

HARBOR BRANCH OCEANOGRAPHIC INSTITUTE

FOUNDATION

OPERATIONS REPORT April 13, 2018

The following information provides an overview of operational activities in the Foundation offices since the last report of January 2018.

GENERAL & ADMINISTRATIVE

Kissman, Dutton, and Permenter accomplished regular and ongoing operating activities.

LITIGATION

As reported at the January 23rd Board meeting, an in-person mediation took place December 20, 2017. At that mediation, both sides presented their positions and exchanged proposals for settling the dispute. Although no settlement was reached, the day ended in an agreement to adjourn which implied continued efforts at mediation to achieve a settlement.

As also reported at the January Board meeting, the Foundation was told to expect further information on that day from FAU about the next steps in mediation. That did not materialize, and over the next month there were continued discussions between the attorneys and the Mediator. This resulted in a request from the Mediator for each side to present a "term sheet" to her by February 9. Upon receipt by the Mediator, those documents were to be exchanged simultaneously to the respective parties.

In our term sheet, the Foundation addressed the issues that the mediator asked us to address. FAU's term sheet included additional issues that had not been previously raised or discussed. These additional issues indicated that we were getting further and further apart rather than closer to agreed terms.

Given those extreme differences in the respective positions of each party, the Mediator concluded on March 14, 2018 that mediation had reached an impasse. We are preparing documents and requesting discovery in order to proceed to trial. We have requested a commitment to speed by our attorneys in order to get a final resolution as soon as possible.

This information was reviewed by our attorneys and is in compliance with my ability to share this information with you under the Sunshine Law. The mediation discussions and the terms exchanged by the parties are strictly confidential under Florida law. The Foundation representatives to the mediation (Mike O'Reilly, Bill Stewart, Katha Kissman) are not able to answer specific questions on anything discussed as part of the mediation process or share specific information about the thinking of or responses of other board members about this issue. The Board should not discuss the information in the update about mediation with each other or with anyone else. We anticipate that the Board will convene under the rules allowed under Sunshine at a time when we have specifics that we can report with regard to either any future opportunities for settlement or litigation as the case may be. I appreciate your patience with the process and support for our efforts to best serve the Foundation for which we all have a primary fiduciary responsibility.

OFFICE SPACES

The Board has been kept up to date in real time on the ongoing dictates from Dr. Dan Flynn regarding moving the Foundation's offices.

BOARD OF DIRECTORS

In addition to logistical planning and pulling together background information for our January Board of Directors meeting, we have also planned and supported meetings of the Finance Committee on:

Finance Committee	April 20, 2018
Governance Committee	March 16, 2018
	April 20, 2018

The Audit, Grants, and Nominating Committees have not convened since the last Board Meeting.

FINANCIAL

To date there are no significant variances to report with the budget. The proposed FY19 Operating and SLP budgets were developed and presented to the Finance Committee at its April 20, 2018.

Completed the renewal contract with the Atlanta Consulting Group.

Filed the trademark renewal.

AUDIT

The Audit and Finance Committees will convene this Spring in a special meeting with our auditors (BDO USA) and our external accountants, Kmetz, Nuttall, Elwell, Graham to discuss the new financial statements standards to be instituted in 2019 and the Foundation's possible early adoption.

SPECIALTY LICENSE PLATE PROGRAM

On April 6, 2017 I informed Dr. Dan Flynn by email and Federal Express of the Foundation's termination of the SLP Memorandum of Understanding. The letter included the following:

Since 2015, the Foundation has consistently raised concerns with Harbor Branch's past Interim Executive Director, Dr. Megan Davis, its most recent Executive Director Anton Post, and Associate Executive Director Mr. Patrick Boles that the current Specialty License Plate (SLP) Memorandum of Understanding (MOU) between with Foundation and FAU is out of date. In addition to FAU's changeover from the Banner system to the Workday system and our auditor's recommended changes in connection with the FY16 audit with the processing of plate funds received from the State, we have also been operating under updated SLP processes and procedures that are not reflected in the current MOU and its Exhibits.

The Foundation wishes to ensure the codification of our agreement is in line with actual current practices. Therefore, per the terms of the June 22, 2012 SLP Memorandum of Understanding, its First Addendum dated December 11, 2012, and its Second Addendum dated June 7, 2016, we are hereby providing ninety (90) days' notice to terminate the existing MOU effective July 5, 2018.

An updated Memorandum of Understanding is included for your signature. This new MOU continues to provide SLP funds to HBOI Principal Investigators for vetted projects per our established practices since 2015. Should you wish to discuss this, please let me know.

