

Board of Directors Meeting
September 27, 2024
9:00 a.m.

MINUTES

A meeting of the Board of Directors of San Diego State University Research Foundation was held in the SDSU Research Foundation Boardroom on Friday, September 27, 2024, pursuant to the notice duly posted for public information.

The following Officers were present:

Adela de la Torre, President
Hala Madanat, Vice President
Agnes Wong Nickerson, Treasurer
Michèle Goetz, Associate Secretary-Treasurer

The following Directors were present:

Vickie Capps	David Page
Uduak Z. George	Mahasweta Sarkar
Katarina Hernandez	William Tong
Tom McCarron	Ming-Hsiang Tsou
Humberto Parada	Alex Waters

The following Directors were absent:

Steve Gill	Joan Coppenrath
Robert Zeller	Jennifer Thomas

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

Marla Hummel	Athena Quarles
Cody Lee	Rachel Raynoha
Leslie Levinson	Kaitlyn Walls

I. Call to Order

President de la Torre called the meeting to order at 9:00 a.m. and welcomed staff and guests. She noted that the meeting would begin with public comment. No members of the media were present; therefore, she moved on to the consent agenda.

II. Consent Agenda

President de la Torre requested a motion to approve the consent agenda items.

Motion: A motion was made, seconded, and unanimously carried to accept the consent agenda thereby approving:

- A. Minutes of the May 24, 2024, Board of Directors Meeting
- B. Resolution 24-07: Industrial Security Clearance

III. Vice President for Research and Innovation Report

Vice President Madanat presented a report on the university's research enterprise, highlighting the growth in research dollars and the distribution of these dollars across various colleges and departments. The report also noted the diversification of funding sources and the university's success in securing Hispanic Serving Institution (HSI) specific awards. VP Madanat emphasized the importance of growing the foundation

funding portfolio and the need for faculty and staff champions to apply for these awards. She moved on to open the floor to questions. Discussion ensued.

IV. CEO Report

Ms. Goetz began with a report on the FY 23-24 organizational accomplishments and FY 24-25 organizational goals. She previewed upcoming challenges and responses, staffing plans for fiscal year 2024-25, and other pertinent items including the success of streamlining services for faculty and staff with Chrome River, the F&A rate proposal submission, migrating multiple software platforms to single sign-on, and the growth of award proposals submitted and awarded. She noted that the number of awards submitted and awarded has continued to grow, an accomplishment for faculty, but also a challenge for SDSURF due to the sheer volume.

Ms. Goetz moved on to provide the board with an overview of the next action item. She informed the committee that Mr. Tom Zink, Director of the Soil Ecology and Restoration Group, a research group at SDSU, applied for and received tentative approval for funding from the California Natural Resources Agency to fund a youth community access program to provide internships to youth from low-income, disadvantaged communities and provide funding for the purchase of a clean field vehicle.

The California Natural Resources Agency requires a resolution of the board, specific to this program, that authorized the submission of the application, confirmed compliance with labor laws and public works laws if applicable, and to specifically appointed individuals with the authority to sign various documents including the application, negotiate the contract, and submit payment requests. Although the board annually approves a delegation of signature approvals listing, this agency required a delegation specific to this program.

President de la Torre called for a motion to adopt Resolution 24-08:

**RESOLUTION NO. 24-08:
RESOLUTION OF BOARD OF DIRECTORS,
SAN DIEGO STATE UNIVERSITY FOUNDATION
APPROVING THE APPLICATION FOR GRANT FUNDS FOR THE
YOUTH COMMUNITY ACCESS GRANT PROGRAM**

WHEREAS, the Legislature and Governor of the State of California have provided funds for the program shown above; and

WHEREAS, the California Natural Resources Agency has been delegated the responsibility for the administration of this grant program, establishing necessary procedures; and

WHEREAS, said procedures established by the California Natural Resources Agency require a resolution certifying the approval of application(s) by the Applicant's governing board before submission of said application(s) to the State; and

