

HARBOR BRANCH OCEANOGRAPHIC INSTITUTE

FOUNDATION

OPERATIONS REPORT April 20, 2015

The following information provides an overview of operational activities in the Foundation offices since the January Board meeting.

GENERAL & ADMINISTRATIVE

Insurance

Kissman and Brennan are finalizing the RFP for insurance services and will launch to perspective companies no later than the conclusion of the FY15 audit but likely before.

Background Checks

Bill Stewart's office is still working on the credit and employment/education verification checks for Kissman and Brennan.

Old 403(b) and 125 Plans

The HBOI 403(b) plan which has been in the process of being closed ever since the merger, has now been closed. The final participant withdrew from the plan in December 2014. The HBOIF Section 125 Flexible Spending Account is in the process of being closed due to new regulations imposed by the Affordable Care Act which preclude an organization from having a 125 plan if they don't have a group health insurance plan.

BOARD OF DIRECTORS

In addition to logistical planning and pulling together background information for our April Board of Directors meeting we have also planned and supported Committee meetings (Finance, Governance, and Ad Hoc Committee Lifetime Achievement Award). In addition, two upcoming Audit Committee meetings have been scheduled and an Ad Hoc Lifetime Achievement Award Committee meeting has been scheduled. There were no Grants Committee meetings in this period. The Nominating Committee Chair has been meeting with the Governance Committee and will convene the Nominating Committee in late August/early September for its work in preparation for recommendations at the November Board Meeting. The Ad Hoc Real Estate Committee has been retired and work regarding the HBOIF held properties elevated to the Finance Committee.

FINANCIAL

FY16 Proposed Budgets

The FY16 proposed budgets (operational and SLP) were developed and presented to the Finance Committee at its April 16, 2015 meeting and are being recommended for Board approval at its April 30, 2015 meeting.

Audit

The Audit Committee has two tasks. The first is to select an audit firm for the FY16 audit for recommendation to the full Board at the November 11, 2015 meeting. To begin that process, the Committee will meet on Tuesday, May 12 at 3:30 pm.

The second will be to review the FY15 audit with J. Gaines of Berger Toombs, Elam, Gaines & Frank at a meeting scheduled for October 6, 2015 at 3:30 pm. Upon review and recommendation, the Audit will be submitted to FAU by their deadline and approved by the full Board at the November 11, 2015 meeting.

Timelines for both audits follows:

FY15 Audit Timeline

TASK	DEADLINE	ASSIGNED
FAU DSO SLP <i>Due to Due From</i>	July 22, 2015	Colleen Brennan, Brian Elwell
FAU HBOI Year End Report	Typically by August 10, 2015	FAU - Greg Morgan
HBOIF SLP Testing – Final Month (June)	August 10 - August 14, 2015	Colleen Brennan
DSO Component Unit Forms & Draft Financial Statements to FAU	August 21, 2015	Colleen Brennan, Brian Elwell, J Gaines
FAU HBOI Testing Response	August 22 – August 28, 2015	Greg Morgan
SLP Monitoring Completion	No later than September 10, 2015	Colleen Brennan
Audit Launch, Onsite	No later than August 24, 2015	Berger, Toombs
Draft Audit & Draft Form 990 Due	September 24, 2015	Berger, Toombs
Staff Review	September 28, 2015	Berger Toombs, Colleen, Katha
Audit Committee Review	Week of October 5, 2015	Audit Committee
Final Audit and Form 990 Due	No later than October 14, 2015	Berger, Toombs
Deadline for Board Approved Audited Financials to FAU	October 15, 2015	Colleen Brennan
Audit Committee Presentation and Board Approval of Audit	November 11 Board Meeting	Full Board

Tentative FY16 Audit Timeline

TASK	DEADLINE	ASSIGNED
FAU DSO SLP <i>Due to Due From</i>	July 22, 2016	Brennan, Brian Elwell
FAU HBOI Year End Report	Typically by August 10, 2016	FAU HBOI - Greg Morgan
HBOIF SLP Testing – Final Month (June)	August 10-16, 2016	Colleen Brennan
DSO Component Unit Forms & Draft Financial Statements to FAU	August 22, 2016	Colleen Brennan, Brian Elwell, Auditor
FAU HBOI Testing Response	August 22–29, 2016	FAU HBOI - Greg Morgan
Audit Launch, Onsite	No later than September 1, 2016	Auditor
SLP Monitoring Completion	No later than September 12, 2016	Colleen Brennan
Draft Audit & Draft Form 990 Due	October 3, 2016	Auditor
Staff Review	October 4, 2016	Auditor, Kissman, Brennan
Audit Committee Review	October 5-10, 2016	Auditor, Audit Committee, Kissman, Brennan
Final Audit and Form 990 Due	No later than October 14, 2016	Auditor
Deadline for Board Approved Audited Financials to FAU	October 15, 2016	Brennan
Audit Committee Presentation and Board Approval of Audit	November 9 Board Meeting*	Full Board

*not yet set but will likely be that week.

