

AZTEC SHOPS, Ltd.
Minutes of the Meeting of the
Board of Directors
April 21, 2017

Members present: Megan Collins, Brie Hornig, Anthony Lee, Dr. Seth Mallios, Tom McCarron, Jamie Miller, Tyler Morgan, Dustin Pena, Okaro Shinn and Carl Winston

Members absent: Bill Earley and Eric Rivera

Others present: Todd Summer, Lisa Albers, Kathy Brown, Jahan Jamshidi, Jennifer Lakin, Paul Melchior, R.D. Williams and Chimezie Ebiriekwe (Associated Students President-Elect)

I. Call to Order

Megan Collins, Chair, called the meeting to order at 12:15 p.m.

II. Approval of the February 24, 2017, Board Meeting Minutes

Megan Collins asked for approval of the minutes of the February 24, 2017, Board meeting. Tom McCarron moved to approve the minutes of the February 24, 2017, Board meeting. Anthony Lee seconded the motion. Motion was approved 10-0-0.

III. Public Comment

Megan Collins opened the meeting for public comment. There was no public comment at the meeting.

IV. Farewell to Graduating Board Members

Todd Summer thanked Jamie Miller (outgoing Associated Students President), Anthony Lee and Dustin Pena for their service and contributions to the Board.

V. Management Discussion A.

Financial Update

Lisa Albers, Director of Financial Services/Controller, reported on the Statement of Financial Position and the Statement of Activities through Period 8, February 28, 2017, vs. Period 9 (previous year) ending March 6, 2016. A discussion took place and all questions were answered. Moving on to the management discussion, Lisa Albers reported that the overall corporate results continue to track well ahead of budget mostly due to Dining and Business Development and Contract Housing areas. Corporate Administration is tracking .5% favorable to budget through Period 8 and there were no unusual items to report.

B. Campus Stores Update

Kathy Brown, Interim Campus Stores Director, summarized the Campus Stores financial report through Period 8, February 28, 2017, vs. Period 9 (previous year) ending March 6, 2016. Sales are trending ahead of budget by \$387,732 and \$425,277 compared to prior year due to strength in course materials. Credit and Revenue are ahead of budget due to an increase in used textbook rentals. Overall Net from Operations is \$111,618 ahead of budget. The NIKE shop will be expanding its footprint in the SDSU Bookstore by nearly doubling the square footage and increasing the unit capacity from 1,440 to 2,604. The expansion will enhance the strong partnership with Athletics and increase the product assortment in the store.

C. Dining Update

Paul Melchior, SDSU Dining Director, summarized the SDSU Dining financial report through Period 8, February 28, 2017, vs. Period 9 (previous year) ending March 6, 2016. Sales and Credit and Revenue continue to track ahead of budget and ahead of last year. March sales followed the trend due to the robust concert schedule. Cost of Goods is 35.5% of sales versus a budget of 37.8% of sales and Net from Operations continues a positive trend versus budget and last year. Aztec Shops' plots in SDSU's community garden, which are managed by a student gardener, are now in full production yielding fresh-picked produce for use by Dining.

D. Business Development and Housing Update

R.D. Williams, Director of Business Development and Contract Housing, summarized the financial report through Period 8, February 28, 2017, vs. Period 9 (previous year) ending March 6, 2016. He reported a positive variance due to higher-than budgeted occupancy in the market-based apartments and continued expense control. The depreciation expense recorded year-to-date was \$1,938,524. The renovation of the Fraternity Row Chapter House #3 (owned by Aztec Shops) is on track for a new tenant, Pi Kappa Alpha. Trader Joe's in South Campus Plaza is scheduled to open May 19 and construction at Eureka! is underway.

VI. Preliminary Capital Expenditure Budget FY 2017/2018

Todd Summer reported that the proposed 2017/2018 Capital Expenditure Capital budget is currently \$2,144,000. The budget was presented as information in the budget memorandum to the Board of Directors dated April 14, 2017. The final proposed Operating and Capital Expenditure budgets will be presented at the June 6 Board Budget Workshop in advance of the June 9 Board of Directors meeting.

VII. Resolution to approve Aztec Shops, Ltd. to join the California State University Risk Management Authority (CSURMA) Auxiliaries Organization Risk Management Alliance (AORMA) Workers' Compensation Program

Jennifer Lakin reported that management recommends that Aztec Shops join the California State University Risk Management Authority (CSURMA) Auxiliaries Organization Risk Management Alliance (AORMA) Workers' Compensation Program. Joining the CSURMA

AORMA Workers' Compensation program will provide an annual cost savings of approximately \$150,000. Carl Winston moved to approve the resolution authorizing Aztec Shops, Ltd., joining the California State University Risk Management Authority (CSURMA) Auxiliaries Organization Risk Management Alliance (AORMA) Workers' Compensation Program. Okaro Shinn seconded the motion. Motion carried 10-0-0.

VIII. Resolution on Aztec Shops Workers' Compensation Insurance Coverage for Aztec Shops Volunteers

Jennifer Lakin reported that a resolution on Aztec Shops Workers' Compensation Insurance Coverage for Aztec Shops volunteers is required when joining the California State University Risk Management Authority (CSURMA) Auxiliaries Organization Risk Management Alliance (AORMA) Workers' Compensation Program. The resolution clarifies that any person who performs voluntary service without pay for Aztec Shops, Ltd. shall not be deemed to be an employee of Aztec Shops, Ltd. for workers' compensation purposes. Aztec Shops General Liability insurance covers volunteers.

Anthony Lee moved to approve the Resolution to approve Aztec Shops Workers' Compensation Insurance Coverage for Aztec Shops Volunteers. Tyler Morgan seconded the motion. Motion carried 10-0-0.

IX. Defined Benefit Pension Plan Oversight Committee Meeting, April 5, 2017

Lisa Albers reported that the Aztec Shops Defined Benefit Pension Plan Oversight Committee (Todd Summer, Lisa Albers, Jennifer Lakin, Tom McCarron, Leah Messenger and Donna Tusack) and James Franken, independent consultant, for the Hourly Defined Benefit Pension Plan and Aztec Shops Retirement Savings Plan 403b met with Kevin Palm, Kravitz & Associates, and Don Lord, HighMark® Capital Management, on April 5, 2017. The committee reviewed plan investments, actuarial reports and financial audits conducted by Grant Thornton of the Hourly Defined Benefit Plan and Weworski & Associates of the audit of the 403(b) Hourly Retirement Savings Plan. Lisa reported the audits for both plans were discussed, there were no audit findings and all tax filings were completed timely. The committee approved and accepted the audits. The Oversight Committee meeting minutes were distributed to the Board.

X. Adjournment

Dustin Pena moved to adjourn the meeting at 1:15 p.m. Anthony Lee seconded the motion. Motion was approved 10-0-0.



Todd Summer
Chief Executive Office