In addition, please be advised that through our monitoring, we have completed an analysis of the use of SLP marketing expenses. We have determined that funding 75% of salary/fringe benefit costs for an independent SLP marketing staff person employed by FAU is neither a necessary nor prudent use of Florida SLP funds. The marketing of the Foundation's plates have become a largely rote function as a result of the recommendations of the Marketing Analysis performed by Florida Opinion Research in 2015. Since that analysis, we have tracked activities and expenses and we cannot determine that this use of marketing funds has contributed to the increase in plate sales. Dedicating funds in this way is no longer warranted and such savings will mean a larger portion of SLP funds will be available for SLP research awards. Therefore, please be advised that the Foundation will bring the SLP plate marketing function in-house as of July 1, 2020 (at the start of FY20). This substantial notice is being provided so that FAU can address the employment of Conlan Kennedy, the current SLP Marketing Coordinator. Should you wish to discuss this, please let me know.

Kissman will provide further information during the FY20 Budget Development process.

The SLP RFP for Aquaculture and Save our Seas for the performance period of FY19 is in process and the SLP Review Committee met April 26, 2018 to discuss recommendations for funding. A listing of awards made will be provided in the next Operations Report.

As previously noted, we are monitoring progress of the following Aquaculture and Save Our Seas active awards:

Project	PI	Co-PIs	Award Amount
Indian River Lagoon Observatory (IRLO): Ecosystem Function of a Nationally Important Estuary in Transition	Dennis Hanisak	None	\$442,707
Investigating Critical Factors Affecting Sea Turtle Health in Florida	Annie Page-Karjian	Justin Perrault Jeffrey Cartzendafner	\$31,000
Snap, Crackle, Pop: Capturing Mollusk Predation with Acoustics	Matt Ajemian	Laurent Cherubin	\$31,000
Developing Next Generation Ocean Color Remote Sensing Algorithms for Indian River Lagoon (IRL) HAB's and Other Particles	Mike Twardowski	James Sullivan Malcolm McFarland Aditya Nayak	\$31,000
An Innovative Approach to Sponge Community Restoration	Shirley Pomponi	Maria Cristina Diaz	\$25,991
Advancement of Land-based Integrated Multitrophic Aquaculture	Paul Wills	Anni Dagleish; Dennis Hanisak; Mingshun Jiang; Susan Laramore; Peter McCarthy; Bing Ouyang; Shirley Pomponi; Martin Riche	\$249,021
TOTAL AMOUNT FUNDED FOR FY18:			\$810,719

Project	PI	Co-PIs	Award Amount
Ecology and Nutrition of Macroalgal Blooms in the Indian River Lagoon	Brian Lapointe	None	\$195,766
Development of a 3D Spheroid Breast Cancer Cell Assay for Screening Peak Library Fractions from Organisms Collected in Florida Waters	Esther Guzman	Amy Wright	\$34,427
Non-Intrusive Monitoring of Activity and Biometrics of Marine Broodfish	Bing Ouyang	Paul Wills	\$35,000
ACTIVE AWARDS WITH NO COST EXTENSIONS FROM FY17:			\$265,193

The following Protect Wild Dolphins and Protect Florida Whales active awards are also being monitored:

Project	PI	Co-PIs	Award Amount
Photo-Identification – Dolphin Census and Spatiotemporal Trends	Marilyn Mazzoil	None	\$500,000
Wild Dolphins Stranding Response, Care and Research	Steve Burton	Annie Page-Karjian Adam Schaefer	\$197,000
Marine Mammal Rehabilitation Reserve Funds - PWD	Steve Burton	Adam Schaefer Annie Page-Karjian	\$65,500
Dolphins as Sentinels for Harmful Algal Bloom Toxins in the Indian River Lagoon: An Interdisciplinary Study	James Sullivan	Adam Schaefer Malcolm McFarland Spencer Fire	\$90,000
Florida Whale Stranding Response, Care and Research	Steve Burton	Annie Page-Karjian Adam Schaefer	\$221,415
Marine Mammal Rehabilitation Reserve Funds - PFW	Steve Burton	Adam Schaefer Annie Page-Karjian	\$33,000
TOTAL AMOUNT FUNDED FOR CY18:			\$1,106,915

Project	PI	Co-PIs	Award Amount
Epidemiology and Population Health of Indian River Lagoon Bottlenose Dolphins	Adam Schaefer	None	\$160,000
ACTIVE AWARDS WITH NO COST EXTENSIONS FROM FY17:			\$160,000

GRANTS ADMINISTRATION

As a reminder, the current Active Grants Portfolio includes:

New Faculty Hires & Start Up Grant Support -- Paid out to date: \$4,392,258

\$5,481,051 toward support for 8 new Faculty hires (salary and start up packages over 7 years, phased). All slots now hired. Projected to conclude 6.30.20

- Dr. Laurent Cherubin, Physical Oceanographer (2013)
- Dr. Mingshun Jiang, Physical Oceanographer (2013)
- Dr. Marty Riche, Aquaculture Nutritionist (2014) – no longer employed 2/2018
- Dr. Guojun Wang, Biosynthesis (2015)
- Dr. Mike Twardowski, Marine Technologist (2015)
- Dr. James Sullivan, Biological Oceanographer (2015)
- Dr. Matt Ajemian, Fish Biologist (2016)
- Dr. Nick Dickens, Bioinformatics (2016)

Faculty Incentive Awards Grant Support -- Paid out to date: \$867,752

\$1,465,000 designated on a per year basis plus an additional up to \$400,000 over the lifetime of the grant period if needed (7 years). Projected to conclude 6.30.19

Faculty Excellence/Salary Support -- Paid out to date: \$1,496,116

\$578,250 per year based on 3 years estimate of salaries & fringes; renewal consideration should be based on the development of specific criteria. Projected to conclude sometime in the first quarter of FY19.

Love Your Lagoon Grants -- Awarded to date: \$608,600

- \$89,826 for the 2017 Indian River Lagoon Graduate Research Fellows Program. To be completed 5.4.18
(These funds are over and above the ongoing annual support of the Indian River Lagoon Symposium)
- \$102,700 for the 2018 Indian River Lagoon Graduate Research Fellows Program. To be completed 5.3.19

Special Initiative

In addition, the Foundation has provided discretionary support on the credit card issued to Dr. Anton Post:

DATE	ACTIVITY	FUNDING
7/17/17	Lunch with Duane DeFreese – IRL NEP	47.41
7/20/17	Meeting to introduce HBOI to Strategic Marketing Innovations (SMI) a new lobbyist company working with FAU	24.00
8/30/17	Lunch with Navitas Group	80.00
9/27/17	2 tickets for 33 rd Annual Business & Industry Awards – St. Lucie County Chamber of Commerce	100.00
9/19/17	All Hands Meeting – Pizza Lunch	321.22
9/19/17	All Hands Meeting - Refreshments	110.00
9/20/17	Reception for researchers and their staff following the kick off of a newly created science seminar series	120.00
10/13/17	Lunch Meeting – Economic Development in Aquaculture	68.51

11/9/17	Catering - Three Minute Thesis Competition	450.00
11/9/17	Integrated meeting of the core research/education and stewardship/partnership teams who are updating HBOI Strategic Plan	104.00
12/18/17	Lunch with John and Barbara Ferrera about ocean literacy and community engagement ideas and programs for FAU HBOI Mission Ocean Discovery	25.00
12/19/17	Meeting with FIT to discuss interdisciplinary collaborative opportunities	372.00
12/21/17	Meeting with Bucco Reef Trust to explore collaborative opportunities	31.25
1/16/18	Airfare for Jacob Van Rijn from Hebrew University to visit HBOI from February 22-25 re: Aquaculture collaboration	177.00
1/17/18	Return airfare for Jacob Van Rijn from Hebrew University	286.30
1/25/18	Refreshments for Great Pumpkin Over the Lagoon awards gathering on October 31, 2017	25.00
1/25/18	Meeting with Indian River Land Trust to discuss wetlands restoration	36.50
2/24/18	Dinner with Dr. Jaap van Rijn, The Hebrew University of Jerusalem, Israel	100.54
3/1/18	Lunch with guests during the SECOORA: <i>Building Partnerships and Improving Ocean Observing in the Southeast</i> seminar	33.75
3/1/18	Refreshments for Saudi Delegation meeting held on 1/16/18	30.00
3/2/18	Dinner meeting with Dr. Dan Tchernov, University of Haifa, Israel to discuss Dr. Tchernov's interest in establishing long term collaborative research with HBOI	137.49
3/2/18	Lunch on March 1 and March 2 with Dr. Tchernov, University of Haifa, Israel to discuss Dr. Tchernov's interest in establishing long term collaborative research with HBOI	17.75
	Paid out to date:	2,697.72

With the leadership transition at HBOI, Dr. Post's credit card has been cancelled and we are in the process of having a new credit card issued to Dr. Jim Sullivan.

