

Harbor Branch Oceanographic Institute Foundation, Inc.
Minutes of the Annual Meeting of the Members and the Meeting of the Board of Directors
of Harbor Branch Oceanographic Institute Foundation, Inc.
Held on January 23, 2014

The Annual Meeting of the Members and the meeting of the Directors of the Board of Directors of Harbor Branch Oceanographic Institute Foundation, Inc. was held at the Harbor Branch Oceanographic Institute at Florida Atlantic University's ("HBOI at FAU") campus in Fort Pierce, Florida at 8:30 am on January 23, 2014.

The following Board members were present:

Joseph Duke, Chair
Michael D. Minton, Vice Chair (by phone, partial attendance)
John N. McConnell, Jr., Treasurer
William J. Stewart, Secretary
C. Amos Bussmann
Nancy Higgs
Jacqui Thurlow-Lippisch
Michael O'Reilly
Robert Stilley (partial attendance)
Mike Toner

The following Board members were absent:

Sherry Plymale
Karl M. Steene

Also in attendance:

Marilyn C. Link, Director Emeritus
Ed Michelson, The Atlanta Consulting Group, Guest
Katha Kissman, Interim Executive Director, HBOIF
Colleen Brennan, Director of Operations, HBOIF
Dr. Megan Davis, Interim Executive Director, HBOI
Patrick J. Boles, Associate Executive Director, HBOI
Cara Perry, Director of External Relations, HBOI (partial attendance)
Joanne Davis, Interim VP of External Relations, FAU (by phone, partial attendance)
Jack B. Ludin, Deputy General Counsel, FAU (by phone, partial attendance)

1. Determination of Quorum

The Chairman determined that a quorum for the meeting existed and called the meeting to order.

2. Consent Agenda

Upon motion duly made, seconded and unanimously carried, the Consent Agenda was approved. The Consent Agenda included:

Approval of Minutes

The minutes of the previous meeting of the Board of Directors held on October 3, 2013 were approved.

Report and Recommendations of the Ad Hoc Real Estate Committee

The Report and Recommendations of the Ad Hoc Real Estate Committee were approved; this specifically included the recommendation to renew the lease with the Learning Garden Montessori School with the reported terms and conditions. A copy of the minutes of the Ad Hoc Real Estate Committee's meetings is attached to these minutes.

Ratification of the Check and Contract signing authority by the Interim Executive Director.

Ratification of the Credit Card authorization for the Interim Executive Director, Director of Operations and the SLP Marketing Manager.

3. Finance Committee Report

Investments Report

Ed S. Michelson of The Atlanta Consulting Group presented the status of the Foundation's Endowment Fund as of December 31, 2012. A copy of Mr. Michelson's report is attached to these minutes. The market value of the fund is in excess of \$64,000,000.00. Mr. Michelson also reported that The Atlanta Consulting Group is at this point in time forecasting an average gain of 5.5% to 6% annually for the Foundation's portfolio based on our current asset allocations.

Financial Report

On behalf of the Finance Committee, Kissman walked the board through the FY14 Mid-Year budget revision report which compared the previously adopted budget to the proposed new budget fully utilizing the Chart of Accounts in QuickBooks. In addition she presented the FY14 Budget to Actual report and the FY14 Balance Sheet both as of December 31, 2013. All reports are now reconciled and flow through QuickBooks and financials transactions continue to be handled externally by Kmetz, Nuttall, Elwell, Graham, PLLC.

Upon motion duly made, seconded and unanimously carried, the Board accepted the Financials as presented.

4. Presentation of the Organizational Analysis Report, HBOIF Executive Director, Katha Kissman

Kissman presented the Organizational Analysis Report provided to the Board Members prior to the meeting. Specifically, she provided an overview of the History, Current Environment and organizational culture of HBOIF and commented on the positive nature of the relationship between HBOIF, HBOI at FAU, and FAU Relationship at present.

She posed three questions for consideration:

- What do we want to accomplish? What is our measurement for success?
- How can the HBOIF ensure that there are funds for HBOI?
- How can we use HBOIF resources to help HBOI achieve excellence?

Using those questions as context, she proposed three goals for HBOIF:

GOAL #1: The HBOIF supports HBOI operations on a regular, ongoing basis and determines specific future opportunities to do this.

GOAL #2: The HBOIF supports HBOI through a Special Projects Fund

GOAL #3: The HBOIF explores how it can increase its Endowment for future and expanded ongoing and special project funding.

