

From: Katha Kissman

Sent: Thursday, February 02, 2017 11:47 AM

To: Anton Post; C. Amos Bussmann; Joe Duke ; Joe Ferro; John A. Papa; Joseph Ferro; Marilyn C. Link; Marjorie Raines; MaryBeth MCDONALD; Michael Brown, Sr. ; Michael Minton; Michael O'Reilly; Michael Toner; Nancy Higgs; Sherry Plymale; William Stewart

Cc: Debbie Dutton; Chris Jeffreys; Eileen Hanley (Ehanley@rosswayswan.com); Elizabeth Rafferty (erafferty@offroadholdings.com); Joyce Moscovich (joycemoscovich@harborcb.com); Norma Gammons (ngammons@fau.edu); Renee De Luccia

Subject: circulating to you per Michael Minton's request

Importance: High

Dear Board Members,

Please see email thread below and Michael's latest response just sent.

Katha

Katha Kissman | President & CEO

Harbor Branch Oceanographic Institute Foundation

5600 US 1 North | Fort Pierce | FL 34946

772-466-9876, x 200 – office; 202-669-4423 – cell; 772-466-9878 -- fax

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HARBOR BRANCH OCEANOGRAPHIC INSTITUTE
————— FOUNDATION —————

From: Michael Minton [<mailto:MMinton@deanmead.com>]

Sent: Thursday, February 02, 2017 11:46 AM

To: Katha Kissman

Cc: Chris Jeffreys

Subject: FW: Meet

Importance: High

Please circulate to our Board.

From: Michael Minton

Sent: Thursday, February 02, 2017 11:45 AM

To: 'Daniel Flynn'

Cc: David Kian; William Stewart (Wstewart@rosswayswan.com); Anthony Barbar (abarbar@barbar.com); John Kelly (jkelly@fau.edu); Katha Kissman (KKissman@hboifoundation.org)

Subject: RE: Meet

Importance: High

Dear Dan:

While I have not directly received a reply from you, I did get the e-mail below which you addressed to the Foundation's President/CEO Katha Kissman instead of replying to my e-mail of 1/27. I have now also had the opportunity to meet with Chairman Barber of the University's Board of Trustees, which I greatly appreciated, and now understand that the budget discussion below is premised upon a proposed fundamental change in how HBOIF does business (rather

than just achieving claimed reductions in cost of operations without substantiation or assurance of comparable quality of service), the resolution of which I believe is a pre-condition to any further discussion of a budget. It is apparent that FAU now desires to either have the President/CEO and all staff currently employed by HBOIF become employees of FAU or eliminate those positions altogether. If so, this would mean all administrative functions of HBOIF would be performed by employees of the very entity to which HBOIF awards grants and for which HBOIF administers the SLP funds, which could be interrupted as self-dealing with regard to those funding decisions.

I note that you are continuing to insist that Katha Kissman report to Boca to develop the budget for the Foundation going forward. You say that you have identified cost savings of \$492,729 which can be achieved by moving administrative expenses and services to FAU; however, you have not provided any back up for your assertion even though it has been requested by the Foundation's Board of Directors at the meeting held January 24, 3017.

It is now clear from your presentation last week and my meeting with Chairman Barber, FAU is for the **first time communicating** (under the guise of budget discussions), that it wants significant and fundamental structural changes to the way this Foundation does business. It has taken years of work and effort by many committed individuals to develop the current structure and identity of HBOIF which has been done completely in an open and transparent manner with the assistance and cooperation of FAU's appointees and designees, so it should not be a surprise to you or the administration that such a drastic and fundamental change was not received well in the form of an ultimatum at the meeting last week. Any proposed structural change needs further discussion, vetting, and approval by the HBOIF Board. I do not believe it to be an overstatement on my part to advise you that many on the HBOIF's Board believe these proposed changes will negatively impact HBOIF's ability to perform its stated mission to support the Harbor Branch Oceanographic Institute, will place the SLP funds in jeopardy, and be contrary to the terms, intent and spirit of the Memorandum of Understanding entered into by the FAU and the Foundation.

It would appear that FAU's proposed actions may in fact be interpreted as a unilateral amendment of the MOU as it purports to strip the ability of the Foundation to oversee the expenditure of the SLP funds for which it has statutory responsibility and also cripples the Foundation's ability to manage independently the expenditure of its own funds through the formulation and management of its grants by its own employees to or for the benefit of FAU Harbor Branch. I anticipate that the Foundation Board will find such an amendment is unacceptable and violates the terms, intent and spirit of the MOU, but that is a discussion that has yet to occur.

