

**SAN DIEGO STATE UNIVERSITY RESEARCH FOUNDATION
BOARD OF DIRECTORS
SEPTEMBER 23, 2016
MINUTES**

The meeting was called to order by Vice President Stephen Welter at 9:02 a.m. in the James W. Cobble Boardroom of the Gateway Center.

Present: Dr. Stephen Welter, presiding; Dr. Guadalupe Ayala; Dr. Kim Barrett; Mr. Bill Brack; Ms. Paula Brock; Ms. Vickie Capps; Dr. Karen Emmorey; Dr. Craig Hauser; Mr. Tom McCarron; Dr. Jennifer Thomas; Dr. Ming-Hsiang Tsou; Dr. Robert Zeller; and Ms. Michèle Goetz.

Absent: Dr. Chukuka S. Enwemeka, Dr. Elliot Hirshman, Dr. Samuel Kassegne, Ms. Jaime Miller, and Dr. Randolph Philipp.

Guests and staff attending: Mr. Justin Fiore from Grant Thornton LLP; Drs. William Zahner and Greg Talavera and Ms. Agnes Wong-Nickerson from SDSU; and Ms. Debbie Brighton, Mr. Tim Hushen, Ms. Vicky Kern, Ms. Leslie Levinson, Ms. Rachel Raynoha, and Ms. Renée Daniels from SDSU Research Foundation.

Call to Order

Vice President Welter welcomed:

- Dr. Jennifer Thomas, SDSU professor of psychology, nominated by President Hirshman for board membership,
- Dr. William Zahner, SDSU assistant professor of mathematics, in attendance to give a presentation on his research,
- Mr. Justin Fiore, senior manager, from Grant Thornton LLP, and,
- Dr. Greg Talavera, SDSU professor of public health, in attendance as a guest.

Election of Board Members and Secretary and Committee Appointments

Election of Board members:

Upon recommendation of The Senate:

- Dr. Jennifer Thomas was nominated by the President for a first four-year term; and
- Dr. Randolph Philipp was nominated by the President for a second four-year term.

Additionally:

- Mr. Bill Brack and Dr. Samuel Kassegne were nominated by the President for a second three-year term;
- Dr. Kim Barrett was nominated by the President for a third three-year term; and
- Dr. Karen Emmorey was nominated by the President for a fourth three-year term.

There were no additional nominations and the board member appointments were approved unanimously.

Election of Secretary: Dr. Karen Emmorey was nominated by the President to serve as Secretary.

There were no additional nominations and the secretary appointment was approved unanimously.

Appointment of Finance and Investment Committee: On behalf of the board, Dr. Welter expressed appreciation for the expertise and effort provided by each of the current committee members. It was recommended that Mr. McCarron continue to serve as chair, and Mr. Brack, Ms. Capps, and Drs. Kassegne and Phillip serve as members.

There were no objections or additional nominations. The finance and investment committee appointments were approved unanimously.

Appointment of Audit Committee: Again, on behalf of the board, Dr. Welter expressed appreciation for the expertise and effort provided by each of the current committee members. It was recommended that Ms. Brock continue to serve as chair, and Ms. Capps and Dr. Tsou serve as members.

There were no objections or additional nominations. The audit committee appointments were approved unanimously.

Dr. Welter concluded the elections and committee appointments by expressing thanks to each of the nominees and appointees for their willingness to serve.

Executive Session

Dr. Welter observed that the next item related to personnel matters and explained it was a topic deemed appropriate for private Executive Session discussion—in accordance with Education Code §89923 and SDSU Research Foundation’s (SDSURF) meetings and records openness policy. He then called for the board to go into Executive Session to discuss the item. Staff and guests were excused for the duration of the Executive Session discussion.

Return to Open Session

Executive Session concluded and staff and guests were invited to return. Open Session resumed and Dr. Welter announced that during Executive Session the board ratified the appointments and compensation of SDSURF’s Executive Director Ms. Goetz and Interim Chief Financial Officer (CFO) Ms. Levinson.

