

AZTEC SHOPS, Ltd.
Minutes of the Meeting of the
Board of Directors
February 28, 2020

Members present:, Xavier Leasau-Aguilar, Dr. Seth Mallios, Agnes Wong Nickerson, Christian Onwuka, Steven Plante, Christy Samarkos, Brittany Santos-Derieg, Chris Thomas

Members absent: Tyree Baker, Tyler Morgan, Edward Pierzak, Carl Winston

Others present: Todd Summer, Kathy Brown, Heather Hawkins, Jahan Jamshidi, Jennifer Lakin, Paul Melchior, Rose Olvera, and R.D. Williams

I. Call to Order

Seth Mallios, Chair, called the meeting to order at 12:19 p.m.

II. Approval of the November 22, 2019, Board Meeting Minutes

Chris Thomas moved to approve the minutes of the November 22, 2019, board meeting. Xavier Leasau-Aguilar seconded the motion. Motion was approved 7-0-0. Brittany Santos-Derig 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. Meet Ashley Ramirez

Jennifer Lakin, Director, Management Services, introduced Ashley Ramirez and gave the board a brief summary of the Harvey Goodfriend Scholarship (Ashley was a recipient in 2019 when she was a student employee at The Garden). In 2006, the scholarship was created as a celebration of the 75th anniversary of Aztec Shops. Every year, students apply for the scholarship and one or two \$5000 scholarships are awarded to students who meet the criteria (GPA, essay, recommendation). After graduation, Ashley was promoted to a full time position in the Dining Office. Ashley Ramirez spoke about her time at Aztec Shops and how the Harvey Goodfriend Scholarship benefited her during her studies at SDSU. She also spoke about her current duties and what she has accomplished in her new role.

V. Parking Tax Update

In late December 2019 Congress enacted, and the President signed into law, the Taxpayer Certainty and Disaster Tax Relief Act of 2019 which repeals the “parking tax” retroactively to the date of enactment. The accounting department has reversed the \$12k expense accrual booked at year-end for the estimated liability. If this law is reinstated, Shops will fall back to the September

20, 2019 decision made by the Board and the company will pay the tax liability on behalf of the employees. Shops does not believe that the law will be reinstated.

VI. Management Discussion

A. Corporate Update

Heather Hawkins, Director of Financial Services/Controller, reported on the Statement of Financial Position (Balance Sheet) for the month ending January 31, 2020. Heather reported that cash was lower than the prior year due to the delay in receiving the meal plan and UT management fee payments from the university. She noted that the Meal Plan Liability was a debit balance as a result of the same timing issue related to the delay in receiving the meal plan payment and that the current cash position is approximately \$15M.

Todd Summer, CEO, reported that, to date, Shops was ahead of budget mainly due to cost-cutting and some one-time item gains. Also noting that the strong basketball season is over, Todd stated he still thinks it will be challenging to be on or near budget by year-end.

Todd also discussed a PIRG report, released on Feb 27th, 2020, that was concerned with the viability of publisher access codes and how they were delivered, particularly through programs similar to SDSU's Immediate Access program. Todd noted that students receive opt-out messages through various emails, on the bookstore Immediate Access information page, in the Learning Management System, in the Course Schedule, and from faculty. In addition, the campus is very transparent on pricing with a public facing bookstore webpage noting prices of all materials and comparisons to print and regularly price digital product. Savings this year were between 25% and 85% off new print and between 8% and 58% of regularly priced digital. Todd also noted that SHOPS will look to change some contract language with publishers, suggested by the report.

B. Campus Stores Update

Kathy Brown, Campus Stores Director, summarized the Campus Stores financial report through Period 7 (ending January 31st, 2020). Kathy reported that Campus Stores net from operations was close to budget. Sales were down to budget but this was due to a timing issue because some Immediate Access sales and basketball sales will not post until February. Campus Stores has done a good job controlling expenses and are below budget. Kathy anticipates Campus Stores to keep tracking close to budget.

Immediate Access continues to grow. Spring 2020 there were 196 classes compared to spring 2019 which had 100 classes. Students saved just over \$2.75 million off new print books and \$757,000 off a traditional digital pricing. Kathy expects Immediate Access to continue to grow.

Men's Basketball has been having a great year and in turn sales are up. Kathy gave a brief summary of specific basketball apparel unit sales - Kawhi Jerseys, 1100, undefeated tee - 1000, Regular Season Champs tee - 375, No Ceiling tee - 188, and Lock Up Tour tee - 75.

C. Dining Update

Paul Melchior, Director, Dining Services, summarized the Dining financial report through Period 7, Ending January 31, 2020 and 2019, Overall Sales continue to miss due to fewer meal plans than budgeted and an overall assertive budget; Concessions and Catering had exceptional January sales. Credits and Revenues down to budget due to fewer meal plans affecting leased operation commissions and other items. Controllable expenses managed down to lower sales. Net to Operations ahead of last year by \$56k.

D. Business Development and Contract Housing Update

R.D. Williams, Director, Business Development and Contract Housing, reported that Net from Operations for the division was \$523,997 above budget through January 31. Revenue and expenses are projected to track at or near budget for the remainder of the year. Plans for capital improvement in FY 2020-21 are underway including additional renovation at Albert's College Apts. Year-to-date depreciation through January 31 was \$1,986,038.

VII. Textbook Affordability Conference

Kathy Brown, Director, Campus Stores, reported that The Textbook Affordability Conference (TAC), a national conference sponsored by the National Association of College Stores, will be held on the campus April 26th -28th. TAC is a working conference that brings together a multitude of higher education perspectives - from bookstores to libraries, faculty to administrators, and students - in two days of sessions, roundtable discussions, and team workshops. Through the Affordable Learning Solutions (AL\$) program on campus, the campus is able to offer TEN FREE faculty registrations (\$350 value each) and TEN FREE student registrations (\$50 value each). Some of our campus partners will participate on panels and there will be a President's welcome video at the beginning of the conference.

VIII. Mission Valley Update

Todd Summer spoke about the status of the Food & Beverage contract agreement for the new Aztec Stadium. Paul Melchior, Director, Dining Services, worked through the design of the Catering and Concession spaces with TriMark. Selection of an equipment provider will take place the last week of March. Kathy Brown, Director, Campus Stores, reported that talks have started with the University about the merchandise spaces.

IX. Diversity, Equity & Inclusion Update

Jennifer Lakin, Director, Management Services, reported current progress and efforts relating to Diversity, Equity, and Inclusion. Shops has continued to attend the campus Equity Council meetings and, in January, the Aztec Shops internal diversity committee attended the DEI institute held by Dr. Wood to discuss goals. Shops has recently engaged with a couple of consultants that specialize in DEI to possibly aid in completing a comprehensive DEI plan. Shops is awaiting a proposal from one of the consultants. As you recall, the plan, when complete, will be submitted to the board for review.

X. Aztec Shops Mission and Corporate Goals

Todd Summer reported that since the campus was in the home stretch in finalizing its strategic priorities that SHOPS would now review its several-years old mission and corporate goals. Todd expects SHOPS to inform the board on process at the April board meeting and hopes for completion on the project by calendar year end. Todd noted the current mission and goals are still relevant and may just need some adjustments and refinements rather than an overhaul.

XI. Adjournment

Seth Mallios moved to adjourn the meeting at 1:03 p.m. Steven Plante seconded the motion. Motion carried 7-0-0. Chris Thomas was absent during the motion.


Todd Summer (Apr 15, 2020)

Todd Summer
Chief Executive Officer