SPECIALITY LICENSE PLATE PROGRAM

In February 2014, Kissman reported to the Board via email regarding changes with the use of SLP Marketing funds for a new staffing structure with the HBOI Communications team. This followed the resignation of Rod Trafford as the SLP Marketing Manager. This position, while funded by HBOIF through SLP dollars, was designated as an HBOI employee (affording Rod with benefits that HBOIF could not provide.) FAU had been invoicing HBOIF for this position's salary and benefits monthly which had worked out well. Also, Cara Perry, Director of External Relations, assumed the supervision of this position overseeing SLP marketing efforts. And then, to further align the intended outcomes of this position within the overall HBOI Marketing and Communications strategies for HBOI, it was determined that Carin Smith, the FAU Harbor Branch Assistant Director of Communication, would be given management responsibilities for the SLP marketing program and a new coordinator-level position was created (Conlan Kennedy, hired last Spring) to assist her in this endeavor. It was proposed that Carin's base salary would be split between FAU E&G and SLP funds and Conlan's base salary would be split between FAU E&G and SLP funds, approximately 25/75, respectively. This new salary arrangement was less than the previous SLP marketing position salary expense.

After due diligence, Kissman authorized HBOI to move forward with the proposed re-distribution of the monies previously appropriated for a single SLP Marketing Manager per the information provided with the following caveats:

1. The expense of this re-distribution would not exceed the amount previously appropriated for the single SLP Marketing Manager salary and benefits.
2. We would continue to stringently work together to track annual spending on each plate according to the amounts raised for each plate. Monitoring and reporting would produce a clear audit trail to ensure that the dollars are spent appropriately on each respective plate.

Due to Cara Perry's recent promotion to Assistant Vice President of Communications at FAU, we have restructured this once again. Because Cara was no longer a staff member of FAU Harbor Branch and no longer reporting to HBOI's Interim Executive Director, Carin Smith's reporting relationship has changed. To ensure that there was no actual or perceived noncompliance with how SLP funds are being used (i.e., for FAU rather than for FAU Harbor Branch), starting on March 16th the following changes were made:

1. Carin Smith will no longer be charging a percentage of her time to the SLP Marketing budget. She will continue to work on SLP marketing using institutional funds. She will be supported 100% on E&G.
2. Conlan Kennedy will continue to be supported 75% from SLP marketing and 25% from E&G. Conlan will now report to Megan Davis with a dotted line reporting relationship to Carin Smith for continued continuity and integrity of the HBOI brand.

Due to the formalization of the office and the change in Audit Chairs, upon review of the background regarding the past and current SLP Review process, Joe Duke as Board Chair and Marjorie Raines as Audit Chair separately concurred with Kissman's recommendation that the internal SLP Review Process be delegated to her and Brennan with regular reporting to the Audit Chair and Committee. As the original appointment of a Board member was not mandated to require Board member involvement or a Foundation committee function and is operational in nature, direct Board involvement will be utilized as may be needed rather than assigned as it had been previously. Michael Minton was thanked for his critical insight and diligent service early on as this process was being developed and during the time when the Foundation staff was structured in a different manner.

Monitoring for legislative compliance of the SLP program continues to be conducted primarily by Brennan. Using a structured system of timely checks and balances with HBOI accounting, HBOIF continues to be in full compliance.

GRANTS ADMINISTRATION

In addition to working with HBOI management to identify potential grant opportunities, Kissman is actively monitoring all grants against original proposals. For a number of reasons, several of the programs we have granted have been delayed from the start. It will be important for the Foundation to assess and ensure HBOI institutional readiness and capacity for continuing or taking on new programs/projects, as well as ensure that proposals contain realistic timelines as we consider future grants.

A timeline for reports on all grants has been discussed with Megan Davis and other appropriate personnel at HBOI. In addition to narratives outlining activity and outcomes, we have requested that all report show original financial projections with proposed spend curves. This will help to insure that the intent of each Foundation grant (including SLP grants) is fulfilled in a timely manner.

