

AZTEC SHOPS, Ltd.

Minutes of the Meeting of the Board of Directors - June 2, 2023

Members present: Carl Winston, Agnes Wong Nickerson, Brittany Santos-Derieg, Leilani Anderson, Tyler Morgan, Tarek Morsy, Sabrina Simon, Bianca Shaw

Members absent: Luke Wood, Tom Donnelly, Leanne Locano

Others present: Todd Summer, Heather Hawkins, Paul Melchior, R.D. Williams, Jennifer Lakin, Kathy Brown, Jahan Jamshidi, Thomas Tazbaz, Bryce Meier, Leonardo Reyes, Gearreny Mucur

I. Call to Order

Carl Winston, chair, welcomed everyone and called the meeting to order at 12:16 p.m.

II. Approval of the April 7, 2023, Board Meeting Minutes

Brittany Santos-Derieg moved to approve the April 7, 2023 board meeting minutes. Agnes Wong Nickerson seconded, and the motion passed unanimously (8-0-0).

III. Public Comment

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

IV. Welcome Tarek Morsy

Carl Winston welcomed Tarek Morsy. Tarek introduced himself and mentioned he is working closely with Leonardo Reyes, a guest at the meeting and the A.S Vice President of Financial Affairs. Tarek is excited to be on the Board of Directors.

V. Introduce Thomas Tazbaz

Todd Summer introduced Thomas Tazbaz, who is the new Dining & Hospitality Services Director. Thomas mentioned he was previously employed at Hilton Bayfront as an Executive Director of Food and Beverage. He graduated from Cal Poly Pomona with a Bachelor's degree in Hospitality Management. Thomas thanked Paul Melchior for a smooth transition.

VI. Thank You Outgoing Board Members

Carl Winston and Todd Summer thanked Tom Donnelly and Bianca Shaw for their service on the Board of Directors. Tom Donnelly was not present at the meeting. Bianca Shaw mentioned she is graduating and had a great experience being part of the board.

VII. Annual Meeting Election of Officers

Todd Summer mentioned the officers under consideration. Brittany Santos-Derieg moved to elect the officers mentioned below, Leilani Anderson seconded, and the motion passed (7-0-1; Carl Winston abstained).

A. Chair: Carl Winston - July 1, 2023 - June 30, 2024

B. Vice- Chair: Tarek Morsy - through end of A.S Presidential term

C. Secretary/Treasurer: Agnes Wong Nickerson (*per by-laws*)

VIII. Juneteenth

Carl Winston mentioned this is an action item. Jennifer Lakin stated that per Aztec Shops wage and benefit policy any amendments to the benefits, including the addition of a holiday, require approval from the board. Jennifer Lakin asked the board to approve Juneteenth as a holiday which would be effective this year, on June 19, 2023, and would be in line with the campus and state. This will increase the total paid holidays from 13 to 14 days per year. Sabrina Simon moved to approve and Bianca Shaw seconded, and the motion passed unanimously (8-0-0).

IX. Management Discussion

A. Balance Sheet - Heather Hawkins presented the April balance sheet and discussed the cash position.

B. Operating Statement - Todd Summer reviewed the overall company operating statement. He mentioned that Aztec Shops maintained its positive trend through April.

C. Campus Stores - Kathy Brown expressed that her division is having a great year and three factors have contributed to its success. First, the Men's Basketball participation in the Final Four, which created an additional \$1.8 million in revenue between the bookstore and online sales. Second, the opening of the Team Store at Snapdragon Stadium which brought in revenue of just under \$700K. Prior to this, the biggest season was \$278K in revenue. Last, an agreement with the WaveFC was signed after this year's budget was completed and the sale of their merchandise at The Team Store brought in additional revenue.

D. Food & Beverage - Paul Melchior mentioned that Sales, Credit & Revenue, and Net increases were primarily due to high freshman housing occupancy and housing meal plans. Total expenses included pre-opening costs at Snapdragon Stadium, which included buying equipment, procuring supplies, and added pre-opening payroll expense

E. Real Estate - R.D. Williams introduced Bryce Meier, Business Development & Housing Associate Director who oversees the commercial properties on campus and is actively involved in Mission Valley planning. Bryce introduced himself stating he graduated from SDSU, moved to Irvine for a few years, and is happy to be back in San Diego. R.D Williams expressed that his division continues to exceed budget by 10% in Net from Operations primarily due to higher than expected occupancy in commercial and student housing properties. He mentioned that depreciation is \$2.8M Year to Date. R.D. went on to report that the projects at UTK and Piedra del Sol are progressing and that his division will have a busy summer.

