

AZTEC SHOPS, Ltd.
Minutes of the Meeting of the
Board of Directors
December 2, 2022

Members present: Carl Winston, Agnes Wong Nickerson, Brittany Santos-Derieg, Leanne Locano, Leilani Anderson, Tyler Morgan, Tom Donnelly, Bianca Shaw, Shawki Moore

Members absent: Luke Wood

Others present: Todd Summer, Heather Hawkins, Paul Melchior, R.D. Williams, Jennifer Lakin, Kathy Brown, Jahan Jamshidi, Rehza Baraichi, Jim Herrick, Gearreny Mucur

I. Call to Order

Carl Winston, chair, welcomed everyone and called the meeting to order at 12:21 p.m.

II. Approval of the September 23, 2022, Board Meeting Minutes

Bianca Shaw moved to approve the September 23, 2022, board meeting minutes, Brittany Santos-Derieg seconded, and the motion passed unanimously (9-0-0).

III. Public Comment

Carl Winston opened the meeting for public comment. There was no public comment.

Todd Summer thanked Jim Herrick for his 37 years of service with the University and all his contributions. R.D. Williams added that Jim Herrick has been a tremendous supporter of Aztec Shops. Jim Herrick thanked the board for having him at the meeting.

IV. Audit Committee Nomination - Leilani Anderson

Tyler Morgan, audit committee chair, discussed the nomination of Leilani Anderson to the Audit Committee and noted she has a financial and accounting focus in her studies in the Fowler College of Business. He commented that Leilani attended her first audit committee meeting earlier in the week as a guest. Shawki Moore moved to approve Leilani Anderson's nomination to the audit committee, Agnes Wong Nickerson seconded, and the motion passed unanimously (9-0-0).

V. Audit Committee- Approve Auditors

Tyler Morgan noted that Aztec Shops, along with other campus auxiliaries, completed an extensive financial and tax services request for proposals to identify an accounting firm that will provide auditing services. The committee initially engaged with a group of 16 firms and each received a copy of the request for proposals. Interested firms submitted their audit and tax service proposals and the committee reviewed proposals narrowing the field to four firms. Grant Thornton, the current auditing firm, was determined to again have the best proposal for all auxiliaries. Tyler Morgan moved to approve Grant Thornton as the firm that will provide the financial and tax services for a term of five years, Agnes Wong Nickerson seconded, and the motion passed unanimously. (9-0-0).

VI. Defined Benefit Plan

Heather Hawkins stated that the Benefit Plan Committee met with Principal & Morgan Stanley to review the 403(b) plan. There was a minor rebalance of the portfolio.

VII. Telework Policy

Jennifer Lakin discussed a Telework policy that has been created and it has been reviewed by the Aztec Shops attorney. The policy will allow Full Time employees to work from home on an occasional basis with the approval of their managers and Human Resources. Those employees will receive a flat rate reimbursement of \$25.00 per month for internet services. The program will be implemented in January, 2023.

VIII. Management Discussion

A. Balance Sheet - Heather Hawkins presented the October balance sheet and discussed Cash & Investments and the Meal Plan liability.

B. Corporate Update - Todd Summer reviewed the operating statement. He mentioned that expenses are over budget primarily due to labor and supplies at Snapdragon Stadium. Todd explained that he had given direction to open strong, including overstaffing to ensure a good customer experience. As the job market was difficult, temp agencies were needed to fill in gaps and added to the labor expense. Additionally, SHOPS underestimated needs in supplies. He added that the corporation was able to absorb these additional expenses and is having a strong year, overall, and is well ahead of budget.

C. Campus Stores - Kathy Brown reported that football sales at the stadium exceeded budget and finished the season at \$610,000. After the budget was approved the company signed an agreement with The Wave FC which added to the strong results. Equitable Access had 71% participation. For the first semester, students saved \$3.7 million on course materials. As the program is designed to break-even, after expenses, a \$200,000 surplus will be used to help reduce pricing for the Spring Semester. Apparel and gifts are driving an increase in net from operations.