Under Goal #1, she reviewed the current commitments to HBOI by HBOIF:

- Operational support (currently about \$70,000 annually which is comprised by a Discretionary Fund; HBOI Executive Director Development Fund; and partial salary support of the Gift Shop Operator & a Development Director
- The Specialty License Plate Program (\$2.5-\$3.0 million annually)
- The Faculty New Hire Program (\$5.5 million over 7 years)
- The Incentive Program (\$1.5 million over 7 years plus a potential additional \$400,000 over life of program)

She proposed two new opportunities which would provide a maximum funding impact to best serve Goal #1 by institutionally supporting HBOI by:

A. Ensuring faculty excellence at HBOI through funding designed to support faculty salaries up to 50% annually to:

- attract the Faculty of the highest caliber;
- provide Faculty a keen edge in the competitive grant area by being able to demonstrate an outside “match” of funding for their salary. This cannot be underestimated in these times of the highly competitive landscape for grant dollars;
- provide a greater sense of security. This would not mean a substitute for tenure or a guarantee of a position. Faculty would still be required to work in collaboration and conjunction with the goals of the HBOI Strategic Plan and their work and performance would be monitored and evaluated according to peer-developed and generally accepted evaluation tools;
- have Faculty spend more of their time on program advancement -- doing the work and not the dollar chase; and
- be freed up to partner with HBOI external relations in a more meaningful and targeted way such as community outreach, development, or an Endowment Campaign (see as follows).

B. Ensuring a robust Development Strategy for HBOI by the addition of a dedicated HBOI development staff including a Director of Development, a Grants Researcher/Writer, and a Program Assistant dedicated to support the staff and being trained on the Raiser's Edge development software, with a caveat that Friends of Harbor Branch program would be fully incorporated into the development effort, to create, implement, and achieve a defined annual development strategy, benchmarks and income goals for HBOI. Kissman recommended that any development effort for HBOI reside either exclusively at HBOIF or exclusively at HBOI but not be duplicative. Because of the ramp up necessary to fully establish and execute an annual development staff and infrastructure and because of HBOI's ability to fully access the assistance of the FAU Foundation with HBOI development efforts, she told the Board she leaned toward housing the development staff and strategy at HBOI, reporting to the HBOI Executive Director and having HBOIF Board provide the funding and having the HBOIF Board and staff assist in ambassadorship, cultivation, and supporting "asks" as needed.

If housed at HBOI, HBOIF would provide full funding for the three new staff members described above. This would be also contingent upon ensuring that any E and G funds released by this funding would be retained for alternate use within the HBOI budget and that said funded development staff would work exclusively for the development goals of HBOI and not on other aspects of fundraising for FAU. It was suggested that any FAU Foundation funds currently budgeted for a Development Director for HBOI be used to support the development budget at HBOI. Kissman also recommended retiring the Development Committee as Development efforts should be a shared responsibility of all Board members and the organization should adopt a culture of development.

Upon motion duly made, seconded and unanimously carried, the Board approved the concept of these two proposals and charged the Interim Executive Director and Finance Committee with working with HBOI to propose a specific recommendation for the Board's consideration at its April 2014 meeting with the intention of funding in FY15.

Under Goal #2, the proposal to greater utilize and charge the Grants Committee with the responsibility to receive requests for special projects or initiatives from HBOI management consistent with HBOI's Strategic Plan and Implementation. The Grants Committee would be designated an annual Discretionary Fund for this purpose.

Upon motion duly made, seconded and unanimously carried, the Board approved the concept of the establishment of an annual Discretionary Fund charged the Interim Executive Director and Finance Committee with working with HBOI to propose a specific recommendation for a level of an annual Discretionary Funding for the Board's consideration at its April meeting with the intention of funding in FY15.

For the recommendation of Goal #3, Kissman recommended that HBOIF explore how it can increase its Endowment for future and expanded ongoing and special project funding. While there was much interest in the possibility of conducting a capital campaign for the Endowment in conjunction with Harbor Branch's 50th anniversary in 2021, it was the sense of the board following a long discussion that launching a Feasibility Study for a capital campaign for the HBOIF Endowment might be premature at this time. Joanne Davis did note that there may be some value gleaned from a Feasibility Study to the annual development strategy; however, the

sense of the Board was to fund and work to get the development staff in place at HBOI and revisit this idea at a future date.

Kissman also reported on the Role of the HBOIF Board of Directors and recommended specific action steps with regard to:

- Board Development & Leadership/Succession Planning
- Board-Staff Relationship
- Board Records
- Board Manual
- Board Committees
- Conflict of Interest Policy
- Board Member Agreement

She further provided additional information regarding the role of the Executive Director and went over the proposed Search Process for the new Executive Director for HBOIF. The Search is intended to launch on or around March 1, 2014 with the goal of selecting a new Executive Director to begin by August 1 or September 1, 2014 at the latest. The Search Committee is being chaired by Mike O'Reilly with the following members: Joe Duke, Michael Minton, and Bill Stewart.

Kissman reported on the status of the SLP Program, the new HBOIF Website, a recommendation to add one additional support staff, the upcoming review of the new Employee Manual with Human Resources policies by the Governance Committee, and the upcoming review of the new Financial Policies and Procedures Manual by the Finance Committee.

