

Research Foundation**Board of Directors Meeting****September 28, 2018****9:00 a.m.****MINUTES**

A meeting of the Board of Directors of San Diego State University Research Foundation was held at San Diego State University in the James W. Cobble Boardroom of the Gateway Center, San Diego, California, on Friday, September 28, 2018 pursuant to the notice duly posted for public information.

The following Officers were present:

Adela de la Torre, President
Stephen Welter, Vice President
Tom McCarron, Treasurer
Karen Emmorey, Secretary
Michèle Goetz, Associate Secretary-Treasurer

The following Directors were present:

Guadalupe X. Ayala	Joseph Johnson	Robert Zeller
Bill Brack	Chris Thomas	
Vickie Capps	Jennifer Thomas	
Joan Copenrath	Ming-Hsiang Tsou	

The following Directors were absent:

Kim Barrett	Samuel Kassegne	Randolph Philipp
Craig Hauser		

The following University administrators, Research Foundation staff members and SDSU faculty members were present:

Debbie Brighton	Teresa Loren	Rachel Raynoha
Tim Hushen	Lizette Najera	Greg Talavera
Victoria Kern	Deb Naylor	
Leslie Levinson	Agnes Wong Nickerson	

The following guests was present:

Matt Spagnuolo, audit manager from Grant Thornton
Noe Crespo, assistant professor, School of Public Health

I. Call to Order

President de la Torre called the meeting to order at 9:00 a.m. and welcomed the following guests:

- Noe C. Crespo, assistant professor from the School of Public Health.
- Matt Spagnuolo, audit manager from Grant Thornton.

President de la Torre congratulated the following board members:

- Jennifer Thomas for receiving a prestigious NIH MERIT award, which recognizes her “distinctly superior” research program and guarantees several years of additional funding for her work on choline effects on the alcohol-exposed brain.
- Suchi Ayala and her colleague Kristi Wells for receiving word that their \$19.9 million U54 award was funded. This grant establishes the SDSU HealthLINK Center for Transdisciplinary Health Disparities Research, and will transform health-related research at SDSU.

Dr. Ayala acknowledged Dr. Ming-Tsou who also has a role on this important project.

II. Consent Agenda

President De la Torre requested a motion to accept the Consent Agenda.

Motion: A motion was made, seconded, and unanimously carried to accept the Consent Agenda for the SDSU Research Foundation Board of Directors meeting thereby approving:

- a) SDSU Research Foundation Board Meeting Minutes of May 4, 2018
- b) Resolution 18-01: Signature Authorization
- c) Resolution 18-02: Industrial Security Clearance

III. Executive Director Report

Ms. Goetz welcomed President de la Torre to her first meeting. She expressed how much the research foundation is looking forward to working with her as she develops her vision for SDSU and in particular, supporting her vision for enhancing and growing research. She also congratulated faculty board members and conveyed how fortunate the research foundation is to have research active faculty serving on the board of directors.

Ms. Goetz reported on outcomes of the 2017-18 fiscal year including a breakdown of the source of funding for the \$135 million received in awards. Ms. Goetz summarized key statistics outlined in the annual report, referencing the most recent updates to the Federal budget as provided by Carpi and Clay, SDSU’s Washington representatives. Ms. Goetz noted the following:

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- Funding includes an additional \$2 billion for NIH over FY18 levels, a proposed increase to NSF of between \$300 and \$400 million, level funding for the Corporation for Public Broadcasting that supports KPBS, and for the first time, line item funding for Defense Critical Languages which support SDSU's Language Acquisition Resource Center.
- There is optimism about the federal budget, which will result in more opportunities and a more stable funding environment for faculty.

Ms. Goetz then reported on research foundation-owned and managed property improvements including updating the board room technology and making other changes focused on highlighting research, and improvements to the common areas of properties in Alvarado and Sky Park to provide a better experience and first impression for the programs and commercial tenants housed in these locations.

