

HARBOR BRANCH OCEANOGRAPHIC INSTITUTE

FOUNDATION

Minutes Special Finance Committee Meeting February 29, 2016 At the Harbor Branch Oceanographic Institute Foundation

COMMITTEE MEMBERS PRESENT: Mike O'Reilly*; John Papa*; Marjorie Raines*, Chair; Robert J. Stilley*

COMMITTEE MEMBERS ABSENT: Mike Toner; Sherry Plymale

OTHERS PRESENT: Katha Kissman, President & CEO

*participated virtually

Call to Order

The meeting was called to order 4:04 pm.

Purpose of the Meeting

At the Finance Committee meeting of January 22, 2016, our investment consultant Ed Michelson of The Atlanta Consulting Group was tasked with among other things:

- Review the Ironwood International Ltd subscription agreement's timelines for soft or hard lockups, days notification to exit and if withdrawals are on a quarterly or monthly basis.
- Ironwood's 2015 performance results for Harbor Branch to be reconciled to their monthly reports, Harbor Branch's actual class holding and the actual annual net management fee.

Committee members were provided with Michelson's response, noting pages 27, 60-72 of the updated 4Q2015 document and the updated Fee Study. In addition they were provided with Ed Michelson's email response of February 8, 2016:

We have also updated the Ironwood fee. The error was a result of a quarterly report we get from Ironwood that incorrectly displayed a fee of 1.00%. All-in fees for Ironwood are in fact 1.45% with a 25 basis point rebate resulting in expenses of 1.20%. The wrong share class was included in your last report and we have corrected this going forward. In an effort to better disclose the rebate amount credit to your account, we have included the quarter by quarter rebate for the year 2015. It is important to note that while we reported incorrect fees on the fee study, net performance, fees paid to the limited partnership, and fees recaptured to net against your ACG fee have been correct [-\$5,319 recaptured from Ironwood]. Your investment in this fund can be liquidated on a quarterly basis with 95 days prior written notice.

Because the Committee had been actively monitoring Ironwood and with this additional information now at hand, Chair Raines requested to call the question of fund liquidation in light of a 95 day written notice to surrender for Ironwood.

After a presentation by Chair Raines on the history and status of the Ironwood investment, Mike O'Reilly's comments on the history of the Committee's desire to move toward indexing rather than using active managers, and a review of additional information provided by John Papa on historical rolling hedge fund returns dated December 2015 from Prime, Buchholz & Associates, Inc., the motion to divest Harbor Branch Foundation's investment in the Ironwood International Ltd subscription passed unanimously.

Katha Kissman was tasked with informing The Atlanta Consulting Group with its decision. The Committee will determine where to invest the proceeds from this divestment at a date closer to the end of the 95 day notice period.

Other

After consultation with Bill Stewart, Katha Kissman alerted the Committee to a possible joint special meeting of the Finance and Governance Committees for the week of March 14, 2016 to discuss a specific issue that would have an impact of about an additional \$25,000 on the current FY16 budget. Based on the overview provided, Bob Stillely raised concerns about a possible budget impact but all Committee members were open to a meeting. Katha Kissman will send out background information for such a meeting and poll members of both Committees to find a specific date and time to meet.

Adjournment

There being no further business the meeting was adjourned at 4:40 pm.