As I advised you in my email of January 27, 2017, and am now further clarifying as a result of my meeting with Chairman Barber, the Foundation Board is not inclined to discuss the budget with you or anyone else at FAU until the Foundation Board determines:

- 1) if it desires to change the way the Foundation does business to accommodate your proposal; and
- 2) how those changes will affect its ability to fulfill its mission.

We have instructed our President and CEO accordingly. In the meantime, the Foundation expects that your future interactions regarding ongoing operational issues with the Foundation's President and CEO will be conducted in a professional and collegial manner.

While the Foundation Board addresses the threshold issue noted above, we would welcome any financial information you wish to share. As you have proposed a rather specific dollar savings, you must have this information readily available.

I have discussed these issues with Chairman Barber who indicated a willingness to meet with the Foundation's Board to work through these issues, if possible. Before that meeting occurs, however, both sides must be well grounded in the facts. At this time neither side is at that point.

If you wish to discuss this matter further, please restrict your communications to the Chairman of the Board as this is now a matter for the Board of Directors of the Foundation to resolve.

Michael

From: Daniel Flynn [<mailto:flynnd@fau.edu>]
Sent: Friday, January 27, 2017 5:25 PM
To: Michael Minton; Katha Kissman
Cc: David Kian
Subject: Re: Meet
Importance: High

Katha,

I felt I was clear on these items at the foundation board meeting, and clear again in a previous email chain, but I will try again here.

1. There's nothing to take over here – HBOIF is a DSO of FAU. It is a part of FAU. FAU provides staffing, legal, accounting, communication and development support for all our DSO's. It has not provided that in the past for HBOIF – now we will for all the reasons I explained. The results will be quality services and a savings to the Foundation.
2. There are no conflicts – the opposite, there is a congruence of mission. We are working together to grow HBOIF.
3. I asked that you meet with me in Boca and review the line items that FAU can absorb, then we will share with HBOIF what that savings will be. When in Boca, I also want you to meet with the people who will provide those services such that we can make sure what the savings would be. Doing it in this order was my decision – it is far more efficient to do it that way, then me deciding what the savings would be on my own, then having some back and forth by email to figure out what line items can transfer over. I stated this at the HBOIF meeting. If the decision of creating a draft budget is left to me alone – I see a savings of \$492,729 that can be realized back to HBOIF if services and functions move to FAU. Once we meet, we can decide if that is correct.
4. The development of a budget is not done by the Board. You and I develop the budget, board approves the budget.
5. FAU does a fine job providing staffing and services to its other DSO's, some of which are far more complex than HBOIF.

I believe Gina reached out to you to schedule a time to meet, week after next. Please work with her to identify a time such that we can get started.

Dan

From: Michael Minton <MMinton@deanmead.com>

Date: Friday, January 27, 2017 at 4:24 PM

To: Daniel Flynn <flynnd@fau.edu>

Cc: Marjorie Raines <marjorie.raines@gmail.com>, Michael O'Reilly <moreilly809@gmail.com>, William Stewart <Wstewart@rosswayswan.com>, Katha Kissman <kkissman@hboifoundation.org>

Subject: RE: Meet

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Dan,

You have stated to me and to the HBOIF Board at our meeting earlier this week, that this is not an effort by FAU to “takeover” the activities and responsibilities of HBOIF, but the insistence of moving all administrative functions to FAU this year sends the exact opposite message. There is value to FAU and HBOI in HBOIF remaining independent and there are certain positions and functions (President/CEO and Legal) that must remain independent for HBOIF to perform its mission. Frankly the presentation last week and the tenor of these e-mails comes across as more intimidating than one of collegial bodies working together. Let’s use this effort to identify those areas (if any) where cost savings can be achieved without compromising that independence in a collegial manner.

The important point is to get a list of the services FAU believes they can provide to HBOIF as efficiently as we receive presently without compromising our mission and the #’s associated therewith. Without that there really isn’t much for the appropriate Committee at HBOIF to consider. I believe Mike Toner stated as much very succinctly in his comments.

