

**Harbor Branch Oceanographic Institute Foundation, Inc.  
Minutes of the Meeting of the Board of Directors  
of Harbor Branch Oceanographic Institute Foundation, Inc.  
Held on April 24, 2014**

The meeting of the Board of Directors of Harbor Branch Oceanographic Institute Foundation, Inc. was called to order at the Harbor Branch Oceanographic Institute at Florida Atlantic University's ("HBOI at FAU") campus in Fort Pierce, Florida at 8:30 am on April 24, 2014.

The following Board members were present:

Joseph Duke, Chair  
Michael D. Minton, Esq., Vice Chair  
Michael O'Reilly, Treasurer  
William J. Stewart, Esq., Secretary  
C. Amos Bussmann  
Megan Davis, PhD., Interim Executive Director, HBOI  
Nancy Higgs  
Marilyn C. Link, Director Emeritus  
Jacqui Thurlow-Lippisch  
Sherry Plymale  
Karl Steene  
Robert Stilley

The following Board members were absent:

Mike Toner

Also in attendance:

Katha Kissman, Interim Executive Director, HBOIF  
Colleen Brennan, Director of Operations, HBOIF  
Cara Perry, Director of External Relations, HBOI (partial attendance)  
Joanne Davis, Interim VP of External Relations, FAU  
President John Kelly, FAU (partial attendance)  
Dr. Gary Perry, Interim Provost, FAU (partial attendance)  
Adam M. Schaefer, MPH, HBOI (partial attendance)

**1. Determination of Quorum**

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

## **2. Chairman's Comments**

Chairman Joe Duke began the meeting by officially recognizing the Board's decision to hire Katha Kissman as the President & CEO of HBOIF. She will continue on contract through June 30, 2014 with her effective start date as of July 1, 2014.

Mr. Duke reflected on where HBOIF is today, characterizing it as in a new place with a new focus starting with a great board team appropriately balanced by those with important history and knowledge and those who bring new energy and insights. He noted we now have strong committees, a professional staff, and a clear understanding of what we are, where we are going and why we are going there.

He stated that board service meant different things to different people and board service for this Board has definitely been of a certain nature in the past due to all of the changes that have taken place. Now with a professional staff, a strong and effective committee structure, and an organization whose internal house has been put in order, the HBOIF Board today is ready to fully delegate operations to its staff and take on a more global, strategic and oversight role. The Board now has the mandate to serve as the ultimate ambassadors for Harbor Branch – helping the HBOI external relations and development teams secure and cultivate valuable connections, old and new.

To do all this, it is important that we are wise stewards of our assets – not just to ensure the funds for opportunities at Harbor Branch -- but also to ensure that we are organizationally streamlined and cost-effective. HBOIF has now done this by making strategic investments internally – in professional staff and efficient operations -- to ensure the quality, productivity and outcomes that we all want and need.

Mr. Duke especially thanked Mike O'Reilly for taking on his new role as Treasurer and embracing it fully and he thanked the entire Board for its continued passion and work on behalf of Harbor Branch.

## **3. 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 January 23, 2014 and the special meeting of the Board of Directors held on April 8, 2014 were approved.

### **Committee Assignments**

- Confirmation of Jacqui Thurlow-Lippisch as Chair, Ad Hoc Real Estate Committee
- Confirmation of Nancy Higgs on Ad Hoc Real Estate Committee
- Confirmation of Amos Bussmann change from Finance Committee to Grants Committee

### **Ratification of Corporate Resolutions**

- PNC Bank
- PNC Credit Card
- Raymond James

### **ByLaws Amendment**

Bylaws amendment to provide that the Treasurer shall have the title of Treasurer of the Board of Directors and, that as a result of holding that office, shall also serve as the Chairman of the Finance Committee.

A motion authorizing Board and corporate officers, serving from time to time, to sign Banking Resolutions establishing, banking accounts, credit arrangements and setting account privileges was approved unanimously. The Board officers are the Chairman of the Board of Trustees, the Vice Chairman of the Board of Trustees, the Treasurer of the Board of Trustees and the Secretary. For these purposes the corporate officers are limited to the President and Chief Executive Officer.

