AZTEC SHOPS, Ltd.
Minutes of the Meeting of the Board of Directors
June 6th 2025

Members present: Kareen Holstrom (Vice Chair), Agnes Wong Nickerson (Secretary/Treasurer), Vincent Lin, Christopher Manning, Brittany Santos-Derieg, Elliot Scott, Nikhil Varaiya

Members absent: Carl Winston (Chair), Leilani Anderson, Tyler Morgan, Rylie Ridpath, Sabrina Simon

Others present: Kathy Brown, David DeBoskey, Ben Eisenstein, Julie Goggins, Heather Hawkins, Robert Isner, Jahan Jamshidi, Jennifer Lakin, Alyssa Longeauy, Todd Summer, Dawn Stoebe, Janelle Temnick

I. Call to Order

Kareen Holstrom, Vice Chair, welcomed everyone and called the meeting to order at 12:14 p.m.

II. Public Comment

Kareen Holstrom opened the meeting for public comment. There was one member of the public in attendance and no public comment.

III. Approval of the April 18, 2025 Board Meeting Minutes

Vincent Lin moved to approve the April 18, 2025 Board Meeting Minutes, Elliot Scott seconded the motion, and the motion passed unanimously (7-0-0).

IV. Welcomes

Todd Summer and Heather Hawkins welcomed new Board members and staff at the meeting:

- **A.** Todd introduced Kareen Holstrom, 2025-2026 A.S. President. Kareen stated she is excited about her new roles and is looking forward to working with everyone. She mentioned she was previously employed with Aztec Shops at Starbucks.
- **B.** Heather introduced Robert Isner, promoted to Director of Campus Dining. Robert stated he is a 25 year veteran of Aztec Shops and is looking forward to working with the Board.
- **C.** Todd also introduced Alyssa Longeauy, promoted to Director of Real Estate and Business Development. Alyssa stated she has been with Aztec Shop for eight years and is looking forward to the ongoing and future projects in the Real Estate division.
- **D.** Todd stated Jahan Jamshidi is retiring June 30, 2025, and Dawn Stoebe has been promoted to the Director of I.T. Dawn mentioned she has held various roles across divisions at Aztec Shops for 28 years and is looking forward to new innovations in the I.T. division.

V. Board Nomination: David DeBoskey

Kareen Holstrom introduced David DeBoskey, Professor in the Charles W. Lamden School of Accountancy, who will fill the vacancy left by Nikhil Varaiya's departure from the Board. Vincent Lin moved to approve the nomination of David DeBoskey for a three year term beginning July 1, 2025 and ending June 30, 2028, Chris Manning seconded, and the motion passed unanimously (7-0-0).

VI. Annual Meeting Election of Officers

Todd Summer mentioned the officers under consideration, noting the Secretary/Treasurer position is mandated per the governing by-laws. Brittany Santos-Derieg moved to elect Carl Winston and Kareen Holstrom to Chair and Vice-Chair for the next year, respectively, Vincent Lin seconded, and the motion passed unanimously (7-0-0).

A. Chair: Carl Winston - July 1, 2025 - June 30, 2026
B. Vice- Chair: Kareen Holstrom - through end of A.S Presidential term
C. Secretary/Treasurer: Agnes Wong Nickerson (per by-laws)

VII. CalPERS Salary Schedules Resolution

Jennifer Lakin presented the resolution to restate and amend past Aztec Shops salary schedules to align with CalPERS standards of position listings, time base for positions, and effective dates. She highlighted the resolution includes documentation of wage increases which occurred during affected years, and explained that the resolution will retroactively address and correct identified oversights. Elliot Scott moved to affirm, re-approve retroactively, and approve the resolution for the salary schedules effective 7-4-2022, 7-1-2023, and 7-1-2024 which each identify the position title for every employee position, each indicating the time base including, but not limited to, whether the time base is hourly, daily, bi-weekly, monthly, bi-monthly, or annually, and each indicating an effective date and date of any revisions, Brittany Santos-Derieg seconded, and the motion passed unanimously (7-0-0).

VIII. Management Discussion

A. **Balance Sheet** - Heather Hawkins reported that Accounts Payable is currently \$4M high, primarily due to timing of payments. She noted the organization's high cash balance reflects this timing and that the balance is expected to level out to approximately \$16M at year-end.
B. **Corporate Update -** Todd Summer shared the company is ahead of budget and is continuing a proactive approach to reducing expenses. He also noted items that helped outperformance due to too-high expense budgeting.
C. **Campus Stores** - Kathy Brown reported the Campus Stores division had strong performance in graduation regalia and graduation related sales. Kathy also highlighted a partnership with ECRT to provide free regalia to students who could not afford it. Christopher Manning suggested increasing outreach by working with College Deans and/or Associate Deans to help ensure students are aware of the opportunity for support.
D. **Dining & Hospitality** - Robert Isner highlighted that the Dining Division is currently \$1.6 million above its net contribution target, largely due to effective expense control at Snapdragon Stadium.
E. **Real Estate & Business Development** - Alyssa Longeauy announced Phase 1 of the Evolve project has been approved by the Board of Trustees. She also shared that Shops is in negotiations with AvalonBay Communities for the first of four blocks of retail development in Mission Valley.
F. **Aztec Shops Annual Report of Fiscal Viability** - Janelle Temnick presented an informational item regarding a new CSU policy on Auxiliary Organizations, noting that no action was required. She explained that the CSU now mandates an annual review of financial standards and internal controls. In compliance with this

policy, Aztec Shops must complete an annual report demonstrating fiscal responsibility, strong internal controls, and alignment with its written operating agreements and the educational mission of the university. Janelle shared that the report, currently being finalized by Aztec Shops management, will consolidate information previously presented to the Board. It will be submitted to the university president for review and formal approval by June 30. Staff will report back to the Board on the approval status at the September meeting. A copy of the report will be retained in accordance with the new requirements.

