

HARBOR BRANCH OCEANOGRAPHIC INSTITUTE

FOUNDATION

Minutes
Meeting of the Harbor Branch Oceanographic Institute Foundation
Board of Directors
Held at the Harbor Branch Oceanographic Institute at FAU
April 25, 2019

PRESENT: Joe Duke*; Mike O'Reilly, Chair; Marjorie Raines, Treasurer; John Papa*; William J. Stewart, Esq., Secretary/Legal Counsel; Michael Toner, Vice Chair

ALSO PRESENT: Debbie Dutton, Director of Operations; Katha Kissman, President & CEO; Cyndi Permenter, Administrative Assistant; Joe Galardi*, Legal Counsel; Bob Campbell*, Guest; George Frazza, Guest; Jim Seitz, Guest

ABSENT: C. Amos Bussmann, Michael Brown, Sr.; Dr. Joseph Ferro

*participated virtually

Welcome & Call to Order

Chair O'Reilly called the meeting to order at 9:00 am and welcomed the invited guests. Secretary/Legal Counsel Stewart established the quorum.

Consent Agenda

The minutes of the January 24, 2019 Board Meeting were approved unanimously.

Chair's Comments & Updates

Chair O'Reilly introduced Joe Galardi of Beasley & Galardi PA. Mr. Galardi serves as the Foundation's external counsel in its litigation with FAU. Mr. Galardi provided Board Members with a comprehensive update of litigation history and status to date. Based on discussions with Chair O'Reilly, Foundation counsel Bill Stewart and President Katha Kissman, Mr. Galardi recommended that the Foundation file an amended complaint with the Court. Chair O'Reilly thanked Mr. Galardi for his time and he left the meeting.

Chair O'Reilly then asked Bill Stewart to read a prepared resolution for discussion. Bill Stewart noted this was the first resolution of the year 2019.

**RESOLUTION 2019 – 001
OF THE BOARD OF DIRECTORS OF
HARBOR BRANCH OCEANOGRAPHIC INSTITUTE FOUNDATION, INC.**

WHEREAS, in March 2017, Harbor Branch Oceanographic Institute Foundation, Inc. (the “Foundation “) instituted litigation against Florida Atlantic University (“FAU”) requesting the Court to determine that FAU had no authority to direct the Foundation to adopt a budget which eliminated funds to compensate the President and Chief Executive Officer and other staff, independent attorneys, auditors and accountants and to transfer these functions to FAU employees or other professionals retained by FAU; and

WHEREAS, the Foundation believes that a more complete resolution of the differences between the Foundation and FAU will be achieved if the relief requested in the Complaint is broadened to include a claim that FAU has committed an anticipatory breach of its obligations under the Memorandum of Understanding entered into in December of 2007.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Foundation that its officers are authorized to direct independent legal counsel to file an Amended Complaint adding a claim for anticipatory breach by FAU of its obligations under the Memorandum of Understanding and such other changes to the initial Complaint as independent legal counsel and the officers of the Foundation deem to be appropriate.

BE IT FURTHER RESOLVED, that this Resolution be incorporated in the Minutes of the meeting of the Board of Directors held on the 25th day of April, 2019.

This Resolution adopted this 25th day of April, 2019 by the Board of Directors of Harbor Branch Oceanographic Institute Foundation, Inc. at a meeting duly noticed at which a quorum was present.

The motion to approve this resolution was made by Marjorie Raines and seconded by Mike Toner. After asking if there was any further discussion, Chair O’Reilly called for a roll call vote:

Mike O’Reilly -- yes
Mike Toner -- yes
Marjorie Raines -- yes
John Papa – yes

The motion passed unanimously. President Kissman was instructed to notify Mr. Galardi.

