

**MINUTES
SPECIAL MEETING OF TRUSTEES
ELIZABETH MORSE GENIUS FOUNDATION**

November 8, 2022

A meeting of the Board of Trustees of the Elizabeth Morse Genius Foundation (Foundation) was held at 1:00 P.M. on Tuesday, November 8, 2022, in the Board Room of the Elizabeth Morse Genius and Charles Hosmer Morse Foundations' office, 329 Park Avenue North, Winter Park, Florida and by video conference.

Notice of the meeting was given to all Trustees and Members of the Board in accordance with the Bylaws.

Trustees attending:

Harold A. Ward, III, Chairman
Richard O. Baldwin, Jr.
Mary W. Christian
Randolph J. Rush
Richard M. Strauss
R. Michael Strickland
Douglas A. Woodman

By teleconference:

R. Michael Strickland

Bank of America – by teleconference:

Michael D. Babair
Andrew G. Davis
John G. Maus
Brian J. O'Donnell

Also attending:

Bonnie C. Hubbard
Charles C. Ogden
Ann M. Saurman
Theodore E. Stebbins, Jr.
Leila E. Trismen

By teleconference:

Sandra M. Ogden
Lewis I. Sharp

PKF O'Connor Davies:

Thomas F. Blaney

By teleconference:

Anan Samara
Thomas J. DeMayo

The Chairman called the meeting to order.

PKF O'Connor Davies:

An update on the cybersecurity audit was presented by Thomas DeMayo, Principal, Cybersecurity and Privacy Advisory with PKF O'Connor Davies.

The cyber risk is low relating to both Foundations; there are 29 recommendations resulting from the audit. Most of the items are either configuration or a need for more robust malware protection. A detailed plan to handle these recommendations will be prepared by PKF O'Connor Davies to include a policies and incident response plan, updated policies, and employee training.

Mr. DeMayo discussed cyber insurance and the time-line for completion of the insurance application and what it does and does not insure. Mr. DeMayo reported that the Foundations have a reasonable cybersecurity program relative to their risks and that insurance can make them fundamentally secure.

Mr. Blaney, Director of Private Foundation Services, introduced Anan Samara, Partner, with PKF O'Connor Davies. Mr. Samara assisted Mr. Blaney with the presentation of the 990-PF for 2021. Mr. Blaney explained that the 990-PF is a public document and that search engines can easily access this information.

As a private foundation, a required 1.39% tax must be paid on net investment income, the largest component of which is realized gains. On \$9,767,152 in net investment income, \$135,763 was paid in taxes. The other requirement for the Foundation is the five percent distribution of fair market value of investments.

Other notes: as seen by PKF O'Connor Davies, typical foundations investments are down 20% to 23%. The Foundation has no self-dealing violations. The IRS spends more time looking at grant files than any other aspect of foundation operations; the auditors found no discrepancies in the grant files.

Upon a motion duly made, seconded and unanimously carried, the 990-PF for 2021 by PKF O'Connor Davies, dated November 8, 2022, was accepted.

Mr. Blaney reviewed other current developments:

- The IRS did not include private foundations in its focus area for 2022.
- IRS will be getting \$80 billion over the next 10 years, most to be put into technology.
- Staffing at the IRS is becoming problematic as experienced agents retire.
- Staffing is becoming a problem with foundations, museums, etc., to find competent people. There's a lack in almost all different professions, as well as the nonprofit arena to find qualified personnel, especially in the IT technology area, the accounting area, etc.; there is a projected significant increase in salaries.

The Chairman thanked Messrs. Blaney, Samara and DeMayo for their presentations and excused them from the meeting.

Bank of America

Doug Woodman welcomed the representatives from Bank of America: Brian O'Donnell, Senior Institution Portfolio Strategist; Andrew Davis, Philanthropic Client Manager, John Maus, Managing Director and Michael D. Babair.

Mr. O'Donnell presented an overview of the economic background and what it means for the economy: a protracted period of slowing growth, and then a recession in 2023. For the calendar year of 2023, they see inflation coming down just under 4% and the Fed is making progress on their objectives to try to get inflation under control. The markets are expected to remain volatile.

As the Fed continues down this path, there is going to be a point where some decisions will be needed on rebalancing, potentially restructuring asset allocations for a new regime in a new environment that is not zero interest rates. The key takeaway is recoveries always follow downturns, staying diversified is the best course of action.

When new capital market assumptions are issued, Bank of America will model the Foundation's current targets, and then an alternative path, and see if the risk reward ratio can be improved. This is expected in the January timeframe once the performance numbers are issued.

Mr. Woodman thanked the Bank of America team for their presentation and excused them from the meeting.

Approval of Board Minutes:

Upon a motion duly made, seconded and unanimously carried, the minutes of the Annual Meeting of Trustees held May 3, 2022, were approved.

Chairman's Report:

- The Winter Park Chamber of Commerce is celebrating its 100th anniversary this fall. Local foundations are being asked to sponsor the Centennial Celebration, FunHundred! A grant of \$5,000 was approved to the Winter Park Improvement Corporation, a support organization which is a public charity and would qualify for a gift.
- The Bach Festival Choir was contacted about their performances for the Bach Festival outside of Winter Park in conflict with the restriction of the endowment funding by the Foundation. Their Executive Director explained that most of the Choir programs outside of Winter Park were not part of the Bach Festival and that the restriction does not apply to these performances. They understand that Choir performances which are part of the Bach Festival will be subject to the restriction.

Upon a motion duly made, seconded and unanimously carried, the Chairman's report was approved.

