

# HARBOR BRANCH OCEANOGRAPHIC INSTITUTE

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## FOUNDATION

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**Minutes**  
**Finance Committee Meeting**  
**November 4, 2016**  
**At the Harbor Branch Oceanographic Institute Foundation, Inc.**

**COMMITTEE MEMBERS PRESENT:** Mike O'Reilly; John Papa\*; Marjorie Raines\*, Chair; Sherry Plymale\*; Mike Toner

**OTHERS PRESENT:** Board Chair; Ed Michelson\*, The Atlanta Consulting Group; Matt Bauder, The Atlanta Consulting Group\*; Katha Kissman, President & CEO; Debbie Dutton, Director of Operations

\*participated virtually

### **Call to Order**

The meeting was called to order by Chair Raines at 8:30 am.

### **Approval of Minutes**

The motion to approve the minutes from the August 1, 2016 meeting passed unanimously.

### **Investment Report**

Ed Michelson and Matt Bauder discussed the Foundation's 3rd Quarter Investment Report which was previously distributed to the Committee. Overall, all asset classes performed in line or outperformed their respective indices in both the 3rd quarter and year-to-date periods. The Atlanta Consulting Group was complimented on their presentation and the portfolio's positive investment returns.

### **Review of the Investment Policy Statement Per Audit Recommendation**

As a result of the FY16 Audit recommendation, Chair Raines asked committee member Mike O'Reilly to review the Foundation's Investment Policy Statement and make recommendations for the Committee's consideration to ensure the policy was reflecting the current and intended practices of the Committee. Said changes in a red-lined document were distributed in advance of the meeting for the Committee's review. Except for wording clarifications the predominant modification presented was the investment asset allocation table. During discussion, additional changes were suggested with regard to the target allocations on the Summary of Asset Allocation Guidelines (p.4). The new target allocations will be used going forward for benchmarking attribution evaluation and will be monitored for reevaluation for adjustment to changing capital market environments (e.g., interest rate trends). A motion to approve all changes presented and discussed passed unanimously. Chair Raines thanked Mr. O'Reilly for his work updating the IPS.

### **Discussion of SLP Plate Funds Investment Per Audit Recommendation and Grants Committee Recommendation**

John Papa, Audit Committee Chair, reported that the FY16 Auditors recommended to the Audit Committee at its October 11, 2016 presentation of the FY Audit that HBOIF management and

Board discuss the advisability of the practice of providing SLP funds in advance of awarded project use per plate to FAU. The Auditors suggested these funds remain restricted with the Foundation per plate, providing greater transparency, oversight, and earning interest on behalf of each plate and expended only when actually needed. This management would mirror the manner in which the HBOIF Discretionary Grants are currently being paid out, e.g., invoicing for reimbursement as funds are expended rather than forwarding monies as they are received for the plate.

Mike Toner, Grants Committee Chair, reported the intention of the Grants Committee is to recommend that the Board authorize changes to both the stewardship of funds and the best manner to invest funds of the plates until needed.

It was confirmed by President Kissman that she and Bill Stewart confirmed permissible investment per the statute with the Auditors and with Metz, Husband, and Daughton. If approved by the Board at the November 10, 2016 Board Meeting, the Finance Committee agreed to stand ready to structure the best manner to invest funds of the plates until needed. Ideas discussed were liquid segregated plate accounts within our investment portfolio, laddered/rolling CDs, investment in money market accounts, and/or regular bank accounts. It was confirmed that any such holding should be at no or minimized risk of principle. In addition, it was suggested there be a written "Statement of Policy Objectives for SLP Funds Held" created.

### **Current Financials**

Katha Kissman reported on the SLP Balance Sheet and P&L Statement through September 30, 2016. She noted the Foundation had received just under 30% of projected revenue in the first quarter and, barring unforeseen circumstances, expected the Foundation would reach projected revenue for the year. She reminded the Committee that SLP revenue projections were based on an average of the past three years receipts and while highly subject to consumer whim, the FAU Harbor Branch Communications Team was using the information gathered in the previous market analysis to make the best use of marketing dollars to maximize revenue.

President Kissman reported on the Operational Balance Sheet and P&L Statement through September 30, 2016. She noted that all revenue and expense lines were on track, particularly Love Your Lagoon. The only item that may require additional funds was a possible requirement of our Auditor to provide additional information to the Auditor General in connection with their overall audit of FAU (with regard to the subsequent event of the sale of Peacock Road).

President Kissman further noted a possibility of a reduction in the Consulting line item (Colleen Brennan) due to Debbie Dutton's great progress and performance as the Director of Operations.

A midyear budget will be presented to the Finance Committee for its review in January.

### **Other**

Chair Raines agreed to convey to Mr. Michelson how much the Committee appreciated his concise and very informative review of the investment portfolio. In addition, she stated she would alert him to the Committee's approval of an updated Investment Policy Statement and offered to review with him once he had received should he have any questions.

### **Adjournment**

There being no further business, the meeting was adjourned at 9:40 am.