

**Harbor Branch Oceanographic Institute Foundation, Inc.**  
**Finance Committee Meeting**  
**Agenda**  
**March 28, 2014**  
**8:30 am**

**Committee Members Present:** Mike O'Reilly, Chair; Marilyn Link, Sherry Plymale, Karl Steene, Michael Toner,

**Others Present:** Joe Duke, Katha Kissman, Colleen Brennan

The meeting was called to order at 8:30 am by O'Reilly.

Investments Report

Ed Michelson, Atlanta Consulting Group, provided an overview of market conditions and an updated report on the January and February 2014 investments.

Investment Policy

An updated Investment Policy was reviewed. Updates included the elimination of the "plus CPI" as part of the annual "spendable"; changes to references relating to HBOI to HBOIF and from the Institute to the Foundation; reducing the diversification limit percentage from 7% to 5% in equity holdings; reducing the diversification limit percentage from 10% to 5% in fixed income holdings; removing the restriction against investment in municipal or other tax exempt securities. It was also agreed to eliminate the restriction against investments in Johnson & Johnson stock.

The motion to approve these changes was accepted unanimously.

Financial Policies and Procedures Manual

The Financial Policies and Procedures Manual as presented by Kissman and vetted by Kmetz, Nuttall, Elwell, Graham PLLC and Stewart, Evans, Stewart & Emmons, PA was reviewed.

The motion to approve the Financial Policies as stated in the Financial Policies and Procedures Manual was approved unanimously.

FY15 Budget

Kissman presented the proposed FY15 budget (operational, SLP, and Special Initiatives to support HBOI). She explained that there will be some minor adjustments to the document presented (addition of membership dues, breakout of salaries and corresponding percentages associated with fringe benefits; separation of operational and SLP funding). There was consensus that Kissman present this document with adjustments to the full board for their review and approval at the April 24 Board Meeting.

Kissman and O'Reilly also informed the committee that a draft cash flow projection has been developed to help structure the cash needs of the organization from the investments going forward.

Grants Committee Funding

A request from HBOI came to the Grants Committee to fund the purchase and equip 3 LOBOs in the amount of \$559,295 in this fiscal year. The Grants Committee will be recommending this to the Board at the April meeting. Since this is the first time the Finance Committee has had an opportunity to address a recommendation for an amount in the Discretionary Fund since the January meeting and since we have remaining available funds in our "spendable" for this fiscal year the Finance Committee recommends the amount of \$559,295 to be used as FY14 Discretionary Funds.

### Assets and Allocations

O'Reilly asked the Finance Committee to think about the level of risk tolerance in our Investment Policy, e.g., if the market turned down and we lost 40%, would we be comfortable riding out our investment strategy or would we feel compelled to sell? He requests that the committee think about the emotional aspect of risk and reward and suggests that we call a future meeting solely for the purpose of discussing this.

### Other

Duke expressed his appreciation to O'Reilly and the entire committee for its fine work in moving the financial oversight of the Foundation forward.

### Adjournment

There being no further business, the meeting was adjourned at 10:26 pm.