Consent Agenda

Dr. Welter introduced the consent agenda which contained four items:

1. The minutes from the last board meeting held on May 6, 2016.
2. A resolution designating certain Research Foundation staff to execute contracts, agreements and other obligations within the authorized signer's scope of authority.
3. A resolution designating certain officers and staff to establish accounts and execute banking and investment transactions, and
4. A resolution designating board member access to classified information.

Dr. Welter asked if there were any questions or discussion needed. No discussion was requested. The consent agenda items were approved unanimously:

RESOLUTION OF THE BOARD OF DIRECTORS REGARDING SIGNATURE AUTHORITY

WHEREAS, San Diego State University Foundation, a California nonprofit public benefit corporation doing business as San Diego State University Research Foundation (the "Corporation"), wishes to establish policies whereby certain of the Corporation's officers and managers (each, an "Authorized Signer") will have authority to sign and deliver contracts, agreements and other obligations of the Corporation (collectively, "Corporation Obligations") within the Authorized Signer's scope of authority; and,

WHEREAS, management has identified specific expenditure or transaction types and has presented them to the Board (collectively, "Signature Authorization Table"),

NOW, THEREFORE, BE IT RESOLVED:

First, that the Board authorizes each of the Authorized Signers named in the Signature Authorization Table to sign and deliver Corporation Obligations within the categories set forth therein; and,

Second, the Board directs management to ensure that officers and managers not listed in the Signature Authorization Table as Authorized Signers do not sign Corporation Obligations without also obtaining a second signature from among the Authorized Signers; and,

Third, the Authorized Signers named in the Signature Authorization Table cannot delegate authority beyond the positions identified within the Signature Authorization Table; and,

Fourth, the Authorized Signers are required to follow the Corporation's policies and procedures prior to executing the

agreement including, but not limited to, required source documentation and applicable dollar limits; and,

Fifth, in the event that the Executive Director determines that additional Corporation Obligations must be executed, the Executive Director has the authority to execute such Corporation Obligations, with the requirement that a modified Signature Authorization Table be presented to the Board annually for approval; and,

Finally, that this Resolution shall take effect immediately upon its adoption.

**RESOLUTION: AUTHORIZED SIGNATORIES FOR BANKING
AND INVESTMENT TRANSACTIONS**

RESOLVED: FIRST, that the following designated positions are the only authorized positions to establish banking and investment accounts on behalf of SDSU Foundation effective September 23, 2016 and are considered the business banking officers:

President

Elliot Hirshman

Vice President

Stephen C. Welter

Treasurer

Thomas J. McCarron

Associate Secretary-Treasurer

(Associate Vice President and Executive Director)

Michèle G. Goetz

Chief Financial Officer

(Interim Chief Financial Officer)

Leslie R. Levinson

SECOND, these designated positions are authorized to open accounts in the name of the corporation and give instructions and effect transactions with banks, investment brokerage firms, and other financial institutions;

THIRD, that the following designated positions are the only authorized signatories to execute banking and investment transactions on behalf of SDSU Foundation effective September 23, 2016:

President

Elliot Hirshman

Vice President

Stephen C. Welter

Treasurer

Thomas J. McCarron

Associate Secretary-Treasurer

(Associate Vice President and Executive Director)

Michèle G. Goetz

Chief Financial Officer

(Interim Chief Financial Officer)

Leslie R. Levinson

**Associate Executive Director, Human Resources
and Facilities Planning & Management**

Robert S. Blizinski

Associate Executive Director, Research Advancement

W. Timothy Hushen

Director of Sponsored Research Administration

Renée L. Lechner

Controller and Director of Finance & Accounting

Teresa A. Loren

Associate Director of Finance & Accounting

Victoria W. Kern

FOURTH, that for banking and investment transactions, two signatures will be required on all transactions over \$25,000 and one signature on transactions under \$25,000;

FIFTH, that the designated signatories are authorized to purchase, sell, assign, endorse for transfer, and do all other things necessary in the name of the corporation to secure the transfer of certificates representing stocks, certificates of deposit, mutual fund shares, bonds, common trust funds, or other securities now registered or hereafter registered in the name of this corporation; and,

FINALLY, that the Secretary or Associate Secretary-Treasurer of SDSU Research Foundation is authorized and directed to certify the content and purport of this resolution to financial institutions and others upon such statements or forms as said organizations may provide or require for that purpose.

