

## Rose Fitzgerald Kennedy Greenway Conservancy

### Minutes of the Audit, Risk Management and Finance Committee (FARMC) Meeting March 22<sup>nd</sup>, 2016

Attendees	Chair	<b>Christine Manfredi (via phone)</b>
	Other Directors	<b>Bud Ris Martin Lynn Mark Boyle Janelle Chan</b>
Guests	Greenway Staff	<b>Jesse Brackenburg Renee Wood Clifford Thompson</b>
	AAF CPAs	<b>Jeanie Gorlovsky-Schepp Dave Kelleher</b>

With quorum present, Ms. Manfredi called the meeting to order at 8:00 a.m.

Upon motion duly made and seconded, it was unanimously voted to approve the minutes for the December 8<sup>th</sup>, 2016 and December 10<sup>th</sup>, 2016 FARMC meetings.

The Committee discussed nominations of new members, Kim Sherman of Related Beal and Tom O'Brien of HYM investments, both slated for vote at the March 29<sup>th</sup> Board of Directors Meeting. To encourage independence in oversight of the FARMC, Board Chair Jim Kalustian will step down from the FARMC. Martin Lynn will also step down from the committee. Christine Manfredi will continue as FARMC Co-Chair, along with new Co-Chair Bud Ris. Votes on these changes will take place at the March 29<sup>th</sup> Board Meeting. Ms. Manfredi formally thanked Jim Kalustian and Martin Lynn for their service.

Mr. Lynn, who is the Chair of the Board's Investment Committee, presented the FARMC with an update on investments. The Conservancy Board had authorized a 7<sup>th</sup> draw from the endowment in the 18-month Fiscal Year 2015 to better align timing. However, better than expected financial results allowed the Conservancy to take only 6 draws from the endowment in FY2015. The Conservancy's endowment has decreased in the recent market downturn. The Investment Committee, consistent with UPMIFA guidelines on prudent endowment management, has decided to alter neither the investment strategy nor the draw policy. Ms. Manfredi remarked that the upcoming May revenue meeting and ongoing conversations with abutters are opportunities to discuss alternative strategies to grow the endowment.

The Committee decided to discuss the FY2016 budget and hold a vote on procurement before the Audit presentation.

Ms. Wood updated the Committee on the budget for FY2016; minor updates since the Board approved budget have increased revenues and expenses to \$5.1M, still breakeven before depreciation. A restricted donation for the Carousel was matched with Board-designated funds.

With the Carousel construction completed, the donor has changed the restriction on the original gift to be for Carousel operations; the Board-designated match will be used similarly. Ms. Wood discussed capital expenses in 2016, which include replacing servers in the Conservancy's offices.

The Committee moved to discussion of three procurements. The first is a proposal from Eastern&Groundscapes Express Inc. for \$45,000 to provide and install mulch and compost for beds and lawns. The second item is a proposal by Matthew R. Foti landscaping for parkwide tree replacements, as well as work on the Tiffany & Co. Foundation Grove around the Greenway Carousel and in Chinatown. Thirdly (pending fundraising), rusting garbage barrels in the Wharf District will be replaced with galvanized garbage/recycling twin-barrels by Victor Stanley. Upon motion duly made and seconded, it was unanimously voted to approve the three items.

Jeanie Gorlovsky-Schepp and Dave Kelleher of AAF CPAs presented the FY2015 Audit to the FARMC. FY15 is an 18-month fiscal year, and is thus not directly comparative to FY2014 12-month financials. AAF delivered a clean unmodified audit opinion, with no audit adjustments. Expenses were 86% programmatic, up from FY2014's 79.5%. After discussion of footnotes and new FASB accounting standards, management left the room at 9:28 for the Committee to discuss privately with the auditors. No matters of concern were identified by the FARMC.

Management then returned for review of the 990 narrative sections. Ms. Manfredi formally thanked Ms. Wood and AAF for the Audit and Financial Statements.

With no further business and upon motion duly made, it was unanimously voted to adjourn the meeting at 9:35 a.m.