

AZTEC SHOPS, Ltd.
Minutes of the Meeting of the
Board of Directors
September 17, 2021

Members present: Carl Winston (Chair), Agnes Wong Nickerson, Leanne Locano, Brittany Santos-Derieg, Edward Pierzak, Ashley Tejada, Austin Barber, Alexia Oduro

Members absent: Tyler Morgan, Tom Donnelly, Bianca Diaz, Luke Wood

Others present: Todd Summer, Kathy Brown, Heather Hawkins, Paul Melchior, R.D. Williams, Jahan Jamshidi, Jennifer Lakin, Alyssa Longeuay, Benjamin Eisenstein, Kim Mazyck, Christy Samarkos

I. Call to Order

Carl Winston, Chair, called the meeting to order at 12:02 p.m. Carl welcomed everyone, especially the incoming board members.

II. Approval of the June 4, 2021 Board Meeting Minutes

Agnes Wong Nickerson moved to approve the minutes of the Board of Directors meeting of June 4, 2021. Ed Pierzak seconded the motion and it passed 5-0-0 (five of nine members making quorum prior to new members being voted in).

III. Public Comment

Carl Winston opened the meeting for public comment. Todd Summer said he did not receive any emails requesting internet access. There was no public comment at the meeting.

IV. Board Nominations

Ashley Tejada introduced Leanne Locano, Austin Barber, and Alexia Oduro (not yet present), Agnes Wong Nickerson moved to elect Alexia Oduro to a term ending June 30, 2022, Austin Barber to a term ending June 30, 2023, and Leanne Locano to a term ending June 30, 2024. Ashley Tejada seconded and the motion passed 5-0-0. Carl Winston welcomed the new board members and said the board welcomes their input and inquiries.

V. CalPERS Health Benefit Employer Contribution Resolution 1/1/2022

Jennifer Lakin noted that Aztec Shops receives new rates annually for the CalPERS plan. Aztec Shops pays 70% and employees pay 30% of the charges (using Kaiser as the base). The upcoming years has a 5.4% increase and the rates were noted. Agnes Wong Nickerson moved to approve the CalPERS Health Benefit Contribution Resolution, Ed Pierzak seconded, and the motion passed 7-00 (Alexia Oduro not present).

VI. Employee Meals

Todd Summer explained Aztec Shops provides a daily employee meal allowance for shifts worked by its dining employees. Aztec Shops is requesting an increase from \$7.35 to \$8.00 per meal. The increase is equivalent to the freshman meal plan increases over the last two years (no increase was instituted during the Covid-19 year). The benefit primarily affects student employees. The cost is minimal for Aztec Shops as the real cost is the cost of food at about 35% of the amount charged. It is typical for Aztec Shops to increase the amount every year. Ashley Tejada moved to increase the daily meal allowance to \$8.00, Ed Pierzak seconded, and the motion passed 7-0-0 (Alexia Oduro not present).

VII. Audit Committee Meeting Report

With committee chair Tyler Morgan absent, Heather Hawkins reported there was an audit committee meeting on September 13, 2021 with Grant Thornton. Aztec Shops received an unqualified opinion with no major findings. The audited financial statements and management letter were completed September 14, 2021. There were no material weaknesses. Ed Pierzak noted the clean audit was a welcome introduction to his tenure on the Audit Committee and Carl Winston thanked staff for a successful audit. Per the Audit Committee Charter, the Audit Committee accepts the audit and it does not need to go to the board for a vote. However, this item was listed as an action item so a vote was taken. Agnes Wong Nickerson moved to accept the audit report findings, Austin Barber seconded, and the motion passed 7-0-0 (Alexia Oduro not present).

VIII. Management Discussion – Todd Summer commented that Aztec Shops is back and happy to see students on campus. He also noted the team is working extremely hard as Aztec Shops works to fill job openings.

a. Campus Stores —Campus stores had a great start to the semester. Kathy Brown noted Campus Stores is working on two large projects:

(1)Aztec Stadium — A design consultant was hired to help create a fantastic customer experience in the Mission Valley stadium for the main store and other merchandise locations.

