

AZTEC SHOPS, Ltd.
Minutes of the Meeting of the
Board of Directors
December 7, 2018

Members present: Xavier Leasau-Aguilar, Joey Lucero, Tom McCarron, Tyler Morgan, Tomi Osinfolarin, Steven Plante, Eric Rivera, Brittany Santos-Derieg and Chris Thomas

Members Absent: Bill Earley, Dr. Seth Mallios and Carl Winston

Others present: Lisa Albers, Kathy Brown, Andrea Dooley (Associate Vice President Student Affairs), Gayle Fernandez, Stephanie Watts Galia (Director, Well-being and Health Promotion) Heather Hawkins, Jennifer Lakin, Kim Mazyck {Montezuma Publishing General Manager) Paul Melchior, Christy Samarkos (Incoming Interim Vice President of Student Affairs), Todd Summer, and R.D. Williams

I. Call to Order

Chris Thomas, Vice Chair, called the meeting to order at 12:21 p.m.

II. Approval of the November 2, 2018, Special Board Meeting Minutes

Chris Thomas asked for approval of the minutes of the November 2, 2018, Special Board meeting. Joey Lucero moved to approve the minutes of November 2, 2018, Special Board meeting. Tomi Osinfolarin seconded the motion. Motion carried 9-0-0.

III. Public Comment

Chris Thomas opened the meeting for public comment. There was no public comment at the meeting.

IV. Board Nomination – Steven Plante

Chris Thomas nominated Steven Plante to serve on Aztec Shops Board of Directors. His term ending June 30, 2021. Joey Lucero moved to approve Steven Plante to serve on the Board of Directors. Tomi Osinfolarin seconded the motion. Motion carried 9-0-0.

V. Introduction of Heather Hawkins

Todd Summer and Lisa Albers introduced Heather Hawkins, Aztec Shops new Controller, to the Board of Directors. Heather started her career working at KPMG and has primarily worked for publicly traded companies prior to working for Aztec Shops. Her most recent role was the Corporate Controller for Kyocera International Inc. Heather has a Chartered Professional Accounting designation from Canada and her CPA license in the State of California.

VI. Farewell to Lisa Albers

Todd Summer thanked Lisa Albers for her many contributions as Aztec Shops Director of Financial Services/Controller for the past six years. Lisa will retire December 30, 2018.

VII. Farewell to Eric Rivera

Tom McCarron thanked Eric Rivera, Vice President of Student Affairs, for his service and contributions to Aztec Shops Board of Directors. Eric served with distinction and is retiring from San Diego State University.

VIII. Management Discussion

A. Financial Report

Lisa Albers, Director of Financial Services/Controller, reported on the Statement of Financial Position (Balance Sheet) Period 4, ending October 31, 2018, and the Statement of Activities through Period 4, ending October 31, 2018. Lisa Albers reported the overall corporate results are tracking ahead of budget and prior year for Net from Operations, mostly attributed to Business Development and Contract Housing Divisions along with cost savings in Corporate Administration.

B. Campus Stores Update

Kathy Brown, Campus Stores Director, summarized the Campus Stores financial report through Period 4 (ending October 31, 2018). Kathy reported that sales were below budget due to soft sales in new course materials and apparel sales are down while controlling operating expenses and inventory levels. The Immediate Access Program continues to grow at a much faster rate than anticipated. Kathy set a goal of 150 classes and 42,000 students participating and she is projecting 190 classes and over 50,000 students for this academic year. The savings to students is \$4.2 million off of traditional print books and \$1.3 million off of digital. Kathy also mentioned that San Diego State University — Imperial Valley might be piloting an Immediate Access Program in the fall of 2019.

C. Dining Update

Paul Melchior, Dining Services Director, summarized the Dining financial report through Period 4 (ending October 31, 2018). Paul reported that the sales budget did not include South Campus Plaza (SPC) venues being on meal plans. He reported event based sales from Concessions and Catering will be strong though November. The Margin was flat as a percentage of sales to budget and last year. Total expenses have been managed down to reduced sales and Net from Operations was flat to budget and increased by \$54,000 over last year with \$87,000 less sales.

D. Business Development and Housing Update

R.D. Williams, Director, Business Development and Contract Housing, reported revenue is exceeding the budget substantially while costs are almost in line with budget. The Net from Operations has improved substantially from last year with the earliest crossover to profitability

since the division was formed. Depreciation expense recorded through October 31, 2018, was \$1,075,678. Planning has begun for capital improvement for 2019-2020.

