

# HARBOR BRANCH OCEANOGRAPHIC INSTITUTE

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## FOUNDATION

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### Finance Committee Meeting Minutes October 30, 2014 8:30 am

**COMMITTEE MEMBERS PRESENT:** Marilyn Link\*, Mike O'Reilly (Chair)\*, Mike Toner\*

**ALSO PRESENT:** Katha Kissman, Colleen Brennan

**COMMITTEE MEMBERS ABSENT:** Sherry Plymale, Karl Steene

\*participated telephonically

#### **CALL TO ORDER**

The meeting was called to order at 8:35 am

#### **INVESTMENTS REPORT & DISCUSSION**

Ed Michelson of the Atlantic Consulting Group was not able to be present for this meeting. Chair O'Reilly provided an overview based on Michelson's written report received and distributed to Committee members in advance. HBOIF investments continue to perform very well against the choppiness of the recent market.

The investment changes previously recommended by the Finance Committee are bearing fruit. With the decision to invest in the Vanguard Russell 2000 replacing Kornitser under Small Cap Equities, HBOIF is now saving approximately 105 basis points on the management of these assets annually.

Per the decisions at the recent meeting, HBOIF is in the process of eliminating the two hedge funds Archstone Offshore and Collins Diversified Offshore in the alternative area. The amount available for reinvestment in early January will be just about \$4 million at current market value. We will wait to hear Michelson's suggestions at the January 9 meeting regarding reinvestment. A suggestion was made by Chair O'Reilly to look at a possible investment of \$1 million in Vanguard Russell 2000, \$1 million in Vanguard S & P 500, and \$2 million in the PIMCO Short Term fund. This will be communicated to Michelson by Kissman.

Chair O'Reilly also mentioned to the Committee his interest in having Michelson provide a listing of assets or sectors that are investible, fairly broad, from expensive to inexpensive, i.e., "The buy of the quarter", as part of the Committee's ongoing discussions about maximizing total rate of return. Kissman was charged with following up with Michelson.

Chair O'Reilly also circulated an article for the Committee's review (Three Mistakes Investors Keep Making Again and Again: Successful Investing Requires Avoiding Common Mental and Emotional Pitfalls by Morgan Housel, from <http://online.wsj.com/articles/three-mistakes-investors-keep-making-again-and-again-1410533307?KEYWORDS=three+mistakes+investors+keep>).

#### **REVIEW OF CURRENT FINANCIALS**

In advance of the meeting, Committee Members were provided with the quarterly Finance Statements from Kmetz, Nuttall, Elwell, Graham, PLLC dated 9/30/14 and the Balance Sheets and the Profit & Loss Budget vs. Actual reports for Operations and SLP as of October 27, 2014. No anomalies or concerns were reported. A projected mid-year budget revision will be reviewed at the January 9, 2015 Committee meeting.

### **REPORT ON GRANT AWARDS**

Kissman reported that all was on track with regard to current grants. The LOBOs Discretionary Grant was invoiced and paid at the end of FY14. Operational grants for FY15 have been invoiced and paid. Funds toward a new Faculty Hire were invoiced and paid. The first quarter Faculty Incentive Awards grant funds have been invoiced and paid. The first quarter Faculty Excellence/Salary Support grant funds have been invoiced and paid. Interviews for all three Development Team positions are well underway. Kissman is working closely with Dr. Megan Davis regarding incoming grant proposals for the FY15 Discretionary Funds.

### **RECOMMENDATION FOR BANK ACCOUNTS PER THE FY14 AUDIT**

Per a note in the FY14 Audit, the Audit Committee suggested the Finance Committee review the amounts on deposit which are not insured by the Federal Deposit Insurance Corporation. While the Foundation has not experienced any losses in such accounts and Auditor noted that management believed it is not exposed to any significant credit risk on cash, the Audit Committee felt it prudent for the Finance Committee to review this. Brennan provided data on a six month analysis which showed extremely short-term yet consistent overages. After discussion about the Foundation's ability to avoid undue risk, it was unanimously approved to move the HBOIF Specialty License Plate program account from PNC to Wells Fargo.

### **RECOMMENDATION FOR REVIEW OF A GIFT POLICY PER THE FY14 AUDIT**

Per the Audit presentation, the Auditor noted a possible concern of perception regarding the amount paid for a parting gift given to Dr. Margaret Leinen (\$5,000) in the FY14 books. The Auditor recommended a possible policy limiting the amount of individual gifts. The Audit Committee referred this to Finance Committee for review. After discussion, it was agreed that any such limits should live within the limits of the annual operating budget and be treated on an individual basis in the future.

### **ADJOURNMENT**

The meeting adjourned at 10:10 am.