### **4. Finance Committee Report**

Finance Committee Chair and Treasurer, Mike O'Reilly, provided an update on the market and HBOIF's current investments. As of March 31, 2014 the value of the HBOIF portfolio was \$65,562,798.00.

O'Reilly explained that our financial consultant, Atlanta Consulting Group, going forward will attend each Finance Committee meeting and one Board Meeting, probably in January. ACG will be asked to concentrate comments on material issues -- manager performance, risk analysis, suggestions on reducing fees, etc. -- and spend less time on "security market action".

The initial analysis indicates that HBOIF spends approximately 65 basis points on consulting and investment management fees. Over the next several Finance Committee meetings we will be evaluating whether the same risk/return results can be achieved by eliminating hedge fund investments and increasing indexing. Our goal is to reduce fees by up to 20 basis points without changing the portfolios risk/expected return profile.

O'Reilly reviewed the Finance Committee's updates to the HBOIF Investment Policy which included changes to references relating to HBOI to HBOIF and from the Institute to the Foundation; elimination of the "plus CPI" as part of the annual "spendable"; reducing the diversification limit percentage for any one security from 7% to 5% in equity holdings; reducing the diversification limit percentage for any one security from 10% to 5% in fixed income holdings; removing the restriction against investment in municipal or other tax exempt securities; eliminating the restriction against investments in Johnson & Johnson stock. O'Reilly also reported that the Finance Committee will be working on asset allocation and risk tolerance on behalf of HBOIF investments.

Kissman reported on behalf of the Finance Committee the recommendation for the adoption of a new Financial Policies and Procedures Manual vetted by Kmetz, Nuttall, Elwell, Graham PLLC and Stewart, Evans, Stewart & Emmons, P.A. was reviewed.

Kissman presented the March 31 P & L Budget to Actual Financial Report and the proposed FY15 budget (operational, SLP, and Special Initiatives to support HBOI). She explained that because she and Colleen Brennan had not yet gone through a full budget cycle, there may still be adjustments which will warrant a mid-year budget revision at the Annual Meeting.

Kissman and O'Reilly also informed the committee that a draft cash flow projection has been developed to help structure the cash needs of the organization from the investments going forward.

Kissman also reported that the Finance Committee has reviewed and recommends a request from the Grants Committee to fund HBOI's purchase and one-year operational support of 3 LOBOs in the amount of \$559,295 in this fiscal year.

A motion to adopt the Finance Policies in the Financial Policies and Procedures Manual as recommended by the Finance Committee was approved unanimously.

A motion to approve the FY15 operating budget was approved unanimously.

A motion to approve the \$559,295.00 expenditure for HBOI's purchase and one-year operational support of 3 LOBOS in this fiscal year was approved unanimously.

Because the FY15 operating budget was approved at this meeting, it was agreed to cancel the June Board meeting.

## **5. Audit Committee Report**

Audit Committee Chair Michael Minton reported on behalf of the Audit Committee its recommendation to engage Berger, Toombs, Elam, Gaines & Frank CPA for the FY14 audit in the amount of \$21,000 and \$1,750 for the preparation and filing of the FY14 Form 990. The motion to approve the Audit Committee's recommendation was approved unanimously.

Minton reported that it is likely that we will send out an RFP for audit services for the FY16 audit and it may be time to rotate in a new Audit Committee Chair.

## **6. Governance Committee Report**

Governance Committee Chair, Bill Stewart, presented the Governance Committee's recommendation for the Board to approve the policies of the Human Resources Manual. The Manual has been vetted by Rebecca Emmons of his office as well as Brian Elwell of Kmetz, Nuttall, Elwell, Graham, PLLC. The motion was approved unanimously.

The Governance Committee reported on a recommendation to establish a Nominating Committee. Stewart and Kissman were charged with providing a recommendation on members to the Chairman.

It was agreed to move the September 25, 2014 Board Meeting to November 13, 2014.

Stewart and Kissman were charged with exploring options and providing recommendations regarding the date of the Annual Meeting (i.e., continue in January or connect the meeting time to the Love Your Lagoon events or dinner.)