WHEREAS, the Applicant, if selected, will enter into an agreement with the State of California to carry out the project.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors, San Diego State University Foundation

1. Approves the filing of an application for the SERG Habitat Restoration Internship for Youth from Low Income/Disadvantaged Communities; and

2. Certifies that Applicant understands the assurances and certification in the application package; and
3. Certifies that it will comply with all applicable provisions of Section 1771.5 of the California Labor Code; and
4. If applicable, certifies that the project will comply with any laws and regulations including, but not limited to, the *California Environmental Quality Act* (CEQA), legal requirements for building codes, health and safety codes, and disabled access laws, and that prior to commencement of construction all applicable permits will have been obtained; and
5. Appoints the Associate Vice President and CEO, or designee(s) as referenced on the attached delegation listing, as agent to conduct all negotiations, execute and submit all documents including, but not limited to, applications, agreements, payment requests and so on, which may be necessary for the completion of the aforementioned project(s).

Approved and adopted the 27 day of September 2024. I, the undersigned, hereby certify that the foregoing Resolution Number 24-08 was duly adopted by the Board of Directors, San Diego State University Foundation.

Motion: A motion was made, seconded, and unanimously carried to approve resolution 24-08 approving application for grant funds for the Youth Community Access Grant program.

V. Finance and Investment Committee Report

Ms. Agnes Wong Nickerson, committee chair, reported on the Finance and Investment Committee meeting held September 17, 2024. Ms. Wong Nickerson noted the committee focused on the budget to actuals presentation for fiscal year 2023-24, the summary of investments report, recommendation for an allocation of \$750,000 per year for 30 years to support the debt service for the new Life Sciences North building, and an amendment to the Montezuma Road ground lease, which will be presented to the board by Ms. Leslie Levinson. Ms. Wong Nickerson moved on to provide an overview of the first action item, approving the proposal for an SDSU Research Foundation (SDSURF) General Fund Budget allocation to support debt service for the new Life Sciences North building.

Ms. Wong Nickerson noted that the Life Sciences North (LSN) building supports instruction for 4,200 students and 74 faculty offices. The LSN building replacement is SDSU's highest facility capital project priority. The existing structure, built in 1962, requires systems renewal and code compliance improvements that exceed the cost of a replacement facility. She noted the project was originally budgeted at \$151 million in 2019, but costs have increased to \$230 million due to escalation in the cost of construction. SDSU Planning Facilities and Design estimates that the cost of the project will increase each year by \$9 million, if delayed. Due to the increased costs, the revised plan is to build a smaller replacement building at \$150 million to be funded from multiple sources including from campus, fundraising, SDSU reserves, debt, and a likely allocation from the CSU and/or State of California. SDSURF has been requested to commit \$750,000 annually towards the debt service as an allocation pledge to the campus. This annual commitment would begin in FY 2027-28 for up to 30 years, subject to approval of the project by the CSU Board of Trustees and will only begin once debt service on the building ensues. Due to this request being for future funds and taking into account the fluctuations in SDSURF's budget due to federal and state funding fluctuations, SDSURF will review the annual allocation during regular budget processes and may need to reduce other allocations to campus to ensure that the commitment per year for LSN can continue to be paid. Ms. Wong Nickerson opened the floor to questions. Discussion ensued. President de la Torre called for a motion to adopt Resolution 24-09:

**RESOLUTION NO. 24-09:
RESOLUTION OF THE BOARD OF DIRECTORS
OF SDSU RESEARCH FOUNDATION
APPROVING THE PROPOSAL FOR AN SDSU RESEARCH FOUNDATION GENERAL FUND BUDGET
ALLOCATION TO SUPPORT DEBT SERVICE
FOR A NEW LIFE SCIENCES NORTH BUILDING**

WHEREAS, the Life Sciences North (LSN) building is a high impact building for research at San Diego State University, housing a significant amount of externally funded research; and