**RESOLUTION OF THE BOARD OF DIRECTORS:
EXCLUDING CERTAIN BOARD MEMBERS
FROM ACCESS TO CLASSIFIED INFORMATION**

WHEREAS, San Diego State University Foundation has entered into a Security Agreement with the Department of Defense for the protection of classified information released to said Corporation, and such Agreement requires that certain management personnel of said Corporation be cleared and permits the exclusion of certain members

of the Board of Directors from access to classified information by formal action of the Board of Directors.

NOW THEREFORE BE IT DECLARED that the officers and directors listed below shall not require, shall not have, and can be effectively excluded from access to all classified information in the possession of San Diego State University Foundation. The below listed officers and directors do not occupy positions that would enable them to affect adversely the Corporation's policies and practices in the performance of classified contracts.

Dr. Stephen C. Welter
Vice President
Vice President for Research, San Diego State University

Dr. Karen D. Emmorey
Secretary
Professor of Speech, Language, and Hearing Sciences, San Diego State University

Mr. Thomas J. McCarron
Treasurer
Vice President for Business and Financial Affairs, San Diego State University

Dr. Guadalupe X. Ayala
Associate Dean and Professor, Graduate School of Public Health
College of Health and Human Services, San Diego State University

Dr. Kim E. Barrett
Dean of Graduate Studies, University of California, San Diego
Community Member

Mr. William J. Brack
Retired, Self-Employed Financial Consultant
Community Member

Ms. Paula S. Brock
Chief Financial Officer, Zoological Society of San Diego
Community Member

Ms. Vickie L. Capps
Certified Public Accountant
Community Member

Dr. Chukuka S. Enwemeka
Provost and Senior Vice President, San Diego State University

Dr. Craig A. Hauser
Vice President for Scientific Resources
Sanford Burnham Prebys Medical Discovery Institute
Community Member

Dr. Samuel K. Kassegne
Professor of Mechanical Engineering, San Diego State University

Ms. Jamie Miller
President, Associated Students, San Diego State University

Dr. Randolph A. Philipp
Professor, School of Teacher Education, San Diego State University

Dr. Jennifer D. Thomas
Professor of Psychology, San Diego State University

Dr. Ming-Hsiang Tsou
Professor of Geography, San Diego State University

Dr. Robert W. Zeller
Professor of Biology, San Diego State University

Executive Director Report

Ms. Goetz thanked the board, Mr. McCarron and the search committee for trusting in her ability to fill the leadership role of Executive Director. She also expressed her appreciation to the management team and staff as the Research Foundation moves forward in setting priorities that will align with the university's mission and strategic plan to grow research.

Her report included:

- The positive year-end numbers for FY 2015-16 including awards, F&A earned and budget results
- Appreciation for the shared CFO services model. Ms. Levinson was recognized for both managing daily activities and moving the research foundation forward to successful outcomes on major financial initiatives
- Actions undertaken during her first few months including three major areas:
 - 1) Filling critical positions and identifying gaps where resources are needed:
 - ◆ Teresa Loren was hired to fill the vacant director of finance position
 - ◆ The facilities planning and management department was restructured following the retirement of Norma Clark in July. Eric Elson was promoted to director and Bob Blizinski will now oversee both the facilities and human resources departments. Recruitment is underway for a senior facilities manager.
 - ◆ Developing a staffing plan, timeline and workload measures for other key areas where there are single sources of expertise or gaps.
 - 2) Communication and outreach efforts:
 - ◆ Meeting individually with key stakeholders including board members and the top 20 PIs
 - ◆ Meeting with individual research foundation departments.
 - 3) Progress on enhanced service initiatives:
 - ◆ Completion of a shared service initiative with Graduate & Research Affairs
 - ◆ A workflow for delegation of signature authority that provides the groundwork automation for other workflows has been launched
 - ◆ Workflow for changes to personnel assignments has been programmed and is currently being piloted with small groups of faculty
 - ◆ Automation of the procure to pay system is in the early planning stages

- ◆ Reporting analytics is in the final test phase and will roll out as soon as testing is complete
- ◆ A personalized dashboard to streamline faculty and staff access to foundation systems is in development
- ◆ An action item digest email notice was rolled out at the beginning of September to assist with email fatigue.