Committee Reports

Grants Committee

Chair Toner provided a report of the Grants Committee Meeting on March 27, 2019. The Grants Committee made the following recommendations subject to grant making spendable available as would be ascertained in the FY20 Budget as recommended by the Finance Committee at its April 18, 2019 meeting and approved by the Board at its April 25, 2019 meeting:

- To instruct President Kissman to invite proposals from HBOI for:
 - Florida Center for Coastal and Human Health (up to \$850,000)

- Promoting Faculty Recruitment, Retention and Research Excellence Grant (up to \$520,000)
- To notify HBOI that the Grants Committee declined to offer a FY20 Bridge Pool Fund for FY20 but rather to instruct President Kissman to communicate to HBOI that the Foundation would be in a position to receive an emergency request(s) for Bridge Funds that would be considered on a case-by-case basis subject to spendable available. Requests would require an appropriate number of days' notice of need as agreed to by July 1, 2019 by the HBOIF President and the HBOI Executive Director.
- To discuss with HBOI the Foundation's possible upcoming invitation to submit a proposal for up to \$1,000,000 to fund a single proposal that would be for a "move the needle" project regarding the health of the Indian River Lagoon.
- To continue to provide the HBOI Executive Director credit card with a limit up to \$10,000, continued use to be per the previously communicated expectations and responsibilities.

He also noted the continuation of the following:

- Faculty New Hire Program, Final Year – amount will be remaining funds to be included after FY19 payouts (Special Initiative)
- Marilyn C. Link Memorial Internship \$5,000 (Special Initiative)

The 2nd year of a Harbor Branch Student Association Volunteer Award of \$1,250 would be included in the proposed FY20 Budget under Donor Related.

President Kissman reported the final amount of \$109,500 in net proceeds would be available for the 2019 Indian River Lagoon Graduate Research Fellows program. Twelve students were awarded including five returning students and seven new students.

President Kissman also reported on the recent Specialty License Plate Grants FY20 Aquaculture and Save Our Seas funding round.

Chair Toner further reported that because of the delays and lack of reports regarding the HBOI Marine Mammal Program Review and due to the ongoing issues associated with the Dolphin ID program, the Board agreed with the Grants Committee's recommendation to forgo a formal RFP Funding Round for CY21 for PWD and PFW. Rather, HBOIF staff will prepare formal recommendations regarding distribution of funds for CY20 projects. Said distributions will be those deemed most aligned with the legislative statutes with recommended funding amounts based on total funds available as of July 1, 2019.

The Grants Committee voted to recommend to the Board the intention to inform FAU Foundation that the HBOI Foundation will officially relinquish control over the account at the FAU Foundation and recommend distribution of the \$7,190.91 remaining funds by inviting proposals from the HBOI Ocean Discovery Visitors Center:

- For one-time support to establish a HBOI History Wall noting the contributions of founder J. Seward Johnson, Sr., Edwin Link, and the Harbor Branch Oceanographic "Institution" and "Institute Foundation" Boards (same entity, name changed).

- For one-time support to further build and promote the DNAngher Citizen Scientists Program.

In addition, since the Grants Committee meeting, President Kissman reported further on her email of April 22, 2019 regarding two grant opportunities for the Board's consideration. We had originally budgeted to use the full spendable available for FY19. Based on receipt of HBOI's 3rd Quarter Invoices and Foundation discussions with Jim Sullivan and Patrick Boles, the Foundation is now tracking approximately \$660,000 in unused FY19 spendable primarily due to HBOI not using funds committed in our FY19 budget for:

- a Bridge Pool Grant (FY19 grant only);
- the Faculty Incentive Grant (FY19 is the last year of a multi-year grant);
- the amount remaining in a floating Faculty Incentive (FY19 is the last year of this multi-year grant); and
- the originally projected amount of funds to be used for the New Faculty Hire grant (next year is the last year of this multi-year grant but you are not using the amount you thought you would need in FY19).

Recommendations for using unspent spendable were as follows:

- A Discretionary Grant for **\$89,989** for the project ***Preservation of Historical Johnson-Sea-Link Submersible Video Tapes and Data for Research, Conservation, and Education***. The recommendation to fund this was based on the value we believe this work represents to preserve Harbor Branch's history and legacy and to ensure that the important work funded to date by the NSF and a previous SOS grant is continued and concluded in FY20. We were happy the Board unanimously and enthusiastically agreed.
- A Discretionary Grant for additional consideration to fund the ***purchase of a 36 Passenger Pontoon Boat for HBOI Immersion Tours and Other Outreach Opportunities***. This was estimated to be around **\$150,000**, subject to a formal proposal and final budget.

Mike Toner, Katha Kissman, and Debbie Dutton would meet to discuss the latter and present a final recommendation to the Board at its June Board Meeting.

The motion to approve the report of the Grants Committee with their recommendations as well as the additional recommendations by President Kissman was approved unanimously.

