

HARBOR BRANCH OCEANOGRAPHIC INSTITUTE

FOUNDATION

Minutes
Harbor Branch Oceanographic Institute Foundation, Inc.
Finance Committee Meeting
April 16, 2015

COMMITTEE MEMBERS PRESENT: Mike O'Reilly*, Chair; Karl Steene*; Mike Toner*; Marilyn C. Link*

ALSO PRESENT: Katha Kissman, President & CEO; Colleen Brennan, Director of Operations; Ed Michelson*, Atlanta Consulting Group

ABSENT: Sherry Plymale

*participated telephonically

Call to Order

The meeting was called to order at 2:30 pm.

Approval of Minutes

The minutes of the January 19, 2015 were approved unanimously.

Investments Report

The written report by Michelson from The Atlantic Consulting Group was presented and reviewed. After discussion, it was agreed that at each future meeting, Michelson will provide a listing of our assets as expensive-to-cheap so that we can be more nimble at looking at and maximizing our investment opportunities. It was also agreed that the Committee would think about the possibility of looking at our asset allocations as how to maximize the best return by designating a "Core" segment of our portfolio (75-80%) and an "Opportunistic" segment of our portfolio (20-25%). The latter would provide the Committee with an opportunity to be more nimble at capitalizing on market opportunities. Michelson agreed to provide an analysis and report regarding this and how we may best exercise an "Opportunistic" pool of funds in the future.

The motion to apply the incoming approximately \$300,000 hedge fund holdback (available in July) plus 2.81% of cash to International Equities (increasing this to 18.25%) was passed unanimously. It was agreed that Michelson would average this in as he thought best. This followed a discussion to leave Large Cap where it was for the time being recognizing that it was slightly over in our asset allocation.

Michelson reported that Southern Sun is on a caution status. After discussion, the motion to move 1% of the corpus (as of March 31, 2015 approximately \$654,700; figure may change depending on the June 30, 2015 portfolio balance) currently invested in Southern Sun into the Vanguard Russell 2000 if Southern Sun was not performing at its index for the 2nd quarter only and as of June 30, 2015 passed unanimously. This would reduce the asset allocation to Southern Sun from 7.03% to approximately 6%.

Discussion of HBOIF Real Estate Holdings

The Committee was provided an overview of the HBOIF Real Estate holdings in advance of the meeting which included recommendations for action by Kissman. O'Reilly and Kissman reported that they had visited each parcel in person the week prior.

After discussion, Kissman was charged with preparing a report regarding the "Green Acres" or Peacock Road land parcel prior to the August Committee meeting. Said report will include:

- a) Possible sale to an outside purchaser (US Compost and adjacent property owners were discussed)
- b) Possible sale to St. Lucie County (possible County fairgrounds use)
- c) Possible exchange under the St. Lucy County's salt mitigation program
- d) Discuss State options with those at Adams Ranch should they know of any programs
- e) Donation to another entity

Recommendations regarding other parcels will be ongoing.

Review of Current Financials

Kissman presented the Current Financials (Balance Sheets and Operating Budget Projected vs Actual.) Documents included line item explanations of budget variances or other significant information to report. The budget is on track with no anticipated major surprises at year end.

Review of Proposed FY16 Operating & SLP Budgets

Kissman presented the Proposed FY16 Operating & SLP Budgets. Documents included line item explanations of significant projected increase or decrease. Kissman highlighted the inclusion in the budget of a new part-time (25 hour per week) administrative staff member.

At O'Reilly's request, Kissman and Brennan voluntarily left the meeting. Board Chair Joe Duke asked Mike O'Reilly to present the process and findings of the CEO Performance Evaluation and his recommendations for compensation for Kissman. O'Reilly also provided additional input provided from Stewart via O'Reilly.

After discussion, the Finance Committee recommended for inclusion in the FY16 Operating Budget a \$3,000 raise for the CEO based on a 1.7% (\$2,720) COLA increase with the balance representing a merit increase, in addition to a variable compensation yearend bonus of \$7,000 reflecting the Board's most positive evaluation of Kissman's performance and accomplishments in FY15.

Kissman and Brennan returned to the meeting.