Ms. Goetz concluded her report with a brief review of the items distributed to each board member:

- FY 2015-16 annual report
- PI Lecture series and workshops scheduled for the fall semester
- Conflict of Interest and Code of Ethics disclosure statements. Ms. Goetz asked board members to return their completed forms to Ms. Daniels at the conclusion of the meeting or at their earliest convenience.

Audit Committee Report

Audit Committee Chair Brock reported on agenda items discussed at the September 14 meeting including:

- Updates on the triennial CSU Auxiliary Audit and sponsor audits—those that had closed and those pending
- Review and discussion of the FY 2015-16 Audited Financial Statements and Compliance Report with the audit team from Grant Thornton LLP
- Status updates on the VEBA and 403b audits.

Review and Adopt: FY 2015-16 Audited Financial Statements and Compliance Report

Ms. Brock reported that the audits by Grant Thornton on the financial statements and compliance report the CSU auxiliary audit and the multiple sponsor audits during the year resulted with only one comment related to petty cash. There were no other findings required to be reported. Ms. Brock expressed her admiration of the intensive work accomplished by SDSURF's finance team—especially in light of the number of recent staff transitions that had taken place. Following the committee's review and discussion, Ms. Brock reported the committee recommended that the board adopt the resolution approving SDSURF's FY 2015-16 Audited Financial Statements and Compliance Report. On behalf of Grant Thornton, Mr. Fiore expressed his appreciation for the opportunity to work with SDSURF and said the audits had gone well. He reiterated Ms. Brock's complimentary remarks about research foundation staff efforts.

Ms. Brock proposed that the board adopt the following resolution:

**RESOLUTION OF THE BOARD OF DIRECTORS:
ACCEPTANCE OF SDSU RESEARCH FOUNDATION'S FY 2015-2016
AUDITED FINANCIAL STATEMENTS AND COMPLIANCE REPORT**

**RESOLVED, that 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 2015-2016.

The motion was seconded by Ms. Capps and adopted unanimously.

Finance and Investment Committee Report

Finance and Investment Committee Chair McCarron provided an update on the September 14 meeting. Items addressed included:

- General Fund Budget results for FY 2015-16
- Review of the Bank Line of Credit and Treasury Services
- An update on the Capstone Ground Lease
- A review of the Summary of Investments for the period ending June 30, 2016.

Mr. McCarron then turned the discussion to Ms. Levinson for further detail.

General Fund Budget Results for FY 2015-16

Ms. Levinson provided a high level review of the positive FY 2015-16 general fund budget final results including the major line items and significant changes. She also noted that SDSURF was able to add \$172,000 to reserves as opposed to pulling \$1.5 million as anticipated in the midyear budget review. This was due to increased spending in the final quarter resulting in higher F&A, one-time savings in administration and operations due to open positions, and unexpected increases to F&A on two awards.

Review and Adopt: Bank Line of Credit and Treasury Services

Ms. Levinson directed the board's attention to the write-up included in the agenda materials and provided background information on why the line of credit is needed. She explained that the current \$12 million line of credit established with Union Bank was due to expire on July 31, 2016 and she had negotiated a 60-day extension which was due to expire on September 30, 2016. Ms. Levinson contacted multiple banks to obtain competitive bids for a new line of credit as well as depository services. Of the three proposals received, the offer from First Republic Bank was more favorable than the other two banks for both the line of credit and treasury services. Ms. Levinson explained that no resolution was needed for SDSURF to change its banking/treasury relationship at this time; however, a resolution was needed to enter into a new line of credit with First Republic Bank.