Therefore, I suggest prior to any meetings in Boca, you or your team should provide, in numbers and narrative, how FAU proposes to save HBOIF the “six figures” in administrative costs you mentioned at our meeting. In turn, HBOIF has or should provide you with the detailed financial information from current fiscal year regarding these administrative functions so the same can be analyzed to determine if there are actual potential savings to be obtained. Once that information is exchanged the parties can meet to determine what (if any) savings can be achieved without compromising HBOIF’s performance of its mission. It should be expected that the Finance Chairman of HBOIF, or some other Board member, will participate in those discussions as what you are proposing are structural changes which are beyond the President/CEO’s authority to resolve. We also need to address the healthy skepticism we have at HBOIF (based on our past interaction with FAU) that these services can be provided timely and without compromising our mission. Potential conflicts of interest will also need to be addressed.

We look forward to hearing from you.

Michael



Michael D. Minton

Attorney at Law

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From: Katha Kissman [<mailto:KKissman@hboifoundation.org>]

Sent: Wednesday, January 25, 2017 5:24 PM

To: Daniel Flynn

Cc: Marjorie Raines; Michael O'Reilly; Michael Minton; William Stewart; Debbie Dutton

Subject: RE: Meet

Dan,

There is obviously a misunderstanding or something you did not hear. You indicated you wanted to do this and I said Marjorie would need to be there and there was concurrence about this. We are most interested in accommodating you with the information you may need to put together a proposal for how FAU might provide administrative services for the Foundation for our Board to consider, but such a meeting will need to be with Marjorie and Mike present and at Harbor Branch. When we settle on a date and time, I will publically notice the meeting.

Katha

Katha Kissman | President & CEO
Harbor Branch Oceanographic Institute Foundation

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HARBOR BRANCH OCEANOGRAPHIC INSTITUTE
————— FOUNDATION —————

From: Daniel Flynn [<mailto:flynnd@fau.edu>]
Sent: Wednesday, January 25, 2017 5:23 PM
To: Katha Kissman
Subject: Re: Meet

Katha,

No - at the board meeting I indicated you and I would construct a draft budget. We can share with board members after you and I develop the draft budget.

I want to focus on operational issues (day to day). So, just you and I, if you want to bring Debbie, that's fine.

Thanks,

Dan

Daniel C. Flynn, PhD
Vice President for Research
Florida Atlantic University
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AD10, Rm 392
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P: 561-297-0268

On Jan 25, 2017, at 5:18 PM, Katha Kissman <KKissman@hboifoundation.org> wrote:

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Hi, Dan,

It was agreed at our Board meeting yesterday that Marjorie as Treasurer would be a part of the discussion of our budget. Also I cannot bring our Quickbooks system or files to Boca for a meeting; without access to that information, I will not be able to provide you with information.

Katha

Katha Kissman | President & CEO
Harbor Branch Oceanographic Institute Foundation

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kkissman@hboifoundation.org | www.hboifoundation.org
<image003.png>

From: Daniel Flynn [<mailto:flynnd@fau.edu>]
Sent: Wednesday, January 25, 2017 5:15 PM
To: Katha Kissman
Subject: Re: Meet

Katha,

We can meet with HBOIF board members later, after you and I meet here in Boca.

First I want to go over the budget, (which I have) and I would also like you to meet with one person from each of Finance/Communications/Legal/Development just to share with them what the activities are in those line items and to insure that their offices can provide that level of support required for that line item.

Once we are clear on that, then you and I can construct a budget.

After the draft budget is constructed, we can then meet with those board members and discuss, get their input.

So - Week of Feb 7 - you come to Boca. Ok to bring Debbie down given her role in day to day operational issues.

Thanks,

Dan

Daniel C. Flynn, PhD
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On Jan 25, 2017, at 4:48 PM, Katha Kissman <KKissman@hboifoundation.org> wrote:

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Hi, Dan,

Marjorie Raines (Treasurer) is checking her availability. She has requested Mike O'Reilly (last year's Treasurer) also be included as well as Debbie Dutton, our Director of Operations. To best answer questions we will need access to our files. We can do this at HBOIF or via phone. I will provide you suggested dates/times when I hear back from everyone.

I had previously sent you our budget twice per your earlier requests. Do you need it again?

Katha

Katha Kissman | President & CEO

Harbor Branch Oceanographic Institute Foundation

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<image002.png>

-----Original Message-----

From: Daniel Flynn [<mailto:flynnd@fau.edu>]

Sent: Tuesday, January 24, 2017 4:39 PM

To: Katha Kissman

Subject: Meet

Katha

Let's meet the week of 2/7 to discuss the budget. Can you come to Boca? Can you send a version of the budget that would be a starting point for discussion?

Thanks

Dan

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