Ms. Goetz informed the board of a rebranding of the Alvarado Medical Complex, a group of research foundation-owned properties east of campus on Alvarado Road, to the Alvarado Research and Professional Center. This name better reflects the important work conducted by faculty and the commercial tenants housed there and identifies the complex as part of SDSU. New and improved signage is in place and visible from the freeway as well as along Alvarado Road.

Ms. Goetz highlighted relocations and renovations of two major centers: Women, Infants, and Children (WIC) Center under the direction of Dr. Mel Hovell in public health and the South Bay Latino Research Center (SBLRC), under the direction of Dr. Gregory Talavera, in public health and Dr. Linda Gallo in psychology. The next major space initiative will be the renovation of space in Alvarado to create the clinical facilities funded through the NIH HealthLink grant. Ms. Goetz described the benefits of these significant renovations to both the programs and the research foundation. Dr. Talavera who was present thanked Michèle and the research foundation for supporting his team and the office move.

Ms. Goetz also reported on other significant activities including:

- Approval of the extension of the existing Facilities & Administrative (F&A) Rate Agreement at the existing rates.
- Finalizing of the Shipping & Receiving merger under one unit as SDSU Logistical Services, creating efficiencies and cost-savings for both organizations.
- A variety of IT initiatives underway that will replace end of life systems and provide more timely access to data to PIs.
- Outreach meetings were held with each of the new and interim deans to explain SDSURF services, get an understanding of each college's priorities and see how research foundation staff can support their initiatives.

IV. Resolution 18-03: Authorized Signatories for Banking and Investment Transactions

President de la Torre asked Ms. Levinson to discuss the proposed revision to the Authorized Signatories for Banking and Investment Transactions. Ms. Levinson stated that for the past 20 years, SDSU Research Foundation's policy has required two or dual signatures on all disbursements greater than \$25,000. SDSU Research Foundation has strong internal controls and an extensive approval process prior to a disbursement being issued. With a dual signature requirement at \$50,000, the number of disbursements that would have required dual signature in the last year would have been reduced to 298 or a reduction of 41%. The CSU policy for dual signatures on all disbursements is currently \$50,000. The Finance and Investment Committee discussed this proposed change with our audit partner Rick Wentzel who did not have any concerns about raising the dual signature requirement to \$50,000.

President de la Torre called for a motion to approve Resolution 18-03:

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SDSU RESEARCH FOUNDATION AUTHORIZING SIGNATORIES FOR BANKING AND INVESTMENT TRANSACTIONS

RESOLVED, that for banking and investment transactions, two signatures will be required on all transactions over \$50,000 and one signature on transactions under \$50,000;

Motion: A motion was made, seconded, and unanimously carried to approve Resolution 18-03.

V. Finance and Investment Committee Report

Finance and Investment Committee Chair McCarron updated the board on the meeting held on September 20. The following items were discussed:

- The investment results for the quarter and year ended 06/30/18 were reviewed.
- Leo Festino from Meketa joined the meeting and reviewed the endowment results. Meketa is the Outsourced Chief Investment Officer (OCIO), that manages the endowment for The Campanile Foundation and has been in this role for a little over a year.
- The TCF endowment was \$289.6 million at 06/30/18 and our investment in the endowment pool was \$21.3 million. The return for the endowment for the fiscal year ended 06/30/18 was 5.3%.
- The merge of our two retirement plans as previously approved by the Board, one for the employer contribution and the other for the employee contributions, was completed. All

new contributions after 8/15 will be in the combined plan, which is covered by ERISA regulations.

Ms. Levinson then updated the board on a proposed property development. The following details were discussed:

- The research foundation owns three properties on Montezuma Road at the intersection of Campanile Avenue, very close to Clay Gateway.
- Currently, the properties are leased for student housing, including a sorority.
- A developer approached the RF about ground leasing the properties for student housing development. After discussing with the campus and the foundation, initial discussions with the developer began. The properties have been appraised and the developer is performing some initial due diligence.
- An offer is expected within the next six weeks. If an offer is received, we will bring the deal back to the Finance & Investment committee for review and possible recommendation for approval to the Board.