Mr. McCarron reported that following the committee's review and discussion, the committee recommended that the board adopt the resolution approving the line of credit. Mr. McCarron proposed that the board adopt the following resolution:

**RESOLUTION OF THE BOARD OF DIRECTORS:
LINE OF CREDIT FOR WORKING CAPITAL NEEDS**

WHEREAS, San Diego State University Foundation, a California nonprofit public benefit corporation, d/b/a San Diego State University Research Foundation (“SDSURF”) has been formed to promote and assist the educational program of San Diego State University (the "University") as more fully described in the Articles of Incorporation of SDSURF (the "Articles of Incorporation"); and,

WHEREAS, SDSURF has determined that obtaining the Line of Credit Facility from First Republic Bank would be most advantageous to SDSURF in financing short-term working capital needs;

NOW, THEREFORE, be it resolved by the Board of Directors of SDSURF (the "Board"), as follows:

First, that the Board authorizes SDSURF's Executive Director and Interim Chief Financial Officer (each, an "Authorized Officer"), to negotiate, review and approve the loan documents and instruments required to obtain the First Republic Bank Line of Credit facility subject to the following general terms and conditions: (i) the aggregate principal amount of the Line of Credit Facility shall not exceed \$12,000,000; (ii) the Line of Credit Facility shall bear interest cost at a rate which is the LIBOR rate less 1% and shall be for a five-year term; (iii) the Line of Credit Facility shall be secured by real property owned by SDSURF at 9245 Sky Park Court and 6386 Alvarado Court; and

Second, that the Board authorizes any one or both of the Authorized Officers, with the advice of retained counsel, for and in the name and on behalf of SDSURF, to execute, acknowledge and deliver a Loan Agreement, Loan Disbursement Instructions, Promissory Note, Security Agreement, Deed of Trust, Assignment of Lease and such other documents as the Authorized Officer shall deem necessary or appropriate to consummate the Line of Credit (the “Loan Documents”), in the form approved by the Authorized Officer(s), such approval to be conclusively evidenced by the execution and delivery thereof; and,

Third, that the Board also authorizes any one or both of the Authorized Officers, with the advice of retained counsel, 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; and,

Fourth, that the Board adopts, as the action of the Board, the Corporate Resolution to Borrow in the form presented by First Republic Bank, and authorizes the Secretary so to certify to First Republic Bank; and,

Fifth, that all past actions of SDSURF's officers in obtaining the Line of Credit Facility from First Republic Bank are hereby acknowledged to have been taken in furtherance of the Board's resolutions and all such past actions are hereby ratified and confirmed; and,

Finally, that this Resolution shall take effect immediately upon its adoption.

The motion was seconded by Ms. Brock and adopted with two abstentions.

Capstone Ground Lease

Ms. Levinson reported that Capstone had been working through issues with the recently-formed community group CARA (College Area Residents Association). Following a court-issued injunction, Capstone came to an agreement with CARA to modify the development plan to address the group's concerns. The overall news is good—the project is moving forward and Capstone will make the \$2 million payment as negotiated with SDSURF in the original agreement.

Vice President for Research Report

Dr. Welter's report included a brief review of the positive proposal, award and F&A numbers highlighted on page 19 of the Annual Report. He also mentioned:

- The university's \$2.5 million investment in research programs and infrastructure for Areas of Excellence and other direct support of faculty research
- 61 new faculty joined SDSU in fall 2016
- Five new principal investigators joined the list of Top 20 F&A producers
- GREW (Grant Research Entrepreneurial Workshop) positive results—including the outstanding 55% success rate of proposal submitters
- Areas of Excellence—new hires and success rates
- The goal to find sustainable funding for doctoral students.

PI Presentation—Dr. William Zahner

Dr. Welter welcomed Dr. William Zahner, SDSU professor of mathematics and GREW participant—whose research focuses on improving mathematics learning for all students, especially English language learners (ELLs) and students from groups underrepresented in STEM (science, technology, engineering and mathematics) fields. Dr. Welter congratulated Dr. Zahner on his recent NSF Career award and pointed out that the agenda materials contained additional biographical information on Dr. Zahner.

Dr. Zahner's presentation entitled "Designing for Equity and Access in Linguistically Diverse Mathematics Classrooms" began with a critical question: "How can we teach rigorous mathematics to all students, including students who are learning English as an additional language?" His presentation described a six-week observational study, designing mathematics learning environments for ELLs and concluded with approaches to move forward. Following a brief question and answer period, Dr. Welter thanked Dr. Zahner for his informative presentation.

New Business

Dr. Welter called for any items of new business. Hearing none, he adjourned the meeting at 10:47 a.m.

Respectfully submitted,

Michèle G. Goetz
Associate Secretary-Treasurer