

HARBOR BRANCH OCEANOGRAPHIC INSTITUTE

FOUNDATION

MINUTES Long Range Planning Task Force August 8, 2018

PRESENT: Joe Ferro, Chair; Joe Duke; Mike O'Reilly; John Papa

ALSO PRESENT: Bill Stewart, Legal Counsel; Katha Kissman, President & CEO; Debbie Dutton, Director of Operations; Cyndi Permenter, Administrative Assistant.

Call to Order

The meeting was called to order by Chair Ferro at 3:03 pm.

Discussion

President Kissman reviewed the charter for the benefit of the Task Force:

The purpose of this Task Force will be to provide a comprehensive plan to recommend to the Foundation's Board of Directors for the future direction, development, structure, projects and activities of the Harbor Branch Oceanographic Institute Foundation. Included in this plan will be recommendations regarding:

- Review of the Foundation's strategic direction
- Future use of Foundation-held properties
- Future use of Endowment funds for operations and grant-making after June 30, 2020

Attorney Stewart with input from Joe Duke, provided an extensive historical recounting of the history of the Harbor Branch Oceanographic Institution, Inc., which is now the Harbor Branch Oceanographic Institute Foundation, Inc.

The resulting discussion clarified task force member questions about:

A. Original Harbor Branch Founder Donor Intention

The Harbor Branch Oceanographic Institution, Inc. was founded in 1971 by Founder J. Seward Johnson, Sr. to fulfill his vision of preserving the environment through a deep, scientific understanding of the ocean. Famed Inventor Edwin A. Link furthered the founder's vision with his passion for sea exploration and engineering expertise. Together, Johnson and Link produced countless innovations through partnerships with many of the world's most talented scientists. That work, and the intellectual curiosity of Johnson and Link, propelled Harbor Branch to become one of the world's foremost leaders in oceanographic research.

B. The Foundation's significant land holdings

"The Channel Parcel"

Land along the channel which includes small protected inlet; this entire parcel houses the piping from the salt water wells which feed to Aquaculture. Has been deemed since 2007 as a site