WHEREAS, building systems are failing which threatens instructional and research activities and SDSU does not currently have other facilities with similar life science wet labs that can meet instructional and research needs; and,

WHEREAS, the LSN building replacement is SDSU's highest facility priority; and

WHEREAS, SDSURF has been requested to commit \$750,000 annually towards the debt service of a replacement Life Sciences North building as an allocation pledge to the campus;

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of San Diego State University Research Foundation approve the annual allocation of \$750,000 for up to 30 years to San Diego State University to support the debt service on a new Life Sciences North building at San Diego State University, subject to approval of the project by the California State University Board of Trustees; and,

FURTHER RESOLVED, that the payment of the allocation is approved to begin upon completion of the building and the commencement of the first debt service payment, anticipated to begin in FY 2027-28; and,

FURTHER RESOLVED, that in the event that fluctuations in revenue result in lower funding available for allocations, management work with the Finance and Investment Committee as part of the budget review process to prioritize the debt payment allocation over other university allocations; and

FURTHER RESOLVED, that the Board authorizes management to do any and all things and to execute any and all documents which they deem necessary or advisable to effectuate the purposes of this resolution; and

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

Motion: A motion was made, seconded, and unanimously carried to approve Resolution 24-09 approving the proposal for an SDSU Research Foundation General Fund Budget allocation to support debt service for a new Life Sciences North building.

Ms. Levinson directed the board to the next action item, approval of the proposal to amend the ground lease at 5734, 5742, and 5750 Montezuma Road. She reminded the board that in 2018, following board approval, SDSURF entered a ground lease with Capstone Development Partners LLC (Capstone) for properties at 5734, 5742, and 5750 Montezuma Road (Viva Project). Since 2018, the project was fully built by Capstone and sold after construction to Aztec Shops in April 2023. She noted that after the sale, the ground lease remained in place with no term modifications. In the original ground lease, an amount of additional rent was called for if the project achieved exemption from property tax, which the project achieved in its first year. Since then, it has continued to achieve this status and after its sale to Aztec Shops, a non-profit auxiliary of SDSU, it remains exempt from property tax. Aztec Shops has requested that the ground lease be modified to eliminate the language surrounding the additional rent due for property tax exemption and instead add this amount to the base rent. Additionally, as the original ground lease had a conversion option starting in year 5, management committed to coming back to the Finance and Investment Committee and

Board of Directors during year four to recommend which conversion option to select. SDSURF and Aztec Shops agree that the option described in the following resolution is to be recommended to the board for approval. Ms. Levinson opened the floor to questions. Discussion ensued.

President de la Torre called for a motion to adopt Resolution 24-10:

**RESOLUTION NO. 24-10:
RESOLUTION OF THE BOARD OF DIRECTORS
OF SDSU RESEARCH FOUNDATION
APPROVING THE PROPOSAL FOR AMENDED GROUND
LEASE AT 5734, 5742, AND 5750 MONTEZUMA ROAD**

WHEREAS, SDSU Research Foundation entered into a ground lease, as lessor, with Capstone Development Partners LLC (Capstone) for the properties at 5734, 5742, and 5750 Montezuma Road (Viva Project); and,

WHEREAS, the Viva Project was sold by Capstone to Aztec Shops (a sister auxiliary of SDSURF) in April 2023; and

WHEREAS, Aztec Shops has requested that the ground lease be modified to eliminate the property tax exemption calculation and language and add that amount to the base rent going forward; and,

WHEREAS, the original ground lease had a conversion option starting in Year 5 (FY 2025-26), reflecting a change in the rent calculation to a portion of fixed and variable rent; and,

WHEREAS, management has reviewed the proposed revisions and options and presented recommendations to the Board for consideration;