X. Approval of 2023/2024 Operating Budget

Todd Summer thanked Carl Winston and Brittany Santos-Derieg for attending the budget workshop where the budget was discussed in great detail. Todd also thanked Leonardo Reyes for attending the budget workshop. Todd presented the budget overview, mentioning that Full Time positions are increasing from 178 to 189, but that the company was still remaining lean, comparatively, based on pre-pandemic numbers and increased business factors. Todd then presented a record \$114M revenue budget with a net contribution of \$7.1M, noting additional depreciation.

Kathy Brown reported that the proposed budget for campus stores is lower than the projections for the current year as she did not budget for another Final Four visit. Pricing for the Equitable Access program was also reduced from \$22 to \$19.75 per credit. In this past year, 72% of students stayed in the program and they saved \$6.8 million, which does not include summer.

Thomas Tazbaz reported for Dining and noted budgeted sales are up by \$5M and are mainly attributed to growth at Snapdragon Stadium, which is also driving higher margins due to more efficiencies in its second year of operation. Thomas added that there is a slight decline expected on the main campus due to projected reduced meal plans.

R.D. Williams reported that in the Real Estate division housing revenue will increase due to the addition of VIVA 5750. VIVA 5740 was Aztec Shops' largest ever purchase and is the main contributor to additional depreciation expense of \$1.9M. He added there will be an increase in utilities expense.

Heather Hawkins discussed cash position, overall depreciation, and capital expenditures.

Agnes Wong Nickerson moved to approve the 2023/2024 operating budget, Tarek Morsy seconded, and the motion passed unanimously. (8-0-0).

XI. Resolution Establishing BOD Schedule of Meetings 2023/2024

Todd Summer presented the formal meeting schedule for next year. Agnes Wong Nickerson moved to accept the schedule, Sabrina Simon seconded, and the motion passed unanimously (8-0-0). The dates are already on everyone's calendar: September 22, 2023, April 5, 2024, June 7, 2024; all from noon to 2pm. The December 4, 2023 meeting will be from 3:30pm-5:30pm.

XII. Allocation of Earnings for 2023/2024

Todd Summer said Aztec Shops annually provides funds to the University's Resource Allocation Committee which assigns funds for various needs. An amount of \$310,000 was recommended for 2023-2024. An amount of \$55,000 was also recommended for Associated Student's Campus Community Relations for 2023-2024. Todd increased this to \$60,000 after a soft ask from Tarek Morsy. Tarek Morsy moved to approve these allocations for 2023/2024, Leilani Anderson seconded, and the motion passed unanimously (8-0-0).

XIII. Resolution Authority & Signatories Selected Real Estate Transaction

R.D. Williams explained that the current policy only allows certain corporate officers and staff to execute transactions related to acquisition and management of real estate holdings. The number of contracts and leases requiring signatures by the designated officers and staff has increased. R.D. proposed to designate additional staff members to enter into management agreements for real property and to modify commercial and residential leases with campus and off-campus entities on behalf of Aztec Shops, as long as the lease has a value of no more than \$500K and a term of less than five years. R.D. requested adding Bryce Meier, Associated Director of Business Development and Contract Housing (Commercial Property) and Alyssa Longeuay, Associated Director of Business Development and Contract Housing (Residential Property) as signatories. Agnes Wong Nickerson moved to approve the two additional staff members, Tarek Morsy seconded, and the motion passed unanimously (8-0-0).

XIV. Closed Session - CEO Review

Board members went into closed session for the annual CEO review. Carl asked for a motion to move into closed session for discussion on the CEO Review at 1:16 p.m. Tarek Morsy made the motion, Agnes Wong Nickerson seconded, and the motion passed unanimously (8-0-0).

XV. Adjournment

Tyler Morgan moved to return to open session and adjourn, Leilani Anderson seconded, and the motion passed unanimously (8-0-0). The meeting was adjourned at 1:50 p.m.



Todd Summer
Chief Executive Officer