HBOI Request to Extend Grants

After discussion regarding process with Mike O'Reilly as the Chair of the Finance Committee and Mike Toner as the Chair of the Grants Committee, and concurred by Joe Duke as Board Chair it was agreed that the already scheduled Finance Committee would review the following both for financial impact and in order to have timely recommendations for the Board meeting on April 30, Kissman presented two requests regarding the following Foundation grants to HBOI:

- A request for an extension along with a small redeployment of funds through the HBOIF award: Land/Ocean Biogeochemical Observatories (LOBOs) for Intensive, Real-Time Water Quality Sampling in the Indian River Lagoon.
- A request for an extension and an alternative use of funds through the HBOIF award: A proposal for workshops to define national priorities for estuarine observing systems and regional priorities for the Indian River Lagoon Observatory

LOBOs Grant

Because of the delay in purchase and installation of the three Foundation funded LOBOs, HBOI requested a no-cost extension of six months of a projected \$113,927 unspent funds as of June 30, 2015 to:

- a) purchase two (2) SeaFET pH Sensors to upgrade two (2) HBOIF LOBO sites for pH capability that will be work with the DEP LOBOs
- b) provide continued operational support through December 31, 2015.

After presentation and discussion, the approval to grant this no cost extension through December 31, 2015 was granted.

Workshops on the topic Estuarine Observatories and the Development of a Shared Plan for the Indian River Lagoon Observatory

The original \$100,000 grant was to provide support for two HBOI Foundation-sponsored workshops on the topic of Estuarine Observatories with the goal of the workshops to lead to a locally/regionally developed, shared plan for the Indian River Lagoon Observatory. Using the foundation of the first workshop, the second workshop would focus on design and planning for the Indian River Lagoon Observatory. A shared vision plan for the IRLO was to be the deliverable from the second workshop. The original grant period was designated as July 1, 2012 to June 30, 2014.

The first National workshop (Our Global Estuary) was successfully conducted in October 2013 at Harbor Branch. A final report was produced and distributed. This workshop provided a set of recommendations that have been used to guide the development of a multinational NSF proposal, development of an international conference, and presentations at conferences locally, nationally and internationally.

Work toward the originally proposed second workshop commenced for a tentative date in May 2014, but the workshop did not take place.

This new request is for an extension of the grant period through June 30, 2016 and the following refocused use of the original funds:

Items	Budget Needs for FY2015 and FY2016
Our Global Estuary	
Presentation in May 2015 at Blue Planet on the topic of Our Global Estuary (which will include Indian River Lagoon). The meeting will be held in Cairns, Australia. Megan Davis' and Antonio Baptista's abstract was selected for presentation. Megan Davis will present. The request is for travel funds.	\$5,000 (est)
Our Global Estuary International Meeting in India in Spring 2016. Megan Davis is on the international steering committee. Megan Davis and Dennis Hanisak will participate. The request is for travel.	\$12,000 (est)
Indian River Lagoon Observatory	
Workshops 1 and 2: Each workshop is anticipated to be 1----2 days. Request is to cover: food and some accommodations for participants; expenses for National speakers to present; and some staff time will be charged to the workshop to assist with logistics, development of the reports and inventory of the projects in the IRL. Other costs will include printed report(s) as a deliverable along with an inventory of the research being conducted in the Indian River Lagoon.	\$36,025.49 (est)
Total	\$53,025.49

After presentation and discussion, the motion to deny the extension and refocus of the use of these funds was unanimously approved. Kissman was instructed to request the return of the unspent grant funds to the Foundation in the amount of \$53,025.49.

The Finance Committee discussed the need to require additional information in all HBOIF grant proposals and subsequent reports that would include a timetable/spend curve of projected expenses as well as timelines and mechanisms for tracking projects in real time rather than only at the final report stage. Kissman, O'Reilly and Toner will work on this.

Request to Close Bank Accounts

Brennan brought the following to the attention of the Finance Committee.

To close PNC SLP Account #3605 – we now have all deposits from the State going into the Wells Fargo SLP Account – this change was made to help keep our PNC bank balances within the FDIC insured limit.

To close PNC LYL Account #4376 – we no longer need this account now that all LYL transactions are being properly tracked in Quickbooks.

The motion to close both accounts passed unanimously.

Adjournment

There being no further business, the meeting was adjourned at 4:00 pm.