New Faculty Hires Grant Support

\$5,481,051.00 toward support for 8 new Faculty hires (salary and start up packages over 7 years, phased)

- Dr. Laurent Cheribun, Physical Oceanographer (2013)
- Dr. Mingshun Jiang, Physical Oceanographer (2013)
- Dr. Mary Riche, Aquaculture Nutritionist (2014)
- Dr. Guojun Wang, Biosynthesis (2015)
- Dr. Mike Twardowski, Marine Technologist (start date June 1, 2015)
- TBD, Fish Ecologist/Biologist
- TBD, Biological Oceanographer
- TBD, Bioinformatics

Faculty Incentive Awards Grant Support

\$1,465,000 plus an additional \$400,000 over the lifetime of the grant period (7 years)

Faculty Excellence/Salary Support

\$578,250.00 per year for 3 years; will be based on a criteria for renewal within this grant period and possible renewal of the entire grant. Criteria is being developed by Davis and Kissman

Development Team Support Grant Support

\$890,100 anticipated 3 years; will be based on a criteria for renewal within this grant period and possible renewal of the entire grant. Criteria is being developed by Davis and Kissman

FY14 Discretionary Funds Grant Support

LOBOs for Intensive, Real-Time Water Quality Sampling in the IRL \$559,295.00

FY15 Discretionary Funds Grant Support

- Applying New Technologies to Transform Marine Natural Products Discovery \$320,000.00

- Detection & Characterization of Fish Spawning Aggregations using a Novel, Persistent Presence Robotic Approach \$330,795.00

Operational Grant Support

- Gift Shop Operator* \$ 10,000.00
- HBOI Discretionary Fund \$ 10,000.00
- HBOI Executive Director Development Fund \$ 25,000.00

*As previously reported, Kissman has confirmed with HBOI that it will take over all Gift Shop operations effective FY15.

LEGISLATIVE

On February 10, Kissman spent the day in Tallahassee concurrent to FAU Day with the FAU Team as they raised awareness for FAU's 2015 Legislative priorities. As Megan had reported in our last Board meeting, among FAU priorities will be working to ensure ongoing maintenance funds for the LOBOs purchased with the State funding in last year's session. In addition to President Kelly, Bob Stillely, Anthony Barber, and Tom Workman, several of the senior administration from FAU, and members of the FAU student government, cheer and dance teams joined Megan Davis and Cara Perry in promoting FAU and carrying the strong message of a University on the fast track to greater prominence both in the State and in the Nation.

While the FAU contingent did that, Andy Palmer of Metz, Husband, and Daughton, set up a great itinerary for Kissman to meet with Representatives Pigman, Raschein, Steube, Ingram, Mayfield, and Magar. The message was simple; briefing them on the important scientific research being done by FAU Harbor Branch as our license plate sub recipient and how careful and comprehensive our project selection, monitoring and auditing of the plate funds have been. It is now confirmed that there will be an upcoming Proposed Committee Bill (PCB) which will set a threshold for specialty license plates at a minimum of 4,000 active plates. Using this threshold, many of the current plates would be retired (here is the current overall ranking: <http://www.flhsmv.gov/specialtytags/tag-sales.pdf>.) It was very gratifying to report how great our plates are doing – of the total 122 plates currently available, our plates are all in the top 40 with Protect Wild Dolphins #4 and Save Our Seas #10, Protect Florida Whales #31, and Aquaculture #36. Aquaculture at #36 currently has about 14,000 active plates.

Andy Palmer and I also alerted members to this example of a “in the dark of the night” effort to divert plate funds: http://www.naplesnews.com/news/state/a-fight-over-specialty-license-tag-money-has-enviro-groups-clashing_03381816. We asked the members if they would please help us be on the lookout for possible provisos and amendments that might threaten our plates. Some of the members had no idea that this had happened and were quite concerned that this might be a possibility for us and for other plates.

It was very important for the Foundation to have this presence and it was very important for me to see Andy's work first hand.

Andy Palmer and Metz Husband & Daughton, PA have been charged with representing us for the 2015 Legislative Session. In addition to protecting our Specialty License Plates, Andy and his colleagues have been asked to alert us to issues and pending legislation that may be of consequence to the Foundation and to FAU Harbor Branch. Kissman had also alerted FAU's Director of State Relations Ryan Britton to let her know of any opportunities to use her role to help inform our legislators of any legislative issues, concerns, opportunities and in which the Foundation could deploy Andy and Metz, Husband, and Daughton to represent the Foundation to support FAU Harbor Branch.

