

AZTEC SHOPS, LTD.
Minutes of the Meeting of the Board of Directors
September 22, 2023

Members present: Carl Winston, Agnes Wong Nickerson, Brittany Santos-Derieg, Leilani Anderson, Sabrina Simon, Tarek Morsy, Christy Samarkos, Elliot Scott, Nikhil Varaiya, Kellen Brown, Tyler Morgan, Leanne Locano

Others Present: Todd Summer, Heather Hawkins, Thomas Tazbaz, R.D. Williams, Jennifer Lakin, Katherine Brown, Jahan Jamshidi, Alyssa Longeuay, Alyssa Heffernan, Randi Storch (Guest; 2023 SDSU Ace Fellow and visiting scholar from SUNY Cortland)

I. Call to Order

Carl Winston called the meeting to order at 12:17pm.

II. Approval of the June 2, 2023 Board Meeting Minutes

Tarek Morsy moved to approve the June 2, 2023 board meeting minutes, Agnes Wong Nickerson seconded, and the motion passed unanimously (9-0-0).

III. Public Comment

Carl Winston opened the meeting for public comment. There was no public comment.

IV. Board Nominations:

Elliot Scott - Sept 22, 2023 through June 30, 2026

Nikhil Varaiya - Sept 22, 2023 through June 30, 2025

Kellen Brown - Sept 22, 2023 through June 30, 2024

Agnes Wong-Nickerson moved to approve the 2023-2024 board slate, Tarek Morsy seconded, and the motion passed unanimously (9-0-0).

V. Capital Expenditure Augmentation

R.D. Williams spoke about plans to remodel the southern section of the mezzanine of the SDSU Bookstore to create flex work office space. Kathy Brown contributed that primary goals for this project would be to create a cohesive work space for the campus stores buying group and Montezuma Publishing to free up instructional spaces for the University. Aztec Shops currently occupies office spaces in the Education Building. The demolition would tentatively be scheduled for winter break to minimize disruptions. R.D. asked for a motion to approve the capital expenditure augmentation of \$1.5M for bookstore renovations. Agnes Wong-Nickerson moved to approve, Leilani Anderson seconded, and the motion passed unanimously (12-0-0).

VI. CalPERS Health Benefit Employer Contribution Resolution 1/1/2024

Jennifer Lakin mentioned that this is a housekeeping item. She noted that CalPERS requires Aztec Shops to provide a resolution to document the employer's contribution for the CalPERS employees medical insurance. Aztec Shops provides the contribution of 70% of the Kaiser rate for the employee and any qualified dependents. For 2024, there is a 19% increase to the Kaiser Plan rates. Jennifer asked for a motion to approve the CalPERS Health Benefit Contribution Resolution. Tarek Morsy moved to approve, Sabrina Simon seconded, and the motion passed unanimously (12-0-0).

VII. Audit Committee Meeting Report

Tyler Morgan, audit committee chair, reported on the annual audit with Grant Thornton. Tyler stated that it was a good audit overall with no findings that were material. Heather added that Aztec Shops worked well with the auditor and that there were no disagreements. Heather clarified that there were two

adjustments, but they were immaterial. Tyler asked for a motion to approve the fiscal 2023 audit. Tarek Morsy moved to approve, Brittany Santos-Dereig seconded, and the motion passed unanimously (12-0-0).

VIII. CSU Audit

Heather Hawkins stated that her team is currently working on observations from a CSU audit. The audit revealed a need for an international travel policy amongst a few items. Heather also mentioned that her team has hired a new Associate Director of Financial Services, Michelle Hewitt.

IX. New Job Classification Request

Todd Summer requested approval to add a Senior Associate Director classification level to the pay scale at an elevated salary at 10% higher than the Associate Director level. Discussion on this matter clarified that this new classification would help with retention efforts as well as having leadership in the pipeline as senior leaders retire. Todd asked for a motion to approve the new job classification. Elliot Scott moved to approve, Sabrina Simon seconded, and the motion passed unanimously (12-0-0).

X. Management Discussion

A. Balance Sheet

Heather Hawkins noted that the cash total is currently off, but clarified that this is due to the timing of payments from meal plans and Equitable Access.

B. Campus Stores

Kathy Brown stated that her team will be partnering with the IT and accounting teams to streamline both the customer facing side and the back of house processes of Equitable Access, as it is currently a very manual process. Kathy reported a successful first year with the Team Store at Snapdragon Stadium, which sold SDSU Football and San Diego Wave merchandise. Kathy noted that her team is anticipating a need for expanded storage on site when the Team Store begins supporting MLS in 2025.

C. Hospitality

Thomas Tazbaz reported on the refurbishment of The Garden Restaurant, which has since been repainted and undergone a menu revamp, including a specialty menu that rotates daily. Based on student feedback, the Garden now serves breakfast all day to be more accommodating for the student lifestyle. Thomas also spoke of positive feedback for the omelet bar and customer experience. The team has also added fun activities for college students such as ax throwing (plastic), ping pong, and cornhole.

D. Business Development

R.D. Williams stated that the business development team had a very busy summer and introduced Alyssa Longeuay, Associate Director of Business Development and Housing, who also oversees the summer conference program. Alyssa reported that \$4.6 million was generated by conference services in Summer 2023, which exceeded the anticipated \$3-3.5 million. Notable contracts included the World Lacrosse Championships. Alyssa addressed opportunities to grow summer conferences throughout the academic year, but noted that summer will remain their peak season due to the availability of the 8,000 beds on-site that would otherwise be occupied by students while school is in session. Alyssa also spoke on the acquisition of the Viva student housing project on Montezuma Rd. On the facilities side, R.D. noted \$7 million of construction that was completed over the summer. Among those projects, University Towers underwent an extensive \$5 million remodel for the 286-room property which included a \$2 million roof that is expected to last between 20-30 years.

XI. Closed Session - Includes Real Estate Investment & Legal & Personnel

Carl Winston reminded the board that the education code requires auxiliary board meetings to be in open session. Discussions related to investments, litigation, a specific individual personnel matter, or collective bargaining may be held in closed session. Carl asked for a motion to move into closed session

for discussion on a real estate investment and on legal matters. Elliot Scott motioned to move into closed session, Tarek Morsy seconded, and the motion passed unanimously (12-0-0).

Open Session

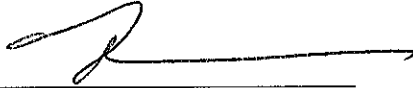
Nikhil Varaiya motioned to move back to open session, Sabrina Simon seconded, and the motion passed.

XII. 2022-2023 Incentive Plan Recommendation

Todd Summer asked for a motion to designate all eligible employees classified as full-time, non-exempt, to be included in this year's incentive pay-out along with eligible exempt employees and to award these employees a 150% incentive. Elliot Scott moved to approve, Sabrina Simon seconded, and the motion passed unanimously (12-0-0).

XIII. Adjournment - Carl Winston

Carl Winston adjourned the meeting at 2:01PM



Todd Summer
Chief Executive Officer