#### **7. Grants Committee Report**

In addition to the previously moved FY14 motion for the purchase and one-year operation of 3 new LOBOs for HBOI, Kissman reminded that an amount of \$500,000 for Discretionary Grants was in the newly adopted FY15 Budget.

Kissman also reported that grant protocols and a grant form template have been circulated for the Grants Committee for their review and adoption at their next meeting.

Minton reminded the Board of a previous “road trip” to Woods Hole Oceanographic Institution during which Board members were exposed to the opportunities that might be available to HBOI. Chairman Duke also felt it would be important to look into other partnership models. It was agreed that HBOI would look into the possibility of doing another road trip to see HBOI’s former Executive Director, Dr. Margaret Leinen, at the Scripps Institution of Oceanography, visit its operations and look at its partnership model with the University of California, San Diego. Kissman and Dr. Megan Davis were charged with looking into this possibility.

#### **8. Search Committee Report**

Co-Chair Mike O’Reilly reported success as previously announced.

#### **9. Other Discussion Items**

An Ad Hoc Committee for the Lifetime Achievement Award for Love Your Lagoon was appointed to be chaired by Jacqui Thurlow-Lippisch and with members Bob Stilley and Sherry Plymale. The charge of this committee is to establish a protocol for the selection of the annual honoree and to recommend an honoree for the 2015 Love Your Lagoon.

The Board also requested a “Cheat Sheet” for their use for how the funds provided from the 2014 Love Your Lagoon event were used. Kissman will follow up and provide this.

Minton also suggested that HBOIF arrange for the videotaping of our past Love Your Lagoon Lifetime Achievement Award winners. Thurlow-Lippisch agreed to work on this; Kissman will follow up.

Chairman Duke also reported from his work at the Everglades Foundation a delay by the U.S. Army Corps of Engineers' Civil Works Review Board of a key \$2 billion Everglades restoration project earlier this week. Duke asked the Board members to contact their representatives to strongly urge them to put pressure on the Army Corp to reconsider.

#### **10. Interim Executive Director Report**

Kissman reported on the organizational accomplishments since the January board meeting:

- Love Your Lagoon Events
- Active Committee Work and Outcomes
- Upgraded Monitoring Process of SLP
- Updated Website
- Organizational Development Work with HBOI
- Other

Kissman reminded the Board of the three goals of the Organizational Analysis Report in January and the work already undertaken or underway on each based on the Board's approval at that meeting.

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

- Operational
- Specialty License Plate Program
- Faculty New Hire Program
- Incentive Program
- Ensuring Faculty Excellence at HBOI: 20% gap support
- Ensuring a robust Development Strategy for HBOI: new development staff

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

- Grants Committee
- Designated Annual Discretionary Fund
- HBOI Menu of Investment Opportunities

Kissman reported that she is working with Dr. Megan Davis to identify a HBOI Menu of Investment Opportunities for the Board and for the new HBOI development team to use in friendraising and fundraising.

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

- Further Discussion with HBOIF Board – (start in 2019 for a public launch 2021 - 50<sup>th</sup> Anniversary of HBOI)
- Discussions with FAU and FAU Foundation
- Develop a Case Statement
- Undergo a Feasibility Study
- Launch Endowment Capital Campaign

Kissman reminded the Board that this was tabled at the last meeting; it was agreed to have further discussions at a later date as well as discussions with FAU and the FAU Foundation.

Kissman also discussed the Governance Committee's recommendation that the Board discuss the nature and need for specific attributes in the recruitment process for new HBOIF Board Members. In addition to the gaps identified in the Board Profile Matrix completed by each Board member, the overarching attributes identified by the Governance Committee were:

- Passion for the Mission
- Stewardship of Foundation assets
- Ability to give money
- Ability and desire to friendraise/fundraise
- Ability to provide local community connections/outreach (such as Lagoon issues)
- Ability to provide national, international connections on Ocean Science issues

While it was recognized that it is unlikely that a single individual would have all of the above, Kissman encouraged the Board to think about those individuals or companies that might be influencer or candidates for our Board. Suggestions were collected and will be researched with follow up to each Board member.