She further recommends that there should be a plan and any necessary policies regarding keeping, developing, and/or liquidating the property still owned by the HBOIF. It was recommended that this be tasked to the Ad Hoc Real Estate Committee for a report at the April meeting.

Kissman also reported on the HBOI Gift Shop. Currently because of constraints at FAU, HBOIF takes care of paying for all gift shop inventory and display items. Sales are run through HBOIF books and as already stated under the current commitments discussion, HBOIF supports a portion of the salary of the Gift Shop operator, who is an HBOI employee. The Gift Shops uses QuickBooks Point of Sale software. There are policies and procedures that need to be put into place regarding the Gift Shop operations. This may or may not be fully addressed during Kissman's tenure due to other priorities.

Lastly, Kissman reported that in addition to the land still owned by the HBOIF, there are three assets of the Foundation which need to be addressed.

- A painting by Charles Robert Patterson which currently resides in the Executive Director office
- Some gold jewelry that was once sold in the Gift Shop
- A conference table in Anderson House

Upon motion duly made, seconded and unanimously carried, the Board approved keeping the Charles Robert Patterson painting and selling the gold jewelry and conference table and charged the office staff with implementation of said motion.

5. Other Committee Reports

Audit Committee:

The Audit Committee Minutes, Audited Finance Statements as submitted to FAU, the accompanying management letters, and the final draft of the FY2012 Form 990 was forwarded to all Board Members by email in advance of the meeting and serve as documentation to this meeting. The Audit Committee Minutes Michael D. Minton reported that this was a clean audit. The FY2012 Form 990 is due 2/15/14 and the office will instruct Berger, Toombs, Elam, Gaines & Frank CPA to file.

Governance Committee

As this was a Members meeting as well as a Directors meeting, the members are responsible for electing Directors annually with three (3) positions currently up for reelection. Upon motion duly made, seconded and unanimously carried, the following were elected to a new three (3) year term:

Joseph Duke
C. Amos Bussmann

John N. McConnell, Jr., requested to not stand for re-election.

Upon motion duly made, seconded and unanimously carried, the Board approved the appointment of the Executive Director position (acting, interim or actual) as an Ex-Officio, non-voting, position on the Harbor Branch Oceanographic Institute Foundation board of Directors.

Upon motion duly made, seconded and unanimously carried, the Board approved the following as elected to one-year terms as officers of the Board:

Chair: Joseph Z. Duke
Vice Chair: Michael D. Minton
Secretary: William J. Stewart, Esq.
Treasurer: Michael O'Reilly

Upon motion duly made, seconded and unanimously carried, the Board approved the recommendation that the Foundation conform the process of board member terms starting and ending dates by utilizing cohorts of approximately 1/3, 1/3, 1/3 using the following cohort mix as follows as well as the recommendation for the Governance Committee to recommend and the Board to approve new board members at the Fall meeting each year for a term start date of the January Annual Meeting:

Term Expires at January 2014 Annual Meeting

Joe Duke

C. Amos Bussman
John N. McConnell, Jr.

Term Expires at January 2015 Annual Meeting

Michael Toner
Michael O'Reilly

Term Expires at January 2016 Annual Meeting

Michael D. Minton
Karl M. Steene
Jacqui Thurlow-Lippisch
Nancy Higgs

FAU Designate (No Term Expiration; Subject to FAU Appointment)

Sherry Plymale
Robert Stilley

Ex-Officio, Non-voting (No Term Expiration)

William J. Stewart, Legal Counsel
HBOI Executive Director
Marilyn C. Link, Emerita

Stewart noted the recommended Board Recruitment, Cultivation, and Nominating process as proposed by Kissman and invited any questions from the Board. The intention is for the Governance Committee to move forward on this recommendation as it determines the process for bringing on new board members. There was also a discussion about the possibility of term limits which the Governance Committee will continue to review.

Stewart reported on the previously noted candidacy of William Robertson. Upon subsequent discussion, Mr. Robertson withdrew his candidacy with thanks.

A Resolution to outgoing Chairman of the Finance Committee, Treasurer and Board member, John N. McConnell, Jr. was read by the Secretary:

RESOLUTION 2014 -1
OF THE BOARD OF DIRECTORS OF
HARBOR BRANCH OCEANOGRAPHIC INSTITUTE FOUNDATION, INC.