A discussion ensued about student housing and affordability.

General Fund Budget Results:

Ms. Levinson provided an overview of the general fund budget results for 2016-17. She noted that overall, we were very close to Source of Funds (Revenue) and Use of Funds (Expense) compared to budget and finished with an overall positive variance of \$141,628.

Investment Policy Statement:

Annually, the Finance & Investment Committee reviews the Investment Policy Statement (IPS) for updates. There was a major update last year but this year the only change is related to the investment of our Voluntary Employee Beneficiary Association (VEBA). Previously, the committee and board approved the hiring of Meketa as the investment advisor or outsourced chief investment officer for the VEBA assets. Meketa reviewed the IPS to make sure it works with their overall investment plan. Discussion ensued.

President De la Torre called for a motion to approve Resolution No. 18-04:

**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE SDSU RESEARCH FOUNDATION
APPROVING REVISED INVESTMENT POLICY STATEMENT**

RESOLVED, That the board of directors approves the revised Investment Policy Statement as presented to the board at its meeting on September 28, 2018.

Motion: A motion was made, seconded, and unanimously carried to approve Resolution 18-04.

A second action item was presented by Ms. Leslie Levinson.

Ms. Levinson explained that the research foundation has had a high deductible Workers' Compensation plan since 2003. The research foundation is self-insured up to \$250,000 for each claim with claims above that level paid by the insurance carrier. The research foundation maintains reserves for all potential claims within the \$250,000 level and the insurance company keeps reserves that we fund. Given that the research foundation has been with the high deductible plan for about 15 years, the reserves that are held at the insurance company continue to increase without earning any interest. The committee would like to replace the reserve at the insurance company with a Letter of Credit that backs up our ability to repay. The Letter of Credit was a requirement of the insurance company to release the reserve. The reserve is estimated to increase to about \$1 million in the next fiscal year. We currently have a line of credit with First Republic Bank and the bank has offered to provide a portion of that Line of Credit for the Letter of Credit at no additional cost from the bank. The insurance company does charge a one-time fee of approximately \$46,000 to convert to a Letter of Credit. The \$1 million will be reinvested.

President de la Torre called for a motion to approve Resolution No. 18-05:

**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE SDSU RESEARCH FOUNDATION
APPROVING WORKERS' COMPENSATION LETTER OF CREDIT**

RESOLVED, FIRST, that the Board of Directors approves SDSURF to use a portion of the First Republic Line of Credit to secure a Letter of Credit to Travelers Property and Casualty Company of America (Travelers) related to the Workers' Compensation insurance; and

SECOND, that the Board authorizes management to eliminate the claims payment fund held at Travelers, thereby funding workers' compensation claims within the deductible amount within the reserves held at SDSURF; and

THIRD, that the Board also authorizes the Executive Director and Chief Financial Officer to do any and all things and to execute and deliver any and all documents and to pay such costs and expenses which they may deem necessary or advisable to effectuate the purposes of this resolution.

Motion: A motion was made, seconded, and unanimously carried to approve Resolution 18-05.

VI. Audit Committee Report

Audit Committee chair Joan Coppenrath reported on the Audit committee meeting held on September 19. The committee was updated on the sponsor audits – 17 sponsor audits in the last year were conducted with no financial findings. There are no open audits at this time. However, SDSURF was notified last week about an upcoming Federal Office of Contract Compliance

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Program (OFCCP) audit related to College of Extended Studies/American Language Institute, which is expected to begin in the next 30 days.

In addition to audit committee members and staff, there were two audit partners in attendance at the meeting: Rick Wentzel – Audit Partner with Grant Thornton for discussion related to the financial statement and compliance audits and Diane Takahashi – Audit Partner from Holthouse, Carlin, & Van Trigt – also referred to as HCVT – for discussion related to our benefit plan audits.

- The majority of the meeting was spent reviewing the results of the financial audits.
- The committee reviewed the audited financial statements including the annual compliance report.
- Auditors reviewed 1,985 documents such as purchase orders, journal vouchers, check requests and agreements – many of these documents had dozens of pages. There were no audit comments on any of these documents.
- The finance team also prepared 218 schedules for the audit also known as PBC's along with 20 confirmations.

