

AZTEC SHOPS, Ltd.
Minutes of the Board of Directors
September 19, 2014
Board Meeting

Members present: J. Cole, Dr. Andrea Dooley, Dr. Seth Mallios, Tom McCarron, Anthony Meadows, Kyle Murphy, Eric Rivera and Erika Tischofer

Members absent: Bill Earley, Matt Keipper, Mariah Kelly and Carl Winston

Others present: Donna Tusack, Lisa Albers, Gayle Fernandez, Jahan Jamshidi, Paul Melchior, Martha Speck, Todd Summer, and R.D. Williams

I. Call to Order

Andrea Dooley, Chair, called the meeting to order at 12:14 p.m.

II. Approval of the minutes of the Board of Directors Meeting of June 13, 2014

J. Cole moved to approve the June 13, 2014, Board Meeting minutes. Kyle Murphy seconded the motion. Motion was approved 7-0-0.

III. Election of Directors

J. Cole, Associated Students President, nominated Anthony Meadows to serve a three-year term on Aztec Shops Board of Directors. J. Cole moved to elect Anthony Meadows to serve on the board for a three-year term. Kyle Murphy seconded the motion. Motion carried 7-0-0.

IV. Election of Officers

The Board of Directors offered the following slate of officers:

Chair: Mariah Kelly
Vice-Chair: Andrea Dooley

Per the bylaws, the Secretary/Treasurer position of the corporation is automatically filled by the Vice President of Business and Financial Affairs at San Diego State University. Erika Tischofer moved to approve the election of the slate of officers. Kyle Murphy seconded the motion. Motion carried 8-0-0.

V. Management Discussion

A. Campus Stores Update

Todd Summer, Campus Stores Director, reported a Nike Shop was installed in the SDSU Bookstore last year resulting in increased sales of \$565,000 versus \$378,000 the previous year. Sales on the web increased 50% over prior year. Aztec Shops filed for a trademark in July 2011 of "I Believe" for merchandise. The trademark went out for opposition this past July with 30 days to oppose.

Todd reported overall sales were below budget for fall rush. Sales for digital textbooks were strong, \$140,000 in sales versus \$60,000 for the prior year. New collaboration between Aztec Shops and five other campuses for group buying of paper products resulted in cost savings for students on notebooks and index cards.

B. Dining Services Update

Paul Melchior presented a magazine, California Bounty, September/October 2014 edition that published an article on Aztec Shops Executive Chef, Ed Glebus. Paul reported that \$5 meal deals were introduced at So Cal Chicken and Vinnie's resulting in 10,000 orders on the first day. The Salad Bistro in East Commons was relocated to enhance the concept which resulted in a 50% increase over the prior year's sales. Due to a robust concert schedule, catering and concessions sales are ahead of budget.

C. Business Development and Contract Housing Update

R.D. Williams showed a video to the board which highlighted various activities of the 2014 SDSU Student Move-In Day. He summarized the challenges and accomplishments shared by Student Affairs, Housing and Aztec Shops working together to prepare for the arrival of the students. Occupancy at Albert's College Apartments is over 99% and Fraternity Row is 95% occupied.

VI. Audit Committee Meeting Report

Lisa Albers reported that the Audit Committee (J. Cole, Andrea Dooley and John Penrose) plus management representatives Donna Tusack and Lisa Albers and university representatives Agnes Nickerson Wong and Lia Pierce, met with Jerry Varga and Nikki Ringnes, McGladrey & Pullen audit firm representatives, on September 12, 2014 to review the audited financial statements for June 30, 2014 and 2013. McGladrey issued an unqualified opinion. There were no audit adjustments or management comments. The audit was completed one week ahead of the university's deadline. The committee accepted the audit for fiscal year 2013-2014. Committee minutes and the audited financials were distributed to the Board of Directors.

VII. 2014/2015 Capital Budget Augmentation — Albert's College Apartments Storm Drain Project.

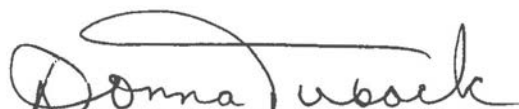
R.D. Williams reported that in April 2011, the Board of Directors approved a \$185,000 capital expense based on preliminary estimates for the storm drain project at Albert's College Apartments. Due to a variety of factors that delayed the project, Aztec Shops is ready to begin construction based on a final project cost of \$455,000 which requires an augmentation of the 2014/2015 Capital Budget of \$270,000. Kyle Murphy moved to authorize a 2014/2015 Capital Budget Augmentation of \$270,000 for the Albert's College Apartments storm drain project. J. Cole seconded the motion. Motion carried 8-0-0.

VIII. CaIPERS Health Benefit Employer Contribution — 1/01/15

Martha Speck reported that health insurance premiums for plans administered by CalPERS through PEMCHA will increase effective January 1, 2015. Erika Tischofer moved to approve the resolution fixing the employer's contribution under the Public Employees' Medical and Hospital Care Act at a maximum of \$405.86 per month with respect to employees or annuitants enrolled for self alone, \$811.72 per month for an employee or annuitant enrolled for self and one family member, and \$1055.24 per month for an employee or annuitant enrolled for self and two or more family members. J. Cole seconded the motion. Motion carried 8-0-0.

IX. Adjournment

Anthony Meadows moved to adjourn the meeting at 1:05 p.m. Kyle Murphy seconded the motion. Motion carried 8-0-0.

A handwritten signature in black ink that reads "Donna Tusack". The signature is fluid and cursive, with a large loop at the top.

Donna Tusack
Chief Executive Officer