LEGISLATIVE

Kissman has regularly consulted with Andy Palmer and Allison Liby-Schoonover of Metz, Husband, and Daughton regarding issues of possible note to HBOIF, particularly during this current session. With regard to the overall specialty license plate program, no new plates were issued and both Senate and House bills which would have provided updated language on specific plates and raising the threshold for new plates and maintenance of existing plates from 1,000 to 3,000 failed.

HBOIF REAL ESTATE HOLDINGS

Nothing to report at this time.

2018 LOVE YOUR LAGOON

The event raised a net of \$102,700 this year for the 2018 Indian River Graduate Research Fellows program. The RFP application deadline was March 30, 2018.

In addition, we funded another successful Indian River Lagoon Symposium held February 8 & 9 at Harbor Branch.

Sponsors for ***Love Your Lagoon*** and the Symposium included:

Mangrove Sponsors

Mr. Joseph Z. Duke, III and Mrs. Jennifer Johnson Duke
Mr. Michael O'Reilly and Mrs. Marie O'Reilly

Seagrass Sponsors

Ms. Marjorie Raines and Mr. Harold Baker

Oyster Sponsors

The Children's Trust

Dolphin Sponsors

Evans Properties, Inc.

William J. Stewart, Esq. and Mrs. Laurie Kaneb-Stewart and
the Law Firm of Rossway Swan Tierney Barry Lacey & Oliver, P.L.
Mr. Michael Toner and Mrs. Carol Toner

Manatee Sponsors

Adams Ranch

AT&T

Mr. Michael Brown, Sr. and Mrs. Mimi Brown

Mr. Wyatt Koch

The Law Firm of Dean, Mead, Minton & Zwemer

Mr. Ed Michelson and The Atlanta Consulting Group

Mr. Michael Minton and Mrs. Misty Minton

Wells Fargo

Seahorse Sponsors

Mr. C. Amos Bussmann and Sea Technology Magazine

Dr. Joseph Ferro and Mrs. Olivia Ferro

Florida Power & Light

Mr. Patrick Higgs and Mrs. Nancy Higgs

Ms. Katha Kissman

Kmetz, Nuttall, Elwell, Graham CPAs

Mrs. Clare Kremer

Ms. Marilyn C. Link

Martin Health Systems

Metz, Husband & Daughton, P.A.

The Mikita Foundation

Mr. David Moulton and Mrs. Beth Moulton

OTT Hydromet

Mr. John Papa and Mrs. Barbara Papa

Dale Sorensen Real Estate

Jim & Jonnie Swann Corp

Vero Insurance

Mr. Christopher Waln and Mrs. Janet Waln

Windsor

Wyland

Donors

BDO USA

Lee P. and David N. Page

Dr. Mitchell Pincus and Mrs. Katherine Pincus

PUBLIC RELATIONS AND OUTREACH

Board Members have been provided updates on Recent Media involving both HBOI and HBOIF on a real-time basis.

We will be doing a major website redesign and update. Pending the adoption of next year's budget, we anticipate this will be concluded in the first quarter of FY19.

Katha Kissman, Debbie Dutton, and Cyndi Permenter attended the FAU Shelter-in-Place Workshop on March 27, 2018.

Katha Kissman, Debbie Dutton, and Cyndi Permenter attended a Social Media Marketing Workshop on April 11, 2018 hosted by the Indian River County Chamber of Commerce and conducted by the Treasure Coast SCORE Chapter and UBU Brands. We will use this information to help inform our public outreach and management of SLP Marketing in the future.

Katha Kissman, Debbie Dutton, and Cyndi Permenter attended the Harbor Branch Student Association event on April 12 2018.

In addition to staff attendance at various HBOI events such as the Ocean Science Lecture Series, additional activities for Kissman since the January Board meeting have included:

1/24/2018	Indian River County Chamber Annual Meeting
1/30/2018	Impact 100 Panel Discussion
2/9/2018	AFP Board Meeting
2/14/2018	Talk of the Town Radio Interview
2/19/2018	Indian River County Chamber Board of Directors Meeting
3/2/2018	AFP Indian River County Professional Development Committee meeting
3/15/2018	The Link Foundation Dinner
3/26/2018	Service for Marilyn Link
3/29/2018	IR CHAMBER BUSINESS AFTER HOURS, Indian River Land Trust
4/3/2018	Proclamation for retiring Chamber ED Penny Chandler @ Indian River County Commission Meeting
4/4/2018	Learning Alliance Gala
4/6/2018	AFP Indian River County Professional Development Committee Meeting
4/13/2018	AFP Board Meeting
4/16/2018	Indian River County Chamber Board of Directors Meeting
4/26/2018	6th ANNUAL EDC LEADERSHIP DINNER
4/17/2018	Chuck Loring AFP A+ Speaker Event