(2)Equitable Access Program — A course materials program which includes all undergraduates at the San Diego and Imperial Valley campuses. It is a digital-first program. If certain course materials are not available digitally, print will be offered. It is much like the current Immediate Access program but instead of being done at the course level, Equitable Access is at the student level with all courses included. Students still have the ability to opt out of the program for all of their courses or stay in the program for all of their courses but cannot stay in for some courses and out for others. Students can use their financial aid dollars. Charges are based on a per credit fee. Launch is planned for spring 2022. Todd Summer commented that Kathy Brown discussed this program with the Campus Fee Advisory Committee (CFAC) last year. Austin Barber and Ashley Tejada asked about students being able to opt-out of some of their classes and not others. Todd Summer noted that the additional discounts procured from negotiations with publishers are based on an all-in or all-out model. Kathy Brown added that Aztec Shops is in partnership with the library to encourage faculty to adopt OER so more materials can be provided at no cost to students. Aztec Shops will donate funds to the library, based on OER adoption with a donation cap, to help reduce future course material costs to students.

b. SDSU Dining – Paul Melchior said Dining has a record number of meal plans. Paul noted it was meal plan change week and about 250 changes were requested by students and made. Catering and concessions for concerts are starting up again and doing well. Planning for Aztecs

Rock Hunger has begun. Dining is also conducting Aztec Stadium planning and finalizing the partner brands.

c. Business Development & Contract Housing — R.D. Williams stated his division finalized projects including the opening of UPS Stores on both sides of campus. The only tenant Aztec Shops lost during the pandemic was the Verizon Store on College Avenue but there are some possibilities on filling the space. Occupancy rates are good for Alberts and Fraternity Row. R.D. reviewed the SRB financed apartment properties report.

d. Balance Sheet — Heather Hawkins presented the balance sheet as of the end of July. Cash was at \$11M and Aztec Shops was tracking to budget.

IX. Special Projects

Ben Eisenstein, Special Projects Executive, is working on several projects and highlighted three of those projects: (1) Working with Dining and campus partners on the food experience at Aztec Stadium; (2) Working with Campus Stores on merchandising for the Aztec Stadium; and (3) Creating a base report on Aztec Shops partner vendors, their ownership structures, and how it relates to Aztec Shops' DEI strategy.

X. Mission Statement and Values

Kim Mayzck and Alyssa Longueay reviewed the proposed revised Mission Statement and Values for Aztec Shops, having worked on the project with a board task force of Carl Winston, Tom Donnelly, and Ashley Tejada. Ashley Tejada and Austin Barber commented the student-centered verbiage was very appreciated. Carl Winston said this project had been eighteen months of work and has really captured the essence of Aztec Shops. Ashley Tejada moved to accept the revised Mission Statement and Values for Aztec Shops, Leanne Locano seconded, and the motion passed 7-0-0 (Alexia Oduro not present).

XI. Defined Benefit Retirement Plan

Aztec Shops met with Morgan Stanley to discuss the defined benefit retirement plan. Morgan Stanley recommended a slight change. Aztec Shops accepted their proposal of a small asset allocation adjustment, moving one percent from equities to bonds, to its defined benefit plan.

XII. 2020-2021 Incentive Plan Recommendation

The incentive plan does not allow for employee incentives if the organization does not meet certain financial goals. Since Aztec Shops lost money during the COVID-19 year of 2020-2021 Todd Summer noted there is no incentive to be awarded. Agnes Wong Nickerson moved that there would be no incentive, Leanne Locano seconded, and the motion passed 7-0-0 (Alexia Oduro not present).

Todd Summer and Jennifer Lakin noted the challenges in hiring across the food & beverage and retail industries citing recent statistics from the National Restaurant Association, The U.S. Bureau of Labor Statistics, The Economic Times, and Black Box Intelligence. Aztec Shops is still short a dozen full-time and a hundred or so part-time dining employees. There are some openings in other divisions, as well. Part of a strategy to retain and attract personnel is some adjustment in wages. Todd and Jennifer stated Aztec Shops was moving to increase part-time wages based on the new minimum wage scale planned for January early. Todd and Jennifer also stated they needed to do some market-based adjustments for many full-time employees. All of the part-time and full-time

adjustments were expected to be within the budget presented and adopted by the board last June for the current fiscal year. Except for the early move on minimum wage, no changes to the salary schedule were needed. Additionally, with the opening of Aztec Stadium next fall, and Aztec Shops need for many part time workers in food & beverage and retail, Todd stated Aztec Shops would monitor the market to help ensure a successful opening.

Aztec Shops is also moving its annual review process to allow for merit increases, when given, to be aligned with the campus timeline beginning July 2022 (in place of the current Aztec Shops January timeline).

XIII. Adjournment

Ed Pierzak moved to adjourn the meeting, Agnes Wong Nickerson seconded and the motion passed 8M-0. The meeting was adjourned at 1:30pm.

A handwritten signature in black ink, appearing to read "Todd Summer", written over a horizontal line.

Todd Summer
Chief Executive Officer