

HARBOR BRANCH OCEANOGRAPHIC INSTITUTE

FOUNDATION

Minutes
Finance Committee Meeting
At the Harbor Branch Oceanographic Institute Foundation, Inc.
July 22, 2016

COMMITTEE MEMBERS PRESENT: Mike O'Reilly; John Papa*; Marjorie Raines, Chair; Sherry Plymale; Robert J. Stillely*; Mike Toner*;

OTHERS PRESENT: William J. Stewart, HBOIF Secretary/Legal Counsel; Katha Kissman, President & CEO; Debbie Dutton, Director of Operations; Joe Cardenas & Dr. Nick Brown, Aquaco

*participated virtually

Call to Order

The meeting was called to order at 11:00 am by Chair Raines.

Approval of Minutes

The minutes of the June 7, 2016 meeting passed unanimously.

Aquaco Proposal Discussion

Joe Cardenas and Dr. Nick Brown were present to provide additional information and answer questions from the Committee regarding Aquaco Farm's request to use the Old Citrus Grove Property as its site.

After extensive discussion regarding the project's lack of financial support, it was decided to explore all alternative options for the property. The Committee voted not to approve Aquaco's proposal for the Aquaco Farm venture on the Old Citrus Grove by a 4-2 vote. (Mike O'Reilly, John Papa, Marjorie Raines, Mike Toner voting against moving forward while Sherry Plymale, Bob Stillely voting for moving forward). Katha Kissman was asked to let Mr. Cardenas know the Committee's decision and convey its appreciation for his time and dedication to educating the Committee on the proposal.

Investments Report

Ed Michelson provided an overview of the status of the Foundation's portfolio as of June 30, 2016.

The Ironwood redemption included the following.

6/30/2016 Tranche: \$2,834,214

- 95% of the distribution, \$2,694,621.60, was received 7/1/2016. Per unanimous vote by the Finance Committee on April 22, 2016 the proceeds have been invested in the Vanguard Aggregate Bond Index and the MLP position was taken to the target weight of 2%.
- 5% will be distributed once values are finalized, about 3 – 4 weeks after redemption date.

9/30/2016 Tranche: \$1,320,094

- 90% will be distributed within the first 5 business days of redemption date.
- 5% will be distributed once values are finalized, about 3 – 4 weeks after redemption date.
- The remaining 5% is audit holdback and will be distributed once the year's audit is completed, July 2017.

In response to Ed Michaelson's recommendation to bring the International Equity allocation to 19% from the current 16%, the Committee preferred to wait until more favorable geopolitical, economic and currency fundamentals develop. The Committee requested Mr. Michaelson develop a proposal of options for increasing the Fixed Income asset allocation. The Committee will have a special call to review the proposal once received.

The Committee also requested Mr. Michaelson show the construction of the Balanced Index on the analysis page that evaluates quarterly performance through asset class attribution.

Investments Discussion Re: Cash and Liquidity Management

This discussion was tabled to the next meeting.

Review of Current Financials

Katha Kissman provided the 6/30/16 unaudited year-end financials in advance of the meeting. She reported no significant variances against budget. The Committee had no questions.

Update on HBOIF Real Estate Holdings – Katha Kissman

- Lakela's Mint (Montesorri School) – no news from St. Lucie County
- Peacock Road Sale – purchase agreement signed (\$514,800 purchase price); the buyer has met his escrow requirement and applied for financing with PNC; closing date set for October 4, 2016. Kissman noted Bill Stewart's great help in solidifying the deal and moving along the logistics toward closing.

Other Business

Chair Raines thanked Katha Kissman and Debbie Dutton for their work to shepherd the issues of the Finance Committee over the last two months.

Adjournment

There being no further business, the meeting was adjourned at 1:15 pm.