Ms. Copenrath thanked the Finance team for their efforts and results.

Ms. Copenrath introduced Matt Spagnuolo from Grant Thornton for brief comments. Mr. Spagnuolo stated that overall the audit went smoothly with no issues with timeline, financial statement audit side, no adjusting entries or findings and on the federal compliance side, there were no findings there either.

Ms. Levinson then provided an overview of the audited financial statements noting a number of key highlights for the board. Discussion ensued.

Ms. Copenrath added that in addition to the annual financial statement audit, the committee reviewed the annual benefit plan audits. There were no findings on those audits as well. The audit committee passed a resolution recommending that the board approved the audited financial statements as presented.

President De la Torre called for a motion to approve Resolution No. 18-06:

**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE SDSU RESEARCH FOUNDATION
APPROVING FY 2017-18 AUDITED FINANCIAL
STATEMENTS AND COMPLIANCE REPORT**

RESOLVED, the Board of Directors of San Diego State University Research Foundation accepts the Financial Statements and the Compliance Report, both audited by the firm of Grant Thornton LLP, for the fiscal year 2017-18.

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Motion: A motion was made, seconded, and unanimously carried to approve Resolution 18-06.

VII. Vice President for Research Report

Dr. Welter provided updates on activities underway to advance research including the successful hire of a new Director of Research Advancement and a new graduate student editing service.

- GREW (Grants and Research Enterprise Writing Fellowship): Nearly 97 participants in total and 75% have submitted proposals, totaling 513 proposals. 234 have been awarded totaling \$21.6M in new awards, generating \$4.5 M in F&A.
- A new Cancer Research and Prevention Group is developing on-campus with more than 64 faculty representing six colleges.
- University recruitments: The university continues to invest in new faculty with 92 searches underway. Dr. Richard Cripps has been recruited from University of New Mexico to fill the endowed chair in the BioScience Center and Dr. Dwayne Roach has been recruited to fill the Viromics chair.
- Active Researchers. The number of grant-supported faculty has increased for the second consecutive year with 359 active principal investigators in 2018 compared to 344 in 2017.
- Proposal success rates in 2018 (overall about 68% of those evaluated 951 of 1,216)
- NSF for 2018 –Faculty continued to submit proposals at a fast pace and almost 40% more than 3 years ago. NIH for 2018 – New Proposals 10%. All proposals 57%. NIH pay line is around 10-11%.

Dr. Tsou expressed that the new Cancer Research and Prevention Group is a great initiative. He has been working with the group and acknowledged the great contribution of Leona Flores.

Dr. Joe Johnson commended Dr. Welter and Dr. Crockett for launching the GREW program. It is making a great difference for many faculty members.

Dr. de la Torre added that she is working with presidents of other institutions on planning a binational conference on Big Ideas. It is slated for October 2019. The event will be split one day in Tijuana and one day in San Diego/Chula Vista.

Dr. de la Torre also mentioned she will launch a Big Idea initiative using presidential funds to help faculty collaborate with other colleges and disciplines on big ideas that are critical to the community. These projects could lead to proposals for the next fundraising campaign.

VIII. PI Presentation

President de la Torre introduced guest speaker Dr. Noe C. Crespo. Dr. Crespo is an assistant professor in the division of health promotion and behavioral science. His research focuses on reducing health disparities and conducting community-based interventions to prevent cardiovascular disease among Latinos and underserved populations. He discussed his work conducting multi-level and large-scale interventions to promote physical activity and healthy eating in schools and recreation centers. Dr. Crespo also studies the health consequences of sedentary behavior and conducts behavioral interventions to reduce sedentary behavior in worksites.

IX. New Business

President de la Torre called for any items of new business. Hearing none, she adjourned the meeting at 10:45 a.m.

Respectfully submitted,

Michèle G. Goetz
Associate Secretary-Treasurer