identified, would be discussed with the board.

VII. Defined Benefit Oversight Committee Meeting 11-20-2020

Heather Hawkins reported that the Oversight Committee had a meeting with Morgan Stanley and the Principal Actuary on November 20th to review the performance of the Defined Benefit Pension Plan (DBPP) and the 403B plan. The Actuary explained that the decrease in the discount rate had a negative impact on our pension liability and funding percentage, however, she is not concerned about the funding status. Morgan Stanley reviewed the composition and performance of our DBPP and 403B plans and recommended that we make a small adjustment to reduce bond

exposure and increase equity exposure in the DBPP. The adjustment will be made when there is a correction in the market which Morgan Stanley anticipates will occur in the next couple of quarters. SHOPS will meet with Morgan Stanley again in the first quarter.

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, each member of the Board of Directors is to sign and return an acknowledgement by December 31, 2020. An annual report memorandum for the calendar year ending December 31, 2020 will be submitted to the Secretary/Treasurer by January 31, 2021.

IX. Report of Merit Pool Increase

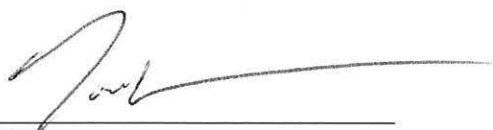
Todd Summer reported that due to the pandemic and the resulting impact to organizational results there will be no merit pool increase for full-time employees. Part-time employees will still be eligible for increases, particularly those who will see a minimum wage increase.

X. Motion to go into Closed Session

Carl Winston expressed that the Education code requires auxiliary board meetings to be in open session. Carl further stated that discussions related to real estate, legal matters, or an individual's performance or compensation may be held in closed session. Carl asked for a motion to move into closed session to discuss the CEO's annual performance. Brittany Santos-Derieg motioned to move into closed session. Ed Pierzak seconded the motion. Motion approved 7-0-0.

XI. Closed Session

Back into open session and adjournment at 9:53 a.m.



Todd Summer
Chief Executive Officer