Metz, Husband, and Daughton was helpful in the 2014 session to pass the exemption of proprietary information regarding donor information and research for university-direct-support organizations under Florida's public meetings law. Many of the Florida universities with DSOs, including FAU, were supportive of that exemption last year. While in Tallahassee, Andy mentioned that there was wind of a possible threat against that exemption through HB 4039. The bill, if it passes, would repeal the DSO public records exemptions passed last year. The House sponsor is Rep. Michelle Rehwinkel-Vasilinda, a Democrat from Tallahassee. AT the time of Kissman's visit, a Senate companion bill has not yet shown up. Kissman asked Andy and Metz, Husband and Daughton to work along with other Universities, including FAU, to help inform the pertinent legislators why we would not be in support of the House bill and any companion Senate bill. Andy has informed Ryan Britton and they will work together as appropriate. As of the writing of this report, Palmer reports that this legislation may not go forward.

Davis informed Kissman of a possible issue regarding last year's \$2,000,000 State funding through DEP for HBOI and the need for an extension of fund use due to DEP's 6 month delay in issuing the funding. The FAU legislative team is now working with Senator Negron's office to discuss a DEP extension to remedy that situation apart from this request. Kissman has ensured Megan that our lobbyist Andy Palmer at Metz Husband & Daughton, PA standing by to assist in this effort as may be needed.

HBOIF REAL ESTATE HOLDINGS

The Ad Hoc Real Estate Committee has been retired. The topic of HBOIF's real estate holdings has been elevated to the Finance Committee to discuss possible actions particularly on three or four of the Foundation-held properties.

Learning Garden Montessori

While Learning Garden Montessori is no longer our tenant at our parcel called "Lakela's Mint" (property tax code 1408-311-0003-00-1), they are currently in noncompliance with the terms of the termination. Kissman and Stewart are still working to resolve the outstanding issues regarding the portable units at the site (Learning Garden property). The latest report is that the former tenant has found someone to take the portables away. There is still the potential for a Foundation expense to jackhammer and remove the concrete ramps that were built for ADA compliance to each portable once the portables are removed.

Oceans, Reefs and Aquariums (ORA)

ORA's request to HBOI to assume responsibility for the maintenance of the North Salt Water jetty wells has been put on hold. No further information at this time.

Other

As previously reported, Matthew P. Coglianese, the attorney working with the Florida Petroleum Reprocessors Site PRP Group regarding the Foundation's involvement in remedial and ongoing monitoring of "area wide" groundwater impacts (by chlorinated hydrocarbons) through the four identified on-site wells, as well as other, off site properties had notified the Foundation that it will be necessary for the Group to raise additional funds to cover EPA's bill for past oversight costs, as well as future EPA oversight costs, remedy related, and common counsel costs; the first cash call since the time of execution of the remedial design/remedial action (RD/RA) consent decree (CD) in 2004. Because it was anticipated that the Cash Call would likely come in the first or second quarter of 2015, an amount of \$15,750 was included in the FY15 Mid-Year Budget Revision. This amount was based on a total cash call of \$750,000 with our percentage projected at 2.1%. A formal request for payment has not yet been made.

2015 LOVE YOUR LAGOON

As previously reported, the 2015 *Love Your Lagoon* events were a success. As background here is a comparison showing the net proceeds from the last three *Love Your Lagoon* Gala Dinners:

2012 Love Your Lagoon

- \$11,836 was used to fund the IRL Symposium, February 10-11, 2012
- \$22,340 was used to fund Indian River Lagoon Research and Education in 2012-2013

2013 Love Your Lagoon

- \$ 9,294 was used to fund the Indian River Lagoon Symposium, February 7-8, 2013
- \$37,364 was used to fund:
 - Indian River Lagoon Research and Education in 2013
 - Our Global Estuaries Workshop, October 21-23, 2013

2014 Love Your Lagoon

- \$ 8,366 was used to fund **Luncheon on the Lagoon**, January 23, 2014 with a pro bono keynote presentation by the 2012 Love Your Lagoon honoree Nathaniel Reed
- \$10,017 was used to fund the Indian River Lagoon Symposium, February 6-7, 2014
- \$80,995.82 was used to fund the seven 2014-15 Indian River Lagoon Graduate Research Fellows