IX. Montezuma Publishing

Kim Mazyck, Montezuma Publishing General Manager, provided an overview of Montezuma Publishing's overall business as a recognized leader as a Print and Digital publisher of Custom Course Readers, as well as Thesis and Dissertation, and book publishing. In addition to SDSU, Montezuma Publishing works with dozens of other colleges and universities. Kim presented several distinguished book achievement awards they have received and presented copies of Montezuma Publishing's award winning titles.

X. ECRT

Andrea Dooley, Associate Vice President of Student Affairs, and Stephanie Watts Galia, Director, Well-being and Health Promotion, presented information about the Economic Crisis Response Team (ECRT) program. Andrea explained that ECRT is a collaborative campus-wide working group created to mobilize quickly to coordinate on- and off-campus resources to support the needs of San Diego State University students faced with unforeseen crisis that can impact their success at SDSU. The primary departments in the working group include Associated Students, Aztec Shops, Financial Aid & Scholarships, Office of Housing Administration and Well-being and Health promotion.

XI. Defined Benefit Pension Plan Oversight Committee Meeting, November 8, 2018

Lisa Albers reported the Aztec Shops Defined Benefit Pension Plan Oversight Committee (Todd Summer, Lisa Albers, Heather Hawkins, Jennifer Lakin, Tom McCarron, Leah Messenger and Donna Tusack), met to review the Hourly Defined Benefit Pension Plan and Aztec Shops Retirement Savings Plan 403b. The committee met with Mike Roberts, Tom Kokjohn, Stephan Sandoval and Erin Breyman (Morgan Stanley), on November 8, 2018. Lisa provided a detailed summary of the Oversight Committee meeting. The Oversight Committee meeting minutes were distributed to the Board.

XII. Conflict of Interest

Todd Summer explained that in accordance with the Aztec Shops Conflict of Interest Policy, Board members are required to report any conflicts of interest. 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, 2019. An annual report memorandum for the calendar year ending December 31, 2018, will be submitted to the Vice President of Business and Financial Affairs by January 31, 2019.

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

Lisa Albers explained that banks require a new resolution when there is a change in position. Lisa Albers, who will be retiring from Aztec Shops December 30, 2018, was removed and replaced by Heather Hawkins as a corporate authority and signatory. Tomi Osinfolarin moved to approve the resolution to authorize any of the following named persons: Tom McCarron, Secretary/Treasurer, Todd Summer, Assistant Secretary-Treasurer (Chief Executive Officer), Heather Hawkins, Director of Financial Services/Controller, and Donna Martens, Associate Director Financial Services, for corporate authority and signatories to establish accounts and execute banking and investment transactions on behalf of Aztec Shops. Joey Lucero seconded the motion. Motion carried 9-0-0.

XIV. Report of 2019 Merit Pool Increase

Todd Summer reported the implementation of a 3% merit increase for full-time salaried and hourly employees, effective for the pay period that includes the start of the new year.

XV. Reserve Funding


Todd Summer discussed the proposed amendments to Aztec Shops Statement of Investment Policy and Objectives. A copy of the policy was provided to the Board for their review and approval. Steven Plante moved to approve motion to appoint an ad-hoc committee of Seth Mallios, Chris Thomas, Tom McCarron, and Tyler Morgan to finalize a new investment policy based on the one presented and to determine an investment partner which might be Graystone/Morgan Stanley or another party. Reserve fund investment, also to be determined by ad-hoc committee, once policy and partner are determined, to be at or about \$1M, give or take \$500K Tomi Osinfolarin moved to second the motion. Motion carried 9-0-0.

XVI. March 1, 2019, Board Meeting

Todd Summer proposed the Board of Directors meeting scheduled on March 1, 2019, be amended from 12:00 — 1:00 PM to 12:00 — 1:30 p.m. to discuss the Chief Executive Officer's performance and compensation. Tom McCarron moved to extend the March 1, Board meeting time to 12:00 — 1:30 p.m. Tyler Morgan seconded the motion. Motion carried 9-0-0.

XVII. Adjournment

Joey Lucero moved to adjourn the meeting at 1:27 p.m. Tomi Osinfolarin seconded the motion. Motion carried 9-0-0.



Todd Summer
Chief Executive Officer