

AZTEC SHOPS, Ltd.
Minutes of the Board of Directors
June 9, 2017
Board Meeting

Members present: Megan Collin, Bill Earley, Chimezie Ebiriekwe, Dr. Seth Mallios and Carl Winston

On Conference Phone: Brie Hornig, Tom McCarron and Tyler Morgan

Members absent: Anthony Lee, Dustin Pina, Eric Rivera and Okaro Shinn

Others present: Todd Summer, Lisa Albers, Kathy Brown, Gayle Fernandez, Jennifer Lakin, Paul Melchior and R.D. Williams

I. Call to Order

Megan Collins, Chair, called the meeting to order at 12:05 p.m.

II. Approval of the minutes of the Board of Directors Meeting of April 21, 2017

Carl Winston moved to approve the April 21, 2017, Board Meeting minutes. Seth Mallios seconded the motion. Motion was approved 8-0-0.

III. Public Comment

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

IV. Election of Officers

The Board of Directors offered the following slate of officers:

Chair:	Megan Collins
Vice-Chair:	Chimezie Ebiriekwe
Secretary/Treasurer:	Tom McCarron

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.

Chimezie Ebiriekwe moved to approve the election of Megan Collins, Chair. Bill Earley seconded the motion. Megan Collins abstained. Motion carried 7-0-1. Bill Earley moved to approve the election of Chimezie Ebiriekwe, Vice-Chair. Seth Mallios seconded the motion. Chimezie Ebiriekwe abstained. Motion carried 7-0-1.

V. Management Discussion

Todd Summer discussed the financials to date with the board.

VI. Audit Committee Meeting Report

Lisa Albers reported that the Audit Committee, Megan Collins, Board member and Chair, Seth Mallios, Board member, Valerie Peterson and John Penrose, university representatives, plus management representatives, Todd Summer, Lisa Albers and Donna Martens met with Rick Wentzel and Daniel Sage, Grant Thornton audit firm representatives, on May 11, 2017. The committee accepted and approved filing the IRS Form 990, unrelated business income tax 990T and applicable California returns. A complete copy was provided to each board member prior to filing by the May 15, 2017, deadline. The specifics of the upcoming 2016/2017 financial audit were discussed. The audit will be conducted in accordance with generally accepted auditing standards in the United States (GAAS) which includes a risk based approach. Daniel Sage described the audit methodology and that materiality will be based on total revenues. They focused on the areas identified as significant risks in their upcoming audit. Megan Collins, Chair of the Audit Committee, signed the engagement letter. The meeting minutes and the attachments from the May 11, 2017, meeting were distributed.

VII. Approval of the 2017/2018 Operating and Capital Budget

Todd Summer reported that a budget workshop to review the proposed 2017/2018 operating and capital budgets was conducted on June 6, 2017. He explained that Tom McCarron and Agnes Wong Nickerson, SDSU Business and Financial Affairs, reviewed the budget prior to the budget workshop. The Board had an opportunity to discuss the budgets in detail at the workshop. Todd presented the key financial points in the Aztec Shops overall budget including the 2.5% merit pool effective January 2018, the addition of South Campus Plaza property management, and financial goals for compensation/incentives. The major items in the capital budget were highlighted and one project, not on the capital budget at the April 21, 2017, Board meeting was discussed — the addition of a \$50,000 elevator upgrade at West Commons.

Tyler Morgan moved to approve the 2017/2018 operating and capital budgets. Carl Winston seconded the motion. Motion carried 8-0-0.

VIII. Allocation of Earnings

Todd Summer reported that for the 2017/2018 fiscal year management recommends an earnings allocation in the amount of \$310,000 to the University's Auxiliary Discretionary Fund and an allocation in the amount of \$55,000 to the Associated Students Campus Community Relations. Tyler Morgan moved to approve the allocations as outlined in the board attachment. Seth Mallios seconded the motion. Motion carried 8-0-0.

Todd Summer reported that an additional \$400,000 will be allocated for the 2016/2017 fiscal year toward San Diego State University's Strategic Plan goal as outlined by the President and the Scope of Authority.

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IX. Resolution Establishing Board of Directors Schedule of Meetings for Academic Year 2017/2018

Todd Summer presented a resolution to establish a Board meeting schedule for the 2017/2018 academic year. Bill Earley moved that the Board of Directors approve the resolution establishing a Board of Directors meeting schedule for the 2017/2018 academic year. Carl Winston seconded the motion. Motion carried 8-0-0.

X. Move into Closed Session for Employee Performance Evaluation Discussion

Chimezie Ebiriekwe motioned to move into Closed Session at 12:30 p.m. Bill Early seconded the motion. Motion carried 8-0-0. The motion to move back into open session after the discussion of employee performance evaluation was approved 8-0-0.

XI. Special Bonus

A motion was presented to propose paying a special bonus (non-Cal PERS eligible compensation) to Emeritus CEO Donna Tusack based on her six months of meritorious service from July 1st through December 31, 2016. This bonus is equivalent to the incentive payment at 100% of the goal rate she would have earned for that six month period and consistent with payments to other retiring employees under similar circumstances. Motion passed 8-0-0.

XII. Incentive Program

Tom McCarron presented a revised Incentive Plan. Changes include: 1) moving the timing of awarding the incentives from July to after audited results are finalized (usually in September); 2) with the CEO and Treasurer retaining the decision on which employees are in the plan, the decision on award amounts, based on company performance, moves to the board or board designee(s) from the CEO; and 3) baseline award amounts at the 100% level are lowered for new employees or reclassified/promoted employees. Motion to implement the plan beginning July 1, 2017, carried 8-0-0.

XIII. Adjournment

A motion to adjourn the meeting at 1:21 p.m. carried 8-0-0.



Todd Summer
Chief Executive Officer