

AZTEC SHOPS, Ltd.
Minutes of the Meeting of the
Board of Directors
April 26, 2019

Members present: Xavier Leasau-Aguilar, Bill Earley, Joey Lucero, Dr. Seth Mallios, Tyler Morgan, Agnes Wong Nickerson, Tomi Osinfolarin, Steven Plante, Christy Samarkos and Chris Thomas

Members absent: Brittany Santos-Derieg and Carl Winston

Others present: Todd Summer, Kathy Brown, Gayle Fernandez, Jahan Jamshidi, Jennifer Lakin, Donna Martens (Associate Director of Financial Services), Tom McCarron (Guest), Paul Melchior, Rose Olvera (Guest) and R.D. Williams

I. Call to Order

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

II. Approval of the March 1, 2019, Board Meeting Minutes

Bill Earley moved to approve the minutes of the March 1, 2019, board meeting. Chris Thomas seconded the motion. Motion was approved 9-0-0. Christy Samarkos was absent during the motion.

III. Public Comment

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

IV. Welcome to Agnes Wong Nickerson and Rose Olvera and Thank You to Tom McCarron

Seth Mallios welcomed Agnes Wong Nickerson. Agnes replaced Tom McCarron as Secretary/Treasurer. Todd Summer announced Gayle Fernandez, Executive Assistant, will be retiring June 28, 2019. Todd introduced Rose Olvera. Rose will now handle board functions previously handled by Gayle. Seth Mallios thanked Tom McCarron for his many contributions and service to the board.

V. Farewell to Outgoing Board Members

Chris Thomas thanked student board members Joey Lucero and Tomi Osinfolarin for their service and contributions to the board. Seth Mallios thanked Bill Earley for his twenty years of dedicated contributions to the board and his service to the campus community. Seth thanked Chris Thomas (outgoing President Associated Students) for his service and contributions to the board.

VI. SDSU President's Nomination

Adela de la Torre, President of San Diego State University, nominated Dr. Seth Mallios to serve for a third term on Aztec Shops Board of Directors. Joey Lucero motioned to approve an additional term for Seth Mallios, ending June 30, 2022. Steven Plante seconded the motion. Motion was approved 10-0-0.

VII. Resolution for Certificate of Corporate Authority and Signatories for Banking and Investment Transactions

Donna Martens explained that banks require a new resolution when there is a change in position. Tom McCarron was removed and replaced by Agnes Wong Nickerson as a corporate authority and signatory. Chris Thomas moved to approve the resolution replacing Tom McCarron with Agnes Wong Nickerson as Secretary/Treasurer of the board on the Certificate of Corporate Authority for Banking and Investment Transactions. Tomi Osinfolaris seconded the motion. Motion carried 10-0-0.

VIII. Resolution for Authority for Signatories for Selected Real Estate Transactions

Tyler Morgan motioned to approve the resolution replacing Lisa Albers, who retired December 30, 2018, with Heather Hawkins as Director of Financial Services/Controller for Authority and Signatories for Selected Real Estate Transactions. Joey Lucero seconded the motion. Motion carried 10-0-0.

IX. Investiture Donation

Todd Summer reported that Aztec Shops contributed a \$20,000 cash donation and \$40,000 in catering to support the events scheduled for President Adela de la Torre's Investiture, April 11, 2019.

X. Investment Policy

Todd Summer updated the board regarding negotiations with Graystone/Morgan Stanley and Union Bank. Steven Plante motioned to replace Tom McCarron and Chris Thomas on the ad-hoc investment committee with Agnes Wong Nickerson and Christian Onwuka. Tomi Osinfolaris seconded the motion. Motion carried 10-0-0.

XI. Resolution Regarding Transfer of Brawley Property to California State University

R.D. Williams reported that Aztec Shops had been asked by the University to accept a gift of 6.17 acres to develop and lease to the University a new educational facility in Brawley, California. The fifteen-year lease, scheduled to expire May 18, 2019, includes a provision in which Aztec Shops will transfer the land along with all furniture, fixtures and improvements to the Trustees of California State University. Bill Earley motioned to approve the resolution to transfer the Brawley Property to the Trustees of California State University. Joey Lucero seconded the motion. Motion carried 10-0-0.