IX. Approval of 2025/2026 Operating Budget

Todd Summer thanked the Board members who attended the budget workshop, where the budget was examined in detail. Heather Hawkins elaborated on the budget assumptions, noting no FT salary increases or changes to the FT salary schedule, increases in employee meal plans to cover costs of meals, decreased insurance, and approved allocations to the university. Todd shared some of the risks to which Aztec Shops may be vulnerable, including meal plan assumptions and tariffs.

Heather Hawkins discussed the overall proposed budget, noting overall sales are higher compared to last year, however net from operations is projected lower than FY25 due to meal plan assumptions and depreciation. Heather also discussed the updates to the overhead allocations, stating the support division overhead allocations are presented at the bottom of each divisional sheet.

Kathy Brown presented the Campus Stores division budget noting a slight increase in sales spread across departments. Operating expenses are projected up due to the Bookstore remodel and related depreciation. Credits and Revenues (C&Rs) projected down due to lower attendance at Wave games and reorganization of the commission structure with Wave.

Robert Isner presented the Dining division budget stating sales are stated up mostly due to a full season of MLS being budgeted vs. a half season in FY25 at Snapdragon Stadium. C&Rs budgeted down based on meal plan assumptions.

Alyssa Longeauy presented the Real Estate and Business Development division budget noting an additional $1M in depreciation. Alyssa mentioned revenue from the Office of Housing Administration (OHA) is budgeted down due to recent and ongoing operational cost savings Aztec Shops will now begin to pass on to OHA. Alyssa also noted The Row (formerly Fraternity Row) is budgeted at only 75% occupancy for various reasons. Christopher Manning asked if insurance rates would be lower for reduced occupancy, which the management team will explore and report back on.

Heather Hawkins reported on a strong cash position, and noted Aztec Shops will be requesting an enhancement to the capital budget.

Vincent Lin moved to approve the 2025/2026 operating budget with no pool/rate increases and no change to the salary schedule for full time employees, Elliot Scott seconded, and the motion passed (6-0-0; Nikhil Varaiya departed meeting prior to this vote).

X. Capital Budget Enhancement

Alyssa Longeauy highlighted an Aztec Shops property on Montezuma Road formerly utilized as a fraternity house, which has been vacant since last year. She added this location has been identified as a space for the International Student Center, which is currently displaced due to construction for Phase 1 of the Evolve Student Housing project. Alyssa noted the property is in poor condition and renovations are required to create a habitable, safe, and operational space, with a projected renovation amount of $6.8M. Christopher Manning moved to approve the capital budget enhancement of $6.8M for 5804 Montezuma, Brittany Santos-Derieg seconded, and the motion passed (6-0-0).

XI. Resolution for Establishing Schedule of Meetings 2025/2026

Julie Goggins presented the proposed schedule of meetings for 2025-2026, noting that she works closely with other Executive Assistants, other SDSU Boards and committees, and campus event planning groups to seek dates with minimal conflicts for staff and Board members. Vincent Lin moved to establish the Board of Directors schedule of meetings, Christopher Manning seconded, and the motion passed (6-0-0).

XII. Aztec Shops Incentive Plan Revision

Todd Summer discussed that Aztec Shops, as a commercial services auxiliary, supports the campus mission by generating revenue and contribution to support campus programs and needs for students. As a commercial services organization, Todd continued that Aztec Shops competes for talent with private commercial organizations and that the incentive program was developed decades ago to remain competitive with private commercial industry compensation packages. Todd stated there is a threshold of $1M net that Aztec Shops needs to meet in order for incentives to be considered by the Board on an annual basis. The amount is outdated and Todd proposed changing it to $5M net. In addition, though, due to heavy investment in student housing and other operations, Aztec Shops operating statements going forward will be impacted by additional depreciation. Todd also proposed language changes that would allow the Board to use Earnings Before Interest, Depreciation, Taxes, and Amortization (EBITDA) as an alternative to operating net, at the Board's discretion. Todd also stated there is new language that the Board needs to review incentive plan language at least once every five years. Brittany Santos-Derieg moved to approve the revised incentive plan with an effective date of July 1, 2025, Vincent Lin seconded, and the motion passed (6-0-0).

XIII. Adjournment

Vinccent Lin moved to adjourn the meeting, Christopher Manning seconded, and the motion passed (6-0-0). Kareen Holstrom adjourned the meeting at 1:23 p.m.

Todd Summer
Chief Executive Officer