President's Report:

- The Genius Foundation was invited to participate in the ribbon cutting for the new stage in Central Park. The City of Winter Park wished to recognize Mr. Morse's contribution of the land to the city for the park. The Foundation did not give any financial support for this project.
- Update on the Lake Jessup property: the Pulte Homes sales contract was cancelled due to the city commissioners not permitting Pulte's planned development. He has been contacted by a client putting together a commercial development and wanted to include our property in the master plan. This did not go well with the city either. Everything is on hold until after the election since three of the five commissioners in the city are up for election. Theoretically, somebody may get elected that might support rezoning our property. To keep the agricultural tax exemption, the property will be maintained, and a new fence will be installed. Dead trees will be removed.

Upon a motion duly made, seconded and unanimously carried, the President's report was approved.

Treasurer’s Report:

Mr. Strauss presented the Treasurer’s report:

- Financial statements for periods ending September 30, 2022.
- Total assets are \$119,829,856, a decrease of \$26,255,694, 18%, for the year to date. Liabilities increased to \$1,117,494.
- Investments balance \$83,917,376, decreased by \$29,290,004, 25.9%, due to accruals for real estate taxes.
- Capital expenditures: air conditioning units on Park Place and on Park Avenue properties, an access control panel for the elevators, refurbishment work on the Genius Drive cottage.
- Origins store at the entrance of Greeneda Court requested an early lease termination. The location has been leased. There are a few small vacancies at 400 New York.

Upon a motion duly made, seconded and unanimously carried, the Treasurer’s Report was approved.

Grant Requests:

The Chairman reported:

The amount that must be contributed before December 31, 2021		\$6,354,585
Less: Contributions paid as of September 30, 2022	-1,670,580	
Additional anticipated contributions - 2022	-1,855,625	
Estimated Administrative Expense - 2022	<u>-1,400,000</u>	
Total Contributions and Administration – 2022		<u>4,926,205</u>
Balance to Satisfy Requirement		\$1,428,380

The minutes of the Executive Committee meeting of October 13, 2022, were presented.

Upon a motion duly made, seconded and unanimously carried, the minutes of the Executive Committee Meeting held October 13, 2022, were approved.

The Chairman then requested the Board of Trustees consider the recommendations of the Executive Committee with respect to grants:

- **End of Year Grants:**

The President presented the End of Year” grants totaling \$105,000.

Upon a motion duly made, seconded and unanimously carried, the “End of Year” grants were approved. A list of these grants is attached to these minutes and made a part hereof.

- **Grant Requests:**

Upon a motion duly made, seconded and unanimously carried, the following grant requests totaling \$1,528,000 were unanimously approved.

<u>Grant Recipient</u>	<u>Amount</u>	<u>Remarks</u>
Boys & Girls Club of Central Florida	\$20,000	Funding for Youth Arts Initiative Program at Eatonville location.
Elevate Orlando	\$40,000	Support for the College and Career Pipeline Program.
A Gift for Teaching	\$40,000	Continuation of the School SmARTS workshop for teachers presented in partnership with the Morse Museum.
Opera Orlando	\$40,000	Underwriting for <i>All is Calm</i> performance and its accompanying outreach activities.
Orlando Philharmonic Orchestra	\$40,000	Support for two free outdoor concerts in Winter Park, December 2022, and March 2023.
Rollins College	\$750,000	Funding to establish and launch curricular and research efforts for a freshwater institute.
United Against Poverty	\$35,000	Support for onsite grocery center; 4 tilt trucks and partial salary for Grocery Membership Coordinator.
University of Central Florida – College of Nursing	\$500,000	Founding donor for construction of a new building for College of Nursing at UCF Health Sciences Campus at Lake Nona.
Winter Park Day Nursery	\$30,000	Funding to help meet the school resources, staff support training, classroom technology and crisis/emergency assistant fund. Requested \$29,131.
Winter Park History Museum	\$18,000	50% Support for exhibit “Retailing Our Story” to open in January 2023.
WUCF TV	\$15,000	Support for “Be My Neighbor Day” 2023, activity kits and special programming.

Upon a motion duly made, seconded and unanimously carried, the Board recommended for denial the grant to EmployU.

Other Business:

Dates for the 2023 Annual Meetings are: Charles Hosmer Morse Foundation, Tuesday, May 2nd and Elizabeth Morse Genius Foundation, Wednesday, May 3rd. A Trustee retreat will be held on Monday, May 1st.

Executive Session:

Ms. Hubbard was excused from the Executive Session.

There being no further business, the Special Meeting of the Elizabeth Morse Genius Foundation was adjourned.

Respectfully submitted,

A handwritten signature in cursive script that reads "Harold A. Ward, III".

Harold A. Ward, III
Chairman

ELIZABETH MORSE GENIUS FOUNDATION

"End of Year" Grants Recommended for Approval - November 2022

NAME OF ORGANIZATION	LOCATION	PURPOSE OF REQUEST	AMOUNT	REMARKS
Christian Service Center of Central Florida	Orlando, FL	Annual Grant	\$15,000	Paid annually since 2001
Coalition for the Homeless of Central Florida	Orlando, FL	Annual Grant	\$30,000	Paid annually since 2008
Orlando Union Rescue Mission	Orlando, FL	Annual Grant	\$15,000	Paid annually since 2001
Salvation Army	Orlando, FL	Annual Grant	\$15,000	Paid annually since 2001
Second Harvest Food Bank	Orlando, FL	Annual Grant	\$30,000	Paid annually since 2001

Total "End of Year" Grants: \$105,000