

AZTEC SHOPS, Ltd.
Minutes of the Board of Directors
June 10, 2016
Board Meeting

Members present: Megan Collins, Dr. Seth Mallios, Tom McCarron, Tyler Morgan, Eric Rivera, Okaro Shinn and Carl Winston

Members absent: Bill Earley, Anthony Lee and Jamie Miller

Others present: Donna Tusack, Lisa Albers, Jahan Jamshidi, Jennifer Lakin, Paul Melchior, Todd Summer and R.D. Williams

I. Call to Order

Seth Mallios, Vice-Chair, called the meeting to order at 12:21 p.m.

II. Approval of the minutes of the Board of Directors Meeting of April 22, 2016

Carl Winston moved to approve the April 22, 2016, Board Meeting minutes. Tyler Morgan seconded the motion. Motion was approved 6-1-0. Megan Collins abstained.

III. Public Comment

Seth Mallios opened the meeting for public comment. There was no public comment at the meeting.

IV. Management Discussion

A. Campus Stores Update

Todd Summer, Campus Stores Director, reported that even though he expected to trim the budget deficit for the stores division they will not make their budget by year end.

The stores division will be more competitive in pricing of used books in the fall having better sourced the books at lower prices. Todd noted that further reductions in used books for sale or rent are expected to continue decline. The price matching policy will be changed to not only match prices but the revised policy will provide an additional 5% off if store prices are higher. The stores division is going to be showing competitors' prices in students' personalized courses booklist for more transparency. Titles available at the SDSU Library will also be noted.

The lease with the Razzmatazz space in the store is not going to be renewed. A fashion boutique that will be operated as part of the store's regular operations will offer clothing, sandals and jewelry.

B. Dining Update

Paul Melchior, Dining Director, reported that he is projecting a favorable to budget net from operations year total. Changes over the summer will include the rebranding of The Dining Room at Cuicacalli to The Garden at Cuicacalli. The new concept will be similar to Souplantation. Daphne's Greek Express will become Dickey's BBQ and is projected to open sometime in the fall semester.

C. Business Development and Contract Housing Update

R.D. Williams, Director of Business Development and Contract Housing, reported that the division is on track to meet or exceed its budget for the year. He discussed past and potential renovation plans for the 55th Street peninsula including Albert's College Apartments.

V. Audit Committee Meeting Report

Lisa Albers reported that the Audit Committee, Kyle Murphy, Chair, Valerie Peterson and John Penrose, plus management representatives, Donna Tusack, Lisa Albers and Donna Martens and university representative Lia Pierce met with Rick Wentzel and Rachel Clark, Grant Thornton audit firm representatives, on May 6, 2016. Audit Committee member, Megan Collins, was absent. The committee accepted and approved filing the IRS Form 990, unrelated business income tax 990T and applicable California returns. A complete copy was provided to each board member prior to filing by the May 16, 2016, deadline. The specifics of the upcoming 2015/2016 financial audit were discussed. The audit will be conducted in accordance with generally accepted auditing standards in the United States (GAAS) which includes a risk based approach. Rick described the audit methodology and that materiality will be based on total revenues. They will focus on the areas identified as significant risks in their upcoming audit. Kyle Murphy, chair of the Audit Committee, signed the engagement letter. The meeting minutes and the attachments from the May 6, 2016, meeting were distributed.

VI. Approval of the 2016/2017 Operating and Capital Budget

Donna Tusack reported that a budget workshop was conducted on June 3, 2016, to review the proposed operating and capital budgets for fiscal year 2016/2017. She explained that President Hirshman reviewed and approved the budget prior to the budget workshop. The Board had an opportunity to discuss the budgets in detail at the workshop. Donna presented the key financial points in the Aztec Shops overall budget including the 2% merit pool effective January 2017, an increase in the minimum wage in July 2016 and January 2017, an increase in CalPERS contribution, an increase in healthcare costs, an increase in utilities and financial goals for compensation/incentives. The major capital budgets were highlighted and one project not on the current list for approval was discussed — the funding portion for the renovation of the concession stand at the Open Air Theater. If this Associated Students project cannot fund the building renovations, Aztec Shops will need to provide funding of approximately \$200,000. The current proposed capital budget only has equipment purchases. Donna stated she would come back to the board with an augmentation to the capital budget for this item if needed.

Tyler Morgan moved to approve the 2016/2017 operating and capital budgets. Carl Winston seconded the motion. Motion carried 7-0-0.

VII. Allocation of Earnings

Donna Tusack reported that for the 2016/2017 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 the Associated Students Campus Community Relations.

Tyler Morgan moved to approve the allocations as outlined in the board attachment. Okaro Shinn seconded the motion. Motion carried 7-0-0.

Donna Tusack reported that an additional \$400,000 will be allocated for the 2015/2016 fiscal year toward San Diego State University's Strategic Plan goal as outlined by the President and Scope of Authority.

VIII. Resolution Establishing Board of Directors Schedule of Meetings for Academic Year 2016/2017

Donna Tusack presented a resolution to establish a Board meeting schedule for the 2016/2017 academic year. Tom McCarron moved that the Board of Directors approve the resolution establishing a Board of Directors meeting schedule for the 2016/2017 academic year. Megan Collins seconded the motion. Motion carried 7-0-0.

IX. Adjournment

Megan Collins moved to adjourn the meeting at 1:08 p.m. Tyler Morgan seconded the motion. Motion carried 7-0-0.



Donna Tusack
Chief Executive Officer