

HARBOR BRANCH OCEANOGRAPHIC INSTITUTE

FOUNDATION

Minutes
Finance Committee Meeting
Held at the Harbor Branch Oceanographic Institute Foundation, Inc.
May 19, 2017

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

OTHERS PRESENT: Kyle Bobinski*, The Atlanta Consulting Group; Ed Michelson*, The Atlanta Consulting Group;;Erica Simpson*, Shenkman Capital Management; Jordan Barrow*, Shenkman Capital Management; Katha Kissman, President & CEO; Debbie Dutton, Director of Operations

ABSENT: Sherry Plymale; Mike Toner

*participated virtually

Call to Order

Chair Raines called the meeting to order at 2:04 pm.

Approval of Minutes

The minutes of the April 14, 2017 Meeting were approved unanimously.

Discussion of Short-Term/High Yield Investments

Erica Simpson and Jordan Barrow provided an overview of short duration high yield investments through Shenkman Capital Management (supporting documents provided in advance). Short duration high yield is not an asset class, but is instead a solution within high yield that seeks to: minimize duration risk; increase yield over other short duration alternatives; avoid credit events; and maximize risk-adjusted returns. Said investment would be at 65 basis points. Following their presentation, it was agreed investments of this kind may be a possibility for the Foundation's portfolio with further discussion to follow.

Comment [kk1]: There is a question about whether or not we determined to further investigate this or whether or not we determined it was not an opportunity for us to pursue.

Investment Report

Ed Michaelson and Kyle Bobinski provided the 1st Quarter 2017/3rd Quarter FY17 investment report and the April 30, 2017 investment scorecard report in advance of the meeting. The value of the portfolio as of April 30, 2017 was \$69,384,743.

The Committee accepted The Atlantic Consulting Group's recommendation to diversify the Small Cap sector's 100 percent passive Russell 2000 investments (Vanguard & iShares indexes) by maintaining the lowest cost passive index while selling the other index and with the proceeds purchase the S&P SmallCap 600 TR USD.

Following up on the presentation and discussion at the April 14, 2017 meeting, the Committee agreed not to move forward with Stone Ridge Reinsurance Risk Premium Interval Fund/Cat Bonds Investments.

Based on The Atlanta Consulting Group recommendation, the Committee agreed to sell the Vanguard Total Bond Market Index Fund using 50% of the proceeds to purchase the Metropolitan West Total Return Fund and the other 50% in either the PIMCO Income Fund or the PIMCO Diversified Income Instl Fund. It was agreed by the Committee the latter would be

determined by Chair Raines on additional information provided by The Atlanta Consulting Group.

The final 5% of the Ironwood divestment holdback (valued at \$67,522 on the April 30, 2017 Investment Scorecard Report) will be released in July 2017. The Committee agreed to move those funds into Cash due to expected HBOI grant payments in July.

Current Financials

The Balance Sheets and P&Ls dated April 30, 2017 were provided to the Committee in advance. Katha Kissman noted budget lines were on track to meet FY17 Mid Year Budget projections and as otherwise reported at the April 25, 2017 Board Meeting. The Committee discussed the anticipated increased legal fees for FY17 due to the lawsuit with FAU which will take the Legal line over budget; currently by approximately \$43,000 and anticipated a possible additional \$10,000 to 20,000 by June 30, 2017 barring unforeseen circumstances.

Adjournment

There being no further business, the meeting was adjourned at 3:20 pm.

Comment [kk2]: Or did the Committee agree to sell 50% of the Vanguard Total Bond index fund and invest the proceeds in either the Pimco Income Fund or the Pimco Diversified fund with Marjorie, after receiving information from Ed, to decide. With no proceeds going to the West Fund.