XII. Management Discussion

1. Statement of Financial Position (Balance Sheet)

Donna Martens, Associate Director of Financial Services, reported on the Statement of Financial Position through Period 9, (ending March 31, 2019). Donna reported the overall corporate results continue to track ahead of budget, cash position remains strong compared to last year and long term debt has decreased primarily due to principal payments that were made on State Revenue Bond real estate loans.

2. Corporate Update

Todd Summer reported on the overall corporate results through Period 9, (ending March 31, 2019). There were no unusual activities to report and he expects to end the year ahead of budget.

3. Campus Stores Update

Kathy Brown, Campus Stores Director, summarized the Campus Stores financial report through Period 9 (ending March 31, 2019). Kathy reported that sales were below budget in course materials and apparel. Expenses are below budget mainly in payroll, credit card fees and rental depreciation. Credits and Revenue are down due to a decrease in textbook rentals. Kathy reported that approximately 40,000 students will have benefited from participating in the immediate access program and saved \$3.9 million off of new textbooks and \$1.5 million off of traditional digital. For fall, 2020, she is expecting a 50% increase in student usage of the program from the current year.

4. Dining Update

Paul Melchior, Dining Services Director, summarized the Dining financial report through Period 9 (ending March 31, 2019). Paul reported that the sales budget did not include South Campus Plaza venues being on meal plans. Margin was flat as a percentage of sales to the budget and last year. The total expenses are being managed down to reduced sales. Credits and Revenues are favorable due to strong vendor and leased operation sales.

S. Business Development and Contract Housing Update

R.D. Williams, Director, Business Development and Contract Housing, reported costs are being controlled to below-budget expenses. Above-budget Credit & Revenue results were from higher than anticipated occupancy along with better-than-budget income in some operations. Depreciation expense recorded year-to-date is \$2,445,764.

XIII. Corporate Goals for Fiscal 2020

Kathy Brown, Campus Stores Director, Paul Melchior, Director SDSU Dining, R.D. Williams, Director of Business Development and Contract Housing, Donna Martens, Associate Director of Financial Services, Jahan Jamshidi, Director of Information Technology and Jennifer Lakin, Director of Management Services, presented the company's priority goals.

XIV. Capital Budget Augmentation Fiscal 2019

R.D. Williams asked for board approval for a Fiscal 2019 capital budget augmentation totaling \$890,000 to install campus WIFI at Albert's College Apartments. Tyler Morgan moved to approve a \$890,000 augmentation for Fiscal 2019 for the installation of campus WIFI at Albert's College Apartments. Tomi Osinfolaris seconded the motion. Motion carried 10-0-0.

XV. Capital Expenditure Budget Fiscal 2020

R.D. Williams reported that the proposed Fiscal 2020 capital expenditure budget is \$3,672,200. After a carry-forward of \$570,000 from the current Fiscal Year, the proposed budget requires \$3,102,200 in new funding. Tyler Morgan moved to approve a capital improvement expenditure budget of \$3,102,200 for Fiscal 2020. Chris Thomas seconded the motion. Motion carried 10-0-0.

XVI. Preliminary Highlights for Operating Budget Fiscal 2020

Todd Summer reported on the preliminary highlights for the operating budget for Fiscal 2020. The highlights were presented as information to the Board of Directors in advance of the May 22ⁿ^d, board budget workshop. The final proposed operating budget will be presented at the June 7, 2019, Board of Directors meeting.

XVII. Motion to move into Closed Session: Real Estate Purchase & Legal Matter

Steven Plante motioned to move into closed session at 1:20 p.m. to discuss a real estate purchase and a legal matter. Tomi Osinfolaris seconded the motion. Motion carried 10-0-0.

XVIII. Motion to return to Open Session

Steven Plante moved to return into open session at 1:40 p.m. Xavier Leasau-Aguilar seconded the motion. Motion carried 10-0-0.

MX. Adjournment

Tyler Morgan moved to adjourn the meeting at 1:40 p.m. Xavier Leasau-Aguilar seconded the motion. Motion carried 10-0-0.



Todd Summer
Chief Executive Office