

**Meeting Summary for the Meeting of the
Gulf of Maine Association**

Wednesday, June 12, 2013

7:30AM – 8:45 AM EST

Board Members in Attendance: Priscilla Brooks; Rob Capozzi (via teleconference as proxy for Bruce Fitch); Bruce Carlisle; W. Donald Hudson; Kathleen Leyden; J. Ruairdh Morrison; Rene Pelletier (proxy for Thomas Burack); Lee Sochasky

Board Members not in attendance: Sterling Belliveau

Official Observer: Jen Anderson

Others present: Mel Cote; Sophia Foley; Tim Hall; David Miller; Rebecca Newhall; Steve Perkins; Sara Jane Snook

Contract Support: Cynthia Krum; Lori Hallett (via teleconference)

1. Welcome and Introductions - Don Hudson, Gulf of Maine Association, Chair

Don welcomed the Gulf of Maine Association (GOMA) Board of Directors. All introductions were made.

2. Consent Agenda

- *December 13, 2012 Meeting Summary*
- *Special Administrative Rate per Administrative Rate Policy*
- *Response to Auditor Note to Review Independent Contractor vs Employee Status*

Don briefly mentioned that Canada DFO and USGS have requested to have a special indirect rate of 15% used on upcoming grant agreements. Don also mentioned, to address a previous audit comment regarding contractor vs employee status, that we currently still support the contractor status. He advised that the issue will be re-visited and a formal report will be given in December.

Action Item: Prepare report on choice of having contractors vs. employees for December, 2013 Board meeting.

Acceptance of the Consent Agenda was Moved, Seconded and Approved by all.

3. Appointment of Canadian GOMA representative to the Gulf of Maine Council on the Marine Environment (GOMC) Management and Finance Committee (MF) and MF participation report - Don Hudson, Chair

Don explained that he is the US GOMA representative on Management & Finance and a Canadian counterpart is needed. Don reported that meetings for this effort have been helpful. It was suggested that Lee Sochasky be the Canadian counterpart to represent the GOMA on Management and Finance. A motion to Accept Lee Sochasky for Canadian representation was made.

Acceptance of the Motion was Seconded and Approved by all.

4. FY2013 Financial Report - Cynthia Krum, GOMA Executive Director

Some points/highlights of the presentation included:

- Cindy explained that the Budget vs Actual report included the Approved Revised Budget for 2013 and also included Actual Results through May 15, 2013. Through May 15, 2013, the actual spending was 49% of the overall budget. Cindy mentioned that 6 weeks remain before year end therefore the Actual Results numbers still have 6 weeks of activity to be added.
- Climate Change Program funding ends at the end of August. It is likely that more activity will still happen before end of June.
- NROC's actual results are much lower than predicted.
- Cindy explained that the Reserve Balance will be low if fiscal year closes out below budget.
- Overall, the recommendation is to wait & see.
- A final FY 2013 Budget vs. Actual Report will be given on the August Management & Finance call.
- RBC has notified us that our proposal has been accepted. We plan to add these funds to the FY14 budget.
- Cindy explained that whatever shortage we have at the end of FY 13, then we should have the same amount (or larger) of surplus at the end of FY 2014. This will be necessary to keep the reserve account at recommended level.
- Cindy addressed the question of "why the deficit?" She explained that we can only be reimbursed for indirect or administrative costs from our funding agreements as direct project costs are spent. Some project costs were not spent in the timeframe as expected or budgeted. Cindy explained that some contractors have still been working as contracted.
- Some areas of concern were discussed including NROC program and Restoration Program. Bruce Carlisle explained that he realizes that NROC did not spend as forecasted but assured that "we do our best". Expenses that do not get paid now will be paid later.
- Some additional questions/comments were asked about "what if this continues to happen", "how to adjust the forecasted amount", "How to Build the Surplus", and "what would happen if the reserve wasn't there"? The consensus was that a surplus was needed to balance the reserve account. Bruce further explained that we should relax the budget predictions to provide cushion within the budget. Bruce suggested reducing the budgeted/forecasted amounts by 25% in from 424A forms for NROC.
- Final remarks included a focus to increase our Reserve account balance to be able to absorb any future budget fluctuations and cash flow issues. Everyone agreed with this approach and the suggestions made to assist in building the reserve balance.

Acceptance of the FY 2013 Financial Report was:

Moved-Lee Sochasky

Seconded-Priscilla Brooks

Approved - All

5. FY 2014 Operating Budget Presentation - Cynthia Krum, GOMA Executive Director

Cindy presented the 2014 Budget documents. She noted the small surplus shown on the 2014 Budget. She noted that we will be working to increase the surplus shown for 2014 or otherwise consider cutting contracted fees.

