

AZTEC SHOPS, Ltd.
Minutes of the Meeting of the
Board of Directors
February 27, 2015

Members present: J. Cole, Megan Collins, Bill Earley, Dr. Seth Mallios, Tom McCarron, Andrew Meadows, Kyle Murphy, Okaro Shinn and Carl Winston

Members Absent: Matt Keipper, Mariah Kelly and Eric Rivera

Others present: Donna Tusack, Lisa Albers, Jahan Jamshidi, Paul Melchior, Martha Speck, Todd Summer, R.D. Williams and Gayle Fernandez

I. Call to Order

Tom McCarron, Secretary/Treasurer, called the meeting to order at 12:07 p.m.

II. Approval of the December 12, 2014, Board Meeting Minutes

Tom McCarron asked for approval of the minutes of the December 12, 2014, Board meeting. Carl Winston moved to approve the minutes of the December 12, 2014, Board meeting. Seth Mallios seconded the motion. Motion was approved 7-0-0.

III. Board Changes

A. Tom McCarron reported that Erika Tischofer resigned from her position on Aztec Shops Board of Directors effective, January 23, 2015.

B. Tom McCarron introduced Megan Collins, Interim Chief of Staff to President Hirshman. Megan will replace Andrea Dooley as the President's designee on Aztec Shops Board of Directors effective, January 22, 2015.

IV. Election of Director

J. Cole, Associated Students President, nominated Okaro Shinn to serve a three-year term on Aztec Shops Board of Directors. Okaro will receive his Board Orientation prior to the April 24, 2015, Board meeting. Bill Earley moved to elect Okaro Shinn to serve on the Board for a three-year term. J. Cole seconded the motion. Motion was approved 8-0-0.

V. Election of Officer

Tom McCarron reported that Kyle Murphy was willing to replace Andrea Dooley as Vice Chair on Aztec Shops Board of Directors. J. Cole moved to elect Kyle Murphy to serve as Vice Chair on the Board. Anthony Meadows seconded the motion. Motion carried 8-0-0.

VI. Conflict of Interest

Donna Tusack explained that, in accordance with the Aztec Shops Conflict of Interest Policy, the Board is required to report any conflicts of interest for Aztec Shops employees and members of the Board of Directors. An annual memorandum to the Vice President of Business and Financial Affairs from Donna Tusack confirmed that for the calendar year ended December 31, 2014, Aztec Shops had no incidents of conflict of interest reported to Aztec Shops management.

VII. Management Discussion

A. Financial Update

Donna Tusack reported Aztec Shops implemented the 2% merit pool wage increase (approved by the Board in the 2014-15 Operating Budget) for hourly and salaried employees in January. Hourly employees received a 3% increase and salaried employees received 1%.

Lisa Albers, Controller, summarized the financial report through Period 8 (ending February 8, 2015). Overall results are tracking ahead of budget, most significantly in Business Development and Housing. Net contribution from operations is \$390,408 ahead of budget. Corporate Administration is tracking 1.6% under budget through Period 8 and there were no unusual items to report.

B. Campus Stores Update

Todd Summer, Campus Stores Director, summarized the Campus Stores financial report through Period 8 (ending February 8, 2015). Net from Operations was behind budget, primarily in course materials due to a continuing deterioration of the market share. He reported softness in apparel and gift sales since the Men's Basketball loss at Fresno State. Strategies implemented to improve net from operations include a division reorganization resulting in the reduction of two additional full-time positions and new contracts and strategies in course materials.

C. Dining Update

Paul Melchior, SDSU Dining Director, summarized the SDSU Dining financial report through Period 8 (ending February 8, 2015). Sales continue to be strong in Concessions and Catering. Sales were up \$298,739. Net operations was also favorable to budget. Aztec Shops Terrace opened in January with strong sales at Starbucks, Aztec Market and Grill.

D. Business Development and Housing Update

R.D. Williams, Director of Business Development and Contract Housing reported that housing occupancy is strong and financial results are tracking ahead of budget. He reported continued strong

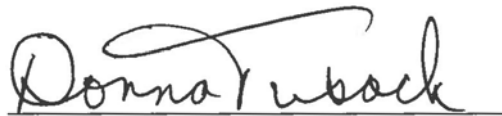
occupancy in all housing units. The depreciation expense recorded year-to-date is \$1,467,744. Reno Construction was awarded the contract to renovate College Square. Construction is scheduled to begin May 2015 be completed for the Spring 2016 semester. Starbucks will be expanded by offering more seating. The College of Extended Studies will occupy most of the building.

VIII. Audit Committee Report

Lisa Albers reported that the Audit Committee selected Grant Thornton to replace McGladrey as the new audit and tax firm. The collaborative goal was to choose one firm for all of the San Diego State University Auxiliaries from six proposals that they had received. Grant Thornton will handle the audits of the corporate financials, defined benefit pension plan financials and tax filings for Aztec Shops. Megan Collins will replace Andrea Rollins on the Audit Committee.

IX. Adjournment

J. Cole moved to adjourn the meeting at 1:08 p.m. Anthony Meadows seconded the motion. Motion was approved. 8-0-0

A handwritten signature in black ink that reads "Donna Tusack". The signature is written in a cursive style with a large, sweeping flourish over the top of the name.

Donna Tusack
Chief Executive Office