Finance Committee

Chair Raines provided a report of the Finance Committee which met on April 18, 2019. She noted the market value of the investment portfolio as of 3/31/19 was \$74,376,842. Total Composite rose 9.03% in the 3rd Quarter outperforming the index due to fixed income and international equity.

Asset allocations were in balance with the Investment Policy. Current performance against like Foundations indicated the HBOIF's investment portfolio performed in the mid-range quarter for one year and over the 3/5/10 year periods performed in the upper quarter.

SLP Money Market balances as of 3/31/19 were:

HBOIF SLP - Protect Florida Whales	749,984.26
HBOIF SLP - Protect Wild Dolphins	2,000,418.64

HBOIF SLP - Save Our Seas	1,577,346.86
HBOIF SLP - Aquaculture	617,728.18

Current financials were in line with budget with anticipated variances noted.

The Finance Committee reviewed the FY20 Proposed Budgets (Operations and SLP). It was determined:

1. Based on the Grants Committee recommendations:
 - To invite a grant proposal from HBOI to support the **Florida Center for Coastal and Human Health** up to \$850,000.
 - To invite a grant proposal from HBOI to support a **Promoting Faculty Recruitment, Retention and Research Excellence Grant** up to \$520,000.
 - To support the **Marilyn C. Link Memorial Internship** up to \$5,000.
 - To continue to provide HBOI Operational Support (Executive Director Credit Card) up to \$10,000.
 - To make available \$500,000 for a possible invitation to submit a proposal for 1/1/20-6/30/20 and an additional \$500,000 for 7/1/20-12/31/20 for a total of \$1,000,000. The objective would be to fund a single proposal that would be for a “move the needle” project regarding the health of the Indian River Lagoon.
2. To include in the budget another offsite **Love Your Lagoon** event
3. Budget to accommodate a relocation of the Foundation offices, with moving expenses coming out of remaining unspent spendable for FY19.
4. Compensation of Staff as follows:

2.8% Cost of Living Increase (as measured by the Social Security Administration for 2019) increases for Katha Kissman, Debbie Dutton and Cyndi Permenter.

A 2.2% merit increase for Debbie Dutton.

The following bonuses to be paid out in FY19 were recommended:

\$3,000 for Cyndi Permenter
 \$5,000 for Debbie Dutton
 \$20,000 for Katha Kissman

It was noted that these bonuses were being recommended on a one-time basis in recognition of outstanding work under unusual and challenging circumstances.

The Finance Committee recommended the Board approve informing the FAU Foundation that the Foundation will officially relinquish control over the HBO000 account at the FAU Foundation once the current principal of \$7,190.91 was used as recommended by the Grants Committee:

1. For one-time support to establish a HBOI History Wall noting the contributions of founder J. Seward Johnson, Sr., Edwin Link, and the Harbor Branch Oceanographic “Institution” and “Institute Foundation” Boards (same entity, name changed).
2. For one-time support to further build and promote the DNangler Citizen Scientists Program.

The Board agreed with the Finance Committee’s recommendation to instruct President Kissman to contact the owners of a property for sale listing on Old Dixie Highway that fronts our Old Citrus Grove Property (the railroad tracks separate this parcel from our parcel). In addition, authorize President Kissman to explore a donation of the Lakela’s Mint/Montessori School property or listing the property for sale.

Nominating Committee

Mike O’Reilly provided the Nominating Committee report on behalf of for Chair Ferro. Three candidates, who had been vetted and discussed since 2017, were recommended to the board to fill vacancies in the cohort with terms of 1/1/2018-12/31/2020. Bios for each were circulated in advance of the meeting.

The motion to approve the nominations of Bob Campbell, George Frazza and Jim Seitz were approved unanimously.

The Audit Committee and the Governance Committee did not meet since the last Board Meeting.

Operations Reports

President Katha Kissman provided an Operations Report in advance of the meeting.

The Board did not hear an HBOI update report from Dr. Jim Sullivan as he scheduled to give an invited talk at the 2019 Greater Everglades Ecosystem Restoration conference in Coral Springs on April 25 and was at the conference from April 24-26.

Adjournment

There being no further business the meeting adjourned at 11:35 am.

Special guests were the Foundations Harbor Branch Student Association FY19 Volunteer Award Winners who joined the Board for lunch: Catherine Lo (1st Place), and Brandon McHenry (2nd Place).