

HARBOR BRANCH OCEANOGRAPHIC INSTITUTE

FOUNDATION

Minutes

Meeting of the Board of Directors At the Harbor Branch Oceanographic Institute Foundation January 24, 2017

PRESENT: Michael Brown, Sr., C. Amos Bussmann*; Joe Duke; Dr. Joseph Ferro*; Nancy Higgs; Marilyn C. Link; Michael D. Minton, Chair; Mike O'Reilly, Vice Chair; John Papa*; Sherry Plymale; Dr. Anton Post; Marjorie Raines*, Treasurer; William J. Stewart, Esq., Secretary/Legal Counsel; Michael Toner, Vice Chair

ALSO PRESENT: Dr. Dan Flynn; Debbie Dutton, Director of Operations; Katha Kissman, President & CEO; Cyndi Permenter, Administrative Assistant;

*participated virtually

Call to Order

The meeting was called to order by Chair Minton at 8:34 am.

Welcome & Chair's Comments

Chair Minton officially welcomed Michael Brown, Sr. to the Board for his first meeting. Chair Minton noted the other new Board Member, Mary Beth McDonald, who is the new FAU Board of Trustees appointee to the Board, could not be at the meeting due to her required attendance at the FAU BOT meeting.

Chair Minton noted how extremely proud he was of how the Foundation had evolved both under previous Chair Joe Duke's leadership through today. The professional management of the organization has moved from a past audit with caveats and concerns to clean audits over the past 3 years. The investment portfolio has achieved better returns with less risk and the Grants Committee has adopted a strong grants philosophy, processes supported by staff management. He commented on the Foundation's much needed careful guarding and stewardship of the four specialty license plates entrusted to the Foundation by the State of Florida.

He noted the recent FAU Harbor Branch Annual Impact Report which showed Foundation support of the Institute last year at \$5.1-\$5.2 million total (between discretionary grant giving and Specialty License Plate funding), with the Foundation being a significant external support to FAU Harbor Branch. Combining grant making with a corpus of between \$65-70 million annually extended the annualized impact of the Foundation at over \$120 million.

Consent Agenda

The minutes of the November 10, 2016 Board Meeting were approved unanimously.

Committee Reports

Finance Committee

Finance Chair Raines reported the value of the portfolio was \$66,223,509 at year end with the Investment Portfolio outperforming its Balanced Index for 2016 with 46 basis points above index. The Committee also approved the SLP Statement of Policy Objectives developed per the recommendations of the Auditors and Audit Committee and with one no vote.

Chair Raines asked President Kissman to review the Financial Reports to date and the FY17 Mid-Year Budget Revisions. There were no questions from the Board. Both were approved unanimously.

Governance Committee

Governance Chair Stewart reported on the President & CEO Performance Evaluation Instrument and Process. The Governance Committee agreed to use the same format and survey process as before with minor modification and including attribution; the development of the final tool was delegated to Chair Stewart. There were no questions from the Board. Said process will be launched in late February/early March.

Other Business at the Governance Committee meeting included Chair Minton's report from his meeting with Dr. Dan Flynn, VP FAU Division of Research and Ken Pruitt, lobbyist for FAU, on December 8, 2016. Dr. Flynn reported that the Foundation and President Kissman would receive letters delegating the DSO reporting relationship of the Foundation's President from FAU President Kelly to Dr. Flynn to provide improved communications between the Foundation and FAU. Chair Minton also reported that Dr. Flynn stated the Foundation would be required to have FAU assume administrative functions (legal, accounting, communications, development, clerical) for the Foundation by the start of the new fiscal year to achieve cost efficiencies. Following a general discussion, Mr. Minton was asked to report back to Dr. Flynn regarding the thoughts of the Governance Committee. Chair Minton reported that he explained the nature of the Foundation as a DSO was different from the other FAU DSO's while understanding the Foundation had a fiduciary responsibility to reduce our costs.

Other Committees

There were no reports from the Audit, Grants or Nominating Committee as they had not met since the last Board Meeting.

FAU Division of Research Request to address the Foundation Board

Dr. Flynn went over the reasons for this action which he described, following questions, as a mandate rather than a request from FAU. Cited reasons were cost efficiency and alignment with how other DSOs were structured. Following much discussion wherein various Board members explained the unique constitution and characteristics of our organization as compared to others and a desire to maintain a different level of independence, Dr. Flynn reiterated this was not a request and that he would be working with President Kissman to understand the Foundation budget with the intention of including financial support of Foundation operations in the April budget presentation to the FAU Board of Trustees commencing FY18.

A motion was made and seconded to initiate actions to decertify as a DSO from FAU. Following additional discussion, a motion was made and seconded to table the motion until the next meeting to obtain additional information. The motion to table passed unanimously.

Dr. Flynn also discussed the SLP process changes made by the Foundation Board upon audit recommendation and indicated that these hurt the FAU mission (projecting months of SLP funds as part of RFP announcement, holding SLP funds until use, and invoicing for reimbursement) and creates an administration burden for FAU. Following discussion, it was agreed Dr. Flynn would provide further information related to any interest being earned on the funds passed through to FAU and upon such documentation the appropriate Committee's would consider discussing whether or not the process should be reversed.

Operations Reports

President Kissman provided a verbal and written report on HBOIF operations since last Board meeting.

Dr. Post provided a verbal and written report on FAU Harbor Branch operations since the last Board meeting.

Adjournment

There being no further business, the Business Meeting adjourned at 12:03 pm. Following lunch, Dr. Dennis Hanisak provided a Science Presentation on the "State of HBOI Research on the Indian River Lagoon" designed to help Board Members with their ambassadorship at the upcoming **Love Your Lagoon** event on February 3, 2017.