D. Dining & Hospitality - Paul Melchior reported that sales were strong in the division primarily due to concessions and catering being busy. Sales also exceeded budget at Snapdragon Stadium by \$100,000. A major concert at Snapdragon was postponed which would have been the first major concert at the stadium. Cost of Goods are high by 1.7% of sales due to unprecedented inflation. The Dining Division is planning limited price increases in the Spring Semester to help offset persistent inflation in cost of goods and a minimum wage increase. The net contribution in Dining was favorable, compared to budget year to date, by \$440,000. Aztec Rocks Hunger collected a record of \$107,000+ of which \$69,000+ was attributable to student and other customer donations through SDSU Dining outlets. Paul announced that he has extended his retirement date to June 30, 2023.

E. Business Development - R.D Williams reported that Business Development is tracking close to budget due to an increase in residential and commercial occupancy. He noted that future development will be taking place at the Mission Valley Campus and that he is working with AvalonBay Communities to plan the first phase. This project will include a grocery store, restaurants, and other retail stores. Bryce Meier has recently been hired as a Business Development and Housing Associate Director to assist with the Mission Valley Project. R.D is also working with the Office of Housing Administration to figure out ways to deal with a shortage of student housing on the main campus.

IX. DEI Update

Rehza Baraichi reported on the accomplishments of each of the 4 goals of the DEI Plan.

A. Goal 1 Workforce Diversity - Partnerships were expanded to ensure that Aztec Shops job openings were communicated to various organizations on and off campus. Some of these organizations are Black Resource Center, LGBTQ+ center and Jewish Family Services. He mentioned that part of this goal is to evaluate the demographic makeup of the workforce managers' race & ethnicity. Growth was seen in 2022 in those who identify as Hispanic or Latino and Native Hawaiian or Pacific Islander. He added that in this goal

there is a component to the board of directors to recruit a diverse group of governance leaders.

- B. Goal 2 Workplace Inclusion** - To promote inclusion in the workplace the capability to add pronouns to employee badges was initiated this year. A process was created to ensure that communication to employees is accessible including virtual facilitation of New Hire Orientation.
- C. Goal 3 Equitable and Ethical Culture** - Targeted communication has been implemented each month to employees regarding DEI & cultural events, DEI workshops, resource groups and highlights on topics regarding Black History Month, Women's History Month, Jewish Heritage Month, Pride events, and more.
- D. Goal 4 External Engagement and Outreach** -Partnerships with diverse communities and suppliers continue to expand. Rehza Baraichi stated he co-chairs the campus Vendors Diversity Committee.

Jennifer Lakin added that in order to get a better understanding of the composition of the Board a voluntary and anonymous board survey was created. The components of the survey are based on Gender, Race, Veteran Status, and Disability Status. Rehza Baraichi will be sending the survey to board members.

X. Conflict of Interest

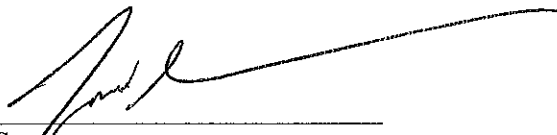
Todd Summer reported that this is a housekeeping item and asked that all Board members review and sign the conflict of interest declaration form.

XI. Closed Session - Real Estate Matter

Carl Winston noted that the education code requires auxiliary board meetings to be in open session. Discussions related to investments, litigation, a specific individual personnel matter, or collective bargaining may be held in closed session. Carl asked for a motion to move into closed session for discussion on a real estate matter. Tyler Morgan motioned to move into closed session, Agnes Wong Nickerson seconded, and the motion passed unanimously (8-0-0; Shawki Moore not present for the vote). The board moved into closed session at 1:16 p.m. The board returned to open session at 1:57 p.m.

XII. Adjournment

Carl Winston adjourned the meeting at 1:57 p.m.



Todd Summer
Chief Executive Officer

On March 10, 2023 a revised resolution to the one passed in closed session on December 2, 2022 was proposed and passed (9-0 with one board member absent) *pro ne rata* as an action taken under pressure of the exigencies presented.