NOW THEREFORE BE IT RESOLVED that that the Proposed Amendment, as submitted to the Finance and Investment Committee at its meeting on September 17, 2024, regarding the ground lease for the real property located at 5734, 5742, and 5750 Montezuma Road (Viva Project) be approved with the following terms:

- **Adjustment of the rent calculation starting in Year 4 (FY 2024-25) to eliminate property tax sharing and instead increase the rent rate starting in Year 4 to \$319,900 to be escalated annually by \$750; and,**
- **Selection of Option 2 in the original agreement to convert to fixed rent payments beginning in Year 5 (FY 2025-26) at \$320,659 fixed rent plus profit participation of .57% of Net Operating Income (NOI); and,**
- **Subsequent to Year 5 (FY 2025-26), the rent will be \$320,659 escalated annually by \$750 plus .57% of Net Operating Income**

FURTHER RESOLVED that management is authorized to proceed with and complete the changes to the agreement with Aztec Shops; and,

FURTHER RESOLVED that the Board authorizes management to do all things and to execute all documents which they deem necessary or advisable to effectuate this resolution's purposes.

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

Motion: A motion was made, seconded, and unanimously carried to approve Resolution 24-10 approving the proposal for amended ground lease at 5734, 5742, and 5750 Montezuma Road.

Ms. Levinson directed the board to the general fund budget memorandum, which provided an in-depth review of significant changes to the budget from mid-year to actuals. She noted that SDSURF was able to add funds to their reserve. Ms. Levinson then opened the floor to questions. Discussion ensued.

VI. Audit Committee

Mr. David Page, committee chair, reported on the Audit Committee meeting held September 19, 2024. Mr. Page noted that SDSURF had 29 sponsor audits in the last year, an increase of 53% in the number of sponsor

audits from last year, all of which had no findings. The committee spent much of their meeting going over the annual audits of SDSURF, including the benefit plans audit and finance and compliance audits. He informed the board that the SDSURF team worked with the auditors to provide 260 schedules and over 1,220 documents to Grant Thornton for their review and audit.

Mr. Page turned it over to Ms. Levinson to provide an overview of the financial and compliance audits. Ms. Levinson provided an overview of the audited financial statements and highlighted the management discussion and analysis (MD&A), which outlines the major changes from year to year. Discussion ensued.

Ms. Marla Hummel of Grant Thornton, LLP shared the results of their audit noting a “clean opinion” with no findings. She thanked the SDSURF team for their work and collaboration during the audit.

President de la Torre called for a motion to adopt Resolution 24-11:

**RESOLUTION NO. 24-11:
RESOLUTION OF THE BOARD OF DIRECTORS
OF SDSU RESEARCH FOUNDATION
APPROVING SDSU RESEARCH FOUNDATION’S
FY 2023-24 AUDITED FINANCIAL STATEMENTS**

RESOLVED, the Board of Directors of San Diego State University Research Foundation accepts and approves the Financial Statements and the Compliance Report, audited by the firm of Grant Thornton LLP, for the fiscal year 2023-24.

Motion: A motion was made, seconded, and unanimously carried to approve Resolution 24-11 approving SDSU Research Foundation’s 2023-24 Audited Financial Statements.

VII. Associated Students Report

Associated Students (AS) President Katarina Hernandez noted that she did not have much to report on at this time, but inquired about providing graduate students guidance on how to get more involved in research and committees they can join. Discussion ensued.

VIII. PI Presentation

Dr. Miguel Zavala, Associate Professor in the School of Public Health at San Diego State University’s Imperial Valley campus, gave a presentation on research taking place in Imperial Valley and the opportunity it presents to address environmental and health impacts in the region. He discussed unique challenges faced by the Imperial Valley region and emphasized the need for collaborative, multidisciplinary research to address environmental and health issues in the region.

IX. New Business

President de la Torre called for any items of new business. Hearing none, she adjourned the meeting at 11:02 a.m.

Respectfully,

Michele G. Goetz

Michèle G. Goetz
Associate Secretary-Treasurer