Some additional points/highlights of the presentation included:

- NOAA/NMFS final Partnership grant is closing out soon
- Fiscal Agent Overhead is included on the Budget by Program Category page
- Unconfirmed/Red primarily donates EC and USGS funding
- Cindy made a crucial note that the revised budget could go up to 2 million if certain items move from FY 13 to FY 14 and are expended as we now expect. The budget could increase and we will continue to look at projects and the timing of spending.
- Due to potential deficit, Don suggested to finalize the budget through a conference call. Management and Finance will work to revise budget in an effort to be prepared and confirm income but would like to move to accept provisional budget. Lee suggested a need to factor in year end and to wait until September to do that. After further discussions, Don suggested a streamline process to begin using the operating budget to continue operations and clarify the additional items by September 15. Don said “we all have a sense of what’s up” and will ask for final approval of operating budget with revision by September 15.

Action Item: Hold Gulf of Maine Association Board call before September 15, 2013 to approve Operating Budget.

6. Gulf of Maine Council All Contractors Scopes of Service - Cynthia Krum, GOMA Executive Director

With the acknowledgement that time was running low, Cindy began with the explanation that Contractor Scopes of Service need to be approved by this group, especially the budget elements. The detailed Scopes of Services are also reviewed by the Council.

Some additional points/highlights of the presentation included:

- Questions were raised about the EC funded Climate Change Network Scope of Services and the Fund Development Scope of Services. Both of these stated that the contractor was “to be determined.”
- Cindy indicated that the EC funds are in red/unconfirmed and that once confirmed would follow normal RFQ and contracting procedures.
- Fund development contractor was contingent on Fund Development plan. Due to time constraints, Cindy suggested the Executive Committee meet to cover the questioned items related to fund development and climate change.
- A suggestion was made that it be clear which are contingent on funding. Cindy explained that the funding shown in red are contingent on funding. She suggested she make this clearer in the future.
- Don proposed a motion to approve provisional scope except for 2 areas identified and authorizes EC to fine tune the two in question. Don was feeling time pressure to move on.

Action Item: Contact Executive Committee to take next steps to finalize the Climate Change Network Scope of Services and the Fund Development Scope of Services.

Acceptance of the Provisional Scope of Service and Associated Budget (amount per contractor) was: Moved; Seconded and Approved by all.

7. Clarification of GOMA Relationship with the GOMC Management and Finance Committee and Working Group - Don Hudson, Chair

Don began by explaining the rationale for an advisory relationship between the GOMA and GOMC Management and Finance (MF) and GOMA Working Group (WG).

Some additional points/highlights of the presentation included:

- There has been concern from federal members on MF that they cannot participate in more than an advisory role.
- The history is that the Association was created the same time as the Council but that relationship between GOMA and MF has not been defined.
- Clearly the legal responsibility lies with the Board of the Association. However, the Board of the Association can't proceed without the advice of the Council. In order to draw a clear line the Association seeks approval of the "list of financial and contractual matters where guidance and advice can be used from GOMC MF and/or WG" section of the GOMA Briefing Packet. As the Association operates, advice will continue to be taken from Council and its MF and WG all along the way.
- In addition, revising the Bylaws is a simple step to allow for distinctive roles and will be helpful especially when seeking private funding.

Bylaw revision and "list of financial and contractual matters where guidance and advice can be used from GOMC MF and/or WG" was:

Moved-Lee Sochasky

Seconded-Kathleen Leyden

Approved - All

8. Association of Canadian Delegates to the Gulf of Maine Council on the Marine Environment Report –Robert Capozzi, Canadian Association Secretariat

Rob explained that NB has assumed the Secretariat responsibilities from NS/Justin Huston:

- Rob will be secretariat for Canadian Association. These responsibilities include an Annual Summary of projects and Financial Statements and signing tax return through the Atlantic Council of Premiers.
- Rob also explained that the membership dues will be sent directly to NB to process with the Canadian Association and further explained that the dues notifications have gone out. They were sent out in March.
- Rob thanked members for their participation.

9. GOMC Fund Development Plan and GOMA's Role - Don Hudson, Chair

Don said he was very pleased with Prassede's efforts in hiring Birchline Planning, LLC. Don expressed the importance of the recommendation and the need to distinguish the roles of Council and the Association.

- GOMA has more work to do even though the financial piece is being done.
- The work will become clearer as we move forward.
- We need to figure out how to get up to speed. We don't want to lose too much time/momentum.
- Birchline Planning, LLC provided a good analysis. It will be interesting going forward while factoring in NROC, and positioning the Association as a non-profit.
- There are a core group of Board members where there are not conflicts and who remain flexible. We can rely on these Board members when decisions are made regarding fund development. From time to time, need to step away if there is conflict of involvement.
- Aspire to a strong public/private partnership. Might need more people on the Board to help make the distinction between public and private in order to meet legal requirements.
- 2.5 years ago began the process to expand US Association to include Canadian members to do business as the Gulf of Maine Association. The Canadian Association still exists for securing funds.
- As we move forward, Don is hopeful for and suggests "Internal Trusting" of the system.

9. Meeting Adjourned 8:55 AM EST