## 11. HBOI Interim Executive Director Report

Dr. Megan Davis began by thanking the Board for its continued support of Harbor Branch, in particular the grants approved at this meeting.

She shared information about preparing for the FY15 Specialty License Plate RFP process with the HBOI Faculty: multi-year projects (e.g., IRLO and IMTA); pilot projects; and external reviews. She also provided information about the upcoming summer SLP symposium which will feature summary of projects. This will be open to all HBOI employees as well as others in the public. The HBOIF Board was encouraged to attend and notice of the date will be provided.

Davis underscored how the FY15 HBOIF 20% will combine with the 30% from HBOI effectively creating 50% Funding (with a max internal support for research and admin = 75%).

She noted that this will:

- Provide stability for faculty
- Support the extramural research for projects that are part of the strategic plan/implementation plan

Goals are established for use of these funds and will be reviewed as part of the annual appraisal.

Davis reminded the Board of the HBOI Strategic Plan: Our Living Oceans: Research, Partnership & Stewardship for the Future and its themes:

- Research and Education
  - Ocean Exploration
  - Understanding Marine Ecosystem Function
  - Wise Use of Marine Resources
  - Innovative Technology Development
  - Training the Next Generation of Ocean Scientists and Engineers
- Stewardship
  - Informal Education and Public Outreach
  - Cultivating Partnerships for Research and Development
  - Accelerating University Integration

- Enhancing Harbor Branch Community
- Wise Use of Harbor Branch Resources

The 2013-2014 Annual Bulletin reported on Year 1 and continued implementation in Year 2 is in progress. HBOI is currently holding Implementation Planning forums for research and stewardship. She explained that each Theme has goals & objectives, a timeline, a designation of leads and team members, the costs and resources needed, and performance metrics and she provided an example of such.

Davis ended by providing several examples of the types of Investment Opportunities that are currently being codified such as:

- Scholarships for Graduate Students and Post Doc
- Host Workshops e.g., Ocean Exploration and Technology
- Key Equipment e.g., Sensors, Platforms, Analytical
- Scientific Collection Archival e.g., Samples, Videos
- Pilot Studies to Build Collaborations e.g., Drug Discovery

Davis and Kissman will work together to flesh out all the Investment Opportunities for a Menu that can be used by the Board and incoming development team.

## **12. Welcome Lunch for President John Kelly**

The Board broke for a lunch with FAU's new President, Dr. John Kelly. In addition to the HBOIF Board Members and Staff, the lunch was attended by Dr. Gary Perry, FAU's Interim Provost, members of the HBOI Faculty and the Senior Leadership Team. Chairman Duke provided warm words of welcome. In addition, Chairman Duke took the opportunity to announce Katha Kissman's appointment as the HBOIF President & CEO. President Kelly spoke of his tour of the HBOI campus prior to the lunch and shared his keen appreciation for all that Harbor Branch has to offer, calling it a crown jewel in the FAU family.

## **13. Discussion with President Kelly**

The Board reconvened with a presentation by and discussion with President Kelly. President Kelly outlined his vision for FAU and how Harbor Branch will likely play a key role as one of its "pillars." He shared some of the strategies he used to move his former University, Clemson, from a 76<sup>th</sup> rank to a 21<sup>st</sup> rank of all public universities according to the U.S. News & World Report ranking. He is in his 46<sup>th</sup> day of a 100 day information gathering process as part of his onboarding. He believes that the keys to elevating FAU will be raising the bar on the professionalism, stature, and productivity of the faculty and staff, attracting foreign students building more effective partnerships with the community and industry, and creating institutional efficiencies. As he mentioned at the luncheon, he intends to build a greater organizational focus to FAU's position nationally and internationally through its communications, outreach and development efforts.




**14. Science Report**

A highly informative presentation was presented by HBOI's Epidemiologist, Adam M. Schaefer, MPH, on "Dolphin Population Health in the Indian River Lagoon."

**15. 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 2:45 pm.

  
William J. Stewart, Secretary