WHEREAS, the Board of Directors of Harbor Branch Oceanographic Institute Foundation, Inc. ("HBOIF") wishes to express its deep appreciation for the service rendered by John N. McConnell Jr. as Chairman of the Finance Committee, Treasurer and Director of Harbor Branch Oceanographic Institute Foundation, Inc. ("HBOIF") from 2005 to the current date; and

WHEREAS, Mr. McConnell's tenure encompassed a challenging period of time during which HBOIF transferred its operating assets and personnel to FAU resulting in the creation of HBOI@FAU, sold a substantial portion of its real

property assets, restored HBOIF's endowment, achieved financial stability and adjusted to its new relationship with FAU and HBOI@FAU; and

WHEREAS, Mr. McConnell has always been a positive force and provided measured and invaluable guidance to the Foundation in the transition to its new role of supporting HBOI@FAU.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Harbor Branch Oceanographic Institute Foundation, Inc. that John N. McConnell, Jr. receive the Foundation's highest commendation and thanks as a valued Board Member who will be sorely missed, and as an individual who has unselfishly contributed his time, talents and treasure while dedicating himself to the transformation of HBOIF into a strong force well able to fulfill its mission of supporting HBOI@FAU.

BE IT FURTHER RESOLVED, that this Resolution be incorporated in the Minutes of the meeting of the Board of Directors held on the 23rd day of January, 2014.

Signed by the individual members of the Board of Directors.

Love Your Lagoon Committee

Jacqui Thurlow-Lippisch reported on the status of Love Your Lagoon. We have reached \$142,500 in sponsorship (an increase from \$76,000 in 2013 and \$48,000 in 2012) and seats sold up to 282 (an increase from 230 in 2013 and 174 in 2012). The event was featured on the cover of Luminaries and there has been much good press.

Thurlow-Lippisch provided an award for Sherry Plymale for providing the most names for the mailing list by the due date, which Sherry, in turn, requested be given to Bill and Laurie Stewart for coming in with even more names after the due date. Thurlow-Lippisch dubbed the Stewarts the "King" and "Queen" of the event. Special thanks was made to the both HBOIF and HBOI staff for all their logistical work to ensure that this will be a successful event and Thurlow-Lippisch presented a My Florida history book to Kissman and Lake Okeechobee Releases SLR/IRL 2013 Photographic Book to all Board members in attendance in appreciation.

6. Adjournment

There being no further business to come before the meeting, upon motion duly made, seconded and unanimously carried, the meeting of the Board of Directors was adjourned at 3:00 pm.



William J. Stewart, Secretary

**Harbor Branch Oceanographic Institute Foundation
Ad Hoc Real Estate Committee Meeting
October 25, 2013**

11:30 am via conference call

PRESENT: Michael Minton, Ed Lippisch and Jacqui Thurlow-Lippisch, Bill Stewart, Patrick Boles, Katha Kissman

The purpose of the meeting was to discuss a written request from Michele Kincaid from Learning Garden, LLC (Learning Garden Montessori School), to renew the current lease.

A discussion of the lease extensions terms took place. Patrick Boles also provided information about the need for the School to begin to reimburse HBOI for water usage and waste water treatment which have never been paid.

It was agreed that Katha Kissman would arrange a meeting with Michele Kincaid at HBOIF with Bill Stewart present to:

- Gather more information about the School (in particular, enrollments of HBOI staff and/or interactions with HBOI).
- Discuss the issues of a lease extension
- Discuss the issues of reimbursement for water usage and waste water treatment

Following that meeting, the Ad Hoc Real Estate Committee will reconvene to decide on a recommendation to the board for lease renewal.

Meeting adjourned at 11:56 am.

**Harbor Branch Oceanographic Institute Foundation
Ad Hoc Real Estate Committee Meeting
November 19, 2013**

10:00 am via conference call

PRESENT: Michael Minton, Jacqui Thurlow-Lippisch, Bill Stewart, Katha Kissman

The purpose of the meeting was to further discuss the renewal of the lease with Michele Kincaid from Learning Garden, LLC (Learning Garden Montessori School), to renew the current lease.

Bill Stewart reported on the meeting he and Katha Kissman had with Michele Kincaid. Kincaid shared that she had approximately 60 students at the School and she thought there were 2 students of HBOI employees currently enrolled. Kincaid, Stewart and Kissman discussed the need for any renewal to include a CPI determined rent increase, a flat fee of \$75.00 for reimbursement to HBOI for water/sewer usage, and the opportunities to participate in conforming signage as being undertaken by HBOI.. Stewart was candid that if there were a renewal now, it was unlikely that it would go beyond 2019 as HBOIF was considering its options for the property.

It was suggested that there be an additional clause in the lease for a late fee as rental payments have not been regular or on time in the past. In addition, it was suggested that the HBOIF provide the School with a monthly statement for both documentation and as a reminder of payment due that would include both the lease payment and the payment for water/sewer, which would then be forwarded to HBOI.

It was agreed that the Ad Hoc Real Estate Committee would recommend to the Board at the January meeting a lease renewal through 2019 to include terms based on the above. Stewart will draw up a draft lease and share with Kincaid that will be on the Agenda of the January 23, 2014 meeting.

Meeting adjourned at 11:00 am.