

Hubbard Brook Research Foundation

Finance Committee Meeting Minutes

Monday, December 26, 2016, 2:00 pm

HBRF Administrative Offices, Woodstock, VT and via Zoom Videoconference

Trustees in Attendance: Fred Hunt (FH) and Mike Shoob (MSh)

Trustees Participating by Zoom: Steve Hamburg (SH), Peter Martin (PM), and Mike Smith (MSm)

Others in Attendance: Anthea Lavallee (AL), Brenda McCartney (BM), and Zach Ralph (ZR)

Absent: John Smitka

MSm called the meeting to order at 2:04.

PM indicated the need for a correction on last the page of the minutes from the previous meeting.

MSh made a motion to approve the minutes with the correction that PM requested. FH seconded the motion, and the minutes were unanimously approved at 2:07.

BM began the meeting by reviewing the financial statements through November 2016. Cash flow is more comfortable than it had been during the summer and early fall. Our system for billing grant reimbursements is working smoothly. The format for the P&L has changed in response to a suggestion from MSh. Notable items are now those with greater than 10% variance, more than \$2,000, and unrelated to the timing of normal business operations.

Winter rentals are a matter of concern. AL reported progress at PVF due to a new rental relationship with Loon Mountain. However, we have had a difficult time renting 2 of the 5 Mirror Lake units for the winter season. Under the worst-case scenario, we may lose as much as \$12,000 in budgeted winter rental income. We continue to explore options to make up this income (i.e., renting individual rooms, using a local property management company, and short-term rentals on AirBnB). Difficulty renting these units may be related to lower seasonal staffing at Loon. AL stated that a reasonable increase in summer scientist rental rates could help. A 10% increase will result in approx. \$4,000 in additional rental income. Rates were held steady during summer 2016 after 3 years of steep increases. We typically notify scientists in January about upcoming summer rental rates. SH stated that scientists with set budgets would have a difficult time adjusting to higher rates. SH suggested that we adjust according to COLA or CPI (i.e., 2.5%) over 2 years. He recommended revisiting the ML business plan in order to get an accurate, updated sense of what we spend to operate the facility compared to rental income. AL agreed to conduct this analysis and stated that HB scientists are our service population; our goal is to operate the facility to the advantage of the scientists, but we cannot run the operation at a net loss. We currently charge consortium members \$15/ night per bed for long-term visits (i.e., 30+ days). PM suggested discussing this in greater detail with the finance committee. SH suggested surveying COS members. AL indicated that she welcomes feedback but that we need to make the decision quickly.

Regarding the LOC, BM reported that our goal was to restore it to \$20,000 by Dec. 21st, and we were successful. We will make another payment soon and hope to have full credit replenished by February or March.

BM reported that our ML loan balance now stands at \$161K. AL stated that, thanks to Gene's help, we have raised \$170,000 to date from the Capstone Campaign for ML. AL had a recent conversation with a major donor about the possibility of contributing half of the remaining loan balance as a matching challenge. This gift would come at the expense of an unrestricted gift of \$10K which we would normally receive now. We hope to confirm this in January. AL also worked with Jane and Gene to send out a small batch of new appeal letters to potential major campaign contributors. MSh asked if we had considered applying to the Kresge Foundation for ML. SH serves on a board with Lois DeBacker, Managing Director, Environment, at Kresge. SH offered to connect us.

AL reported that we have raised \$15,000 to date from our year-end appeal. The appeal was mailed in mid-December, a little later than usual. DT increased our mailing list by 300 households. PM asked how much of that is part of the \$61,000 in unrestricted gifts and grants in the budget; are we going to be way under the \$61,000? BM added that it may be a timing issue, and that estimated numbers are based on last year's activity.

BM explained that switching from a formal audit to a financial resulted in substantial savings. MSh commented that certain federal funding sources require a full audit.

AL gave a consortium update. Dartmouth renewed at \$15,000. AL met with the Dean of the Rubenstein school at UVM in November and made a pitch for them to join the consortium for the first time. They are considering joining at the \$5,000 level. John Battles is helping make a pitch to Berkley, but he is not hopeful that they will join. Tim Fahey is appealing to Cornell leadership to renew at the \$10,000 level. It's AL's goal to approach all 24 institutions with active research at HB. Charley Driscoll offered to work with AL to refine the pitches, fee structure, menu of benefits, and system for acknowledging member institutions.

PM reported the decision not to sell the remaining RECs. After setting aside the portion that the BOT fundraised to retain, we stood to gain approximately \$300 through the sale of the remainder. This small profit did not seem worthwhile. SH stated that he would make an additional contribution for half of the remaining RECs (i.e., \$150). The group thanked SH for this generous contribution.

MSm adjourned the meeting at 2:56.