

AZTEC SHOPS, Ltd.
Minutes of the Meeting of the
Board of Directors
December 8, 2017

Members present: Chimezie Ebiriekwe, Brie Hornig, Joey Lucero, Dr. Seth Mallios, Tom McCarron, Tomi Osinfolarin, Eric Rivera and Okaro Shinn

Members Absent: Bill Earley, Gina Jacobs, Tyler Morgan and Carl Winston

Others present: Lisa Albers, Gayle Fernandez, Jahan Jamshidi, Jennifer Lakin, Alyssa Longeuay, Paul Melchior, Todd Summer and R.D. Williams

I. Call to Order

Chimezie Ebiriekwe, ViceChair, called the meeting to order at 12:15 p.m.

II. Approval of the September 22, 2017, Board Meeting Minutes

Chimezie Ebiriekwe asked for approval of the minutes of the September 22, 2017, Board meeting. Joey Lucero moved to approve the minutes of the September 22, 2017, Board meeting. Seth Mallios seconded the motion. Motion was approved 8-0-0.

III. Public Comment

Chimezie Ebiriekwe opened the meeting for public comment. There was no public comment at the meeting.

IV. Expiring Board Term – Farewell to Okaro Shinn

Chimezie Ebiriekwe announced Okaro Shinn’s Board term would be expiring in February, 2018. Chimezie thanked Okaro for his service and contributions during his three-year term on the Board.

V. Management Discussion

A. Corporate Update

Todd Summer explained that in accordance with the Aztec Shops Conflict of Interest Policy, Board members are required to report any conflicts of interest for the calendar year ending December 31, 2017. If there are no incidents of conflict of interest to report to management, each member of the Board of Directors is to sign and return an acknowledgement by January 31, 2018. An annual report memorandum for the calendar year ending December 31, 2017, will be submitted

to the Vice President of Business and Financial Affairs by January 31, 2018. The annual report will be discussed at the next Board meeting.

Todd Summer reported the implementation of a 2.5% merit increase for full-time salaried and hourly employees, effective December 25, 2017.

B. Financial Report

Lisa Albers, Director of Financial Services/Controller, reported on the Statement of Financial Position (Balance Sheet) Period 4, ending October 31, 2017, and the Statement of Activities through Period 4, ending October 31, 2017. A detailed discussion took place and all questions were answered. Moving on to the management discussion, Lisa Albers reported that the overall corporate results are tracking well ahead of budget attributed to Campus Stores and Business Development and Contract Housing Divisions.

C. Campus Stores Update

Kathy Brown, Campus Stores Director, summarized the Campus Stores financial report through Period 4 (ending October 31, 2017). Kathy reported that sales exceeded prior year by \$305,000 primarily due to the expanded fan base at the SDCCU Stadium, the expansion of Immediate Access and institutional hardware sales. Sales at the SDCCU Stadium increased \$140,000 close to 100% compared to the prior year. The Immediate Access program grew from three classes (\$36,000 fall 2016) to 20 classes (\$454,000 fall 2017). Student savings were as much as \$715,000. In spring over 40 classes will be in the program.

D. Dining Update

Paul Melchior, Dining Services Director, summarized the Dining financial report through Period 4 (ending October 31, 2017). Paul reported that sales remained strong and ahead of prior year by \$377,000 with the margin dollar improvement of \$200,000. Credits and revenue were \$277,000 over last year due to strong occupancy in Housing and third party commissions. He reported there has been no decline related to South Campus Plaza's new food venues. The recent Aztecs Rock Hunger food drive exceeded its previous record and goal of collecting the equivalent of 500,000 pounds of food. The Economic Crisis Response Team (ECRT) will retain \$19,500 for the student program for short-term provisions of food, shelter and other items.

E. Conference Services

Alyssa Longeuay, Business Development Account Executive for Conference Services, summarized a successful 2017 Conference Services summer season. The new user group categories, policies & procedures, pricing structure, revenue sharing model and referral programs are all currently being worked on (with input from our campus partners) to set the course for future years. The changes are aimed at identifying and possibly reducing costs, determining if pricing is competitive in the marketplace and setting rates that will allow an increase in volume. Alyssa anticipates exceeding the goal of increasing overall revenue by 20% for 2018.

F. Business Development and Housing Update

R.D. Williams, Director, Business Development and Contract Housing, reported an increase in both income and expenses attributable to inflation factors and the addition of South Campus Plaza. The apartments are performing better than both budget and last year due to higher-than-anticipated occupancy and lower-than-usual turnover costs. The Net from Operations has improved substantially from last year with crossover to profitability occurring in early November. Depreciation expense recorded through October 31, 2017, was \$1,022,474.

Epic Wings and Broken Yolk will be opening soon in South Campus Plaza and Big City Bagels will be opening in the Engineering and Interdisciplinary Sciences (EIS) complex.

Renovation at the new University house is nearing completion. The addition of a new catering kitchen at the residence will be completed by May, 2018.

VI. Resolution to amend the ministerial services for Aztec Shops, Ltd. Defined Benefit Pension Plan

Joey Lucero moved to approve the Resolution to amend the ministerial services for Aztec Shops, Ltd. Defined Benefit Pension Plan from US Bank to Principal Life Insurance Company and Delaware Charter Guarantee & Trust. Okaro Shinn seconded the motion. Motion was approved 7-0-1. Eric Rivera abstained.

VII. Possible Rescheduling of the March 9, 2018, Meeting of the Board of Directors

Todd Summer requested that due to the possibility of a conflict with the Mountain West Conference Basketball tournament in March, 2018, the board consider rescheduling the March 9, 2018, board meeting. After discussion it was determined to cancel the March 9, 2018, board meeting and approved that Todd Summer provide an update to the board in March in lieu of a meeting. Seth Mallios moved to cancel the March 9, 2018, board meeting. Joe Lucero seconded the motion. Motion was approved 7-0-1. Eric Rivera abstained.

VIII. Motion to go into Closed Session

Okaro Shinn motioned to move into closed session at 1:15 p.m. to discuss the Chief Executive Officer's performance and compensation. Tomi Osinfarolin seconded the motion. Motion was approved 8-0-0.

IX. Motion to move into Open Session

Chimezie Ebiriewke motioned to move into open session at 1:25 p.m. Tomi Osinfarolin seconded the motion. Motion carried 8-0-0.

X. Adjournment

Joey Lucero moved to adjourn the meeting at 1:27 p.m. Tomi Osinfarolin seconded the motion. Motion was approved. 8-0-0

A handwritten signature in black ink, consisting of a stylized, cursive 'T' followed by a long horizontal line extending to the right.

Todd Summer
Chief Executive Officer