2015 Love Your Lagoon

- \$ 10,259.48 was used to fund the Indian River Lagoon Symposium, February 5-6, 2015
- \$100,237.34* will be used for the purpose of developing of a land-based seagrass nursery facility at HBOI. The goal of the seagrass project will be to develop the initial infrastructure and technical capabilities to successfully cultivate and transplant seagrass as part of a collaborative effort to restore the Indian River Lagoon.*

*Please note: the actual 2015 funding letter reflected a check to HBOI in the amount of \$91,889.34 due to \$8,348.00 in net residuals which had been held by HBOI from the 2012, 2013, 2014, and 2015 Indian River Lagoon Symposiums.

Kissman was invited by Dennis Hanisak and the Steering Committee to provide closing remarks to the IRL Symposium, which by all accounts was the most successful Symposium to date. She also spoke with a reporter from the Treasure Coast Newspapers about a story on our Indian River Lagoon Graduate Research Fellows as a follow up to the event.

The authorization of the full proposal submitted by HBOI has been granted. The grant period is from April 20, 2015 through June 30, 2016 (equipment will be purchased in FY15 and the program will be launched in FY16).

A proposal has been requested for the use of proceeds of the 2016 **Love Your Lagoon** to again support an Indian River Lagoon Graduate Research Fellowship Program which was so successful from the use of the 2014 proceeds.

The new HBOI Development Team will be working with Foundation staff on planning, logistics, sponsorships, and ticket sales for the 2016 **Love Your Lagoon** Dinner to be held February 5. For better ease of planning, the Indian River Lagoon Symposium will now be held after rather than consecutive with the **Love Your Lagoon** Dinner in 2016 (date to be determined.)

PUBLIC RELATIONS AND OUTREACH

Additional activities have included:

- Kissman and Brennan attended two Explore Harbor Branch Tour Program Focus Meetings on January 23 & January 26
- Kissman and Brennan attended Indian River Impact 100 meeting January 28 @ Quail Valley
- Kissman attended Ocean Science Lecture: Melting Ice, Rising Seas, Shifting Shorelines: The New Reality John Englander, Oceanographer & Author, February 4
- Kissman and Brennan attended IRL Symposium February 5 & 6

- Kissman participated in FAU Day Tallahassee, February 10
- Kissman and Brennan attended Ocean Science Lecture: Determining Sources and History of Eutrophication on Coral Reefs at the Naval Station Guantanamo Bay, Cuba Brian Lapointe, FAU Harbor Branch, February 11
- Kissman and Brennan attended Special Briefing: Shirley Pomponi, Ph.D., will provide a briefing on the Decadal Survey of Ocean Sciences 2015, February 12
- Kissman visited Environmental Learning Center, February 17
- Kissman and Brennan attended Women's Expo, Stuart, February 19 (invitation of LYL attendee)
- Kissman met with Lenora Ritchie, McCabe Foundation and Kerry Bartlett, former President, Indian River Community Foundation, February 20
- Kissman attended BoardSource Associates Knowledge Forum, February 23, Washington, DC
- Kissman attended Ocean Science Lecture: Indian River Lagoon Observatory: Phase 2 – Expanding Real-time Observations for Everyone M. Dennis Hanisak, Kristen Davis, and Ben Metzger, FAU Harbor Branch, March 11
- Kissman attended FAU Making Waves Gala, March 21
- Kissman and Brennan Lab Visit: Dr. Fraser Dalgleish, March 31
- Kissman and Brennan attended a presentation by Triton Submarines LLC, March 31
- Kissman attended Strategic Development Plan presentation to the Faculty April 14
- Kissman and HBOI reps met with FAU University Art Committee Chairman Rod Faulds on April 13
- Kissman conversation and meeting set up with Cheryl Peterson, Manager, Rare Plant Conservation, Program, Bok Tower Gardens regarding Lakela's Mint April 13 (and for May 11)
- Kissman facilitated and attended Dr. Fraser Dalgleish's presentation to the Navy Leagues of the US Treasure Coast Council 344 for April 16
- Presentation "Effective Communication" to FAU's Senior. Level Administrative Assistants' Retreat, April 17
- Presentation: "Leadership and Team Performance" to National Council of University Research Administrators Executive Leadership Program, April 21
- Attended Ocean Science Lecture: Rear Admiral Jonathan W. White, Oceanographer and Navigator of the Navy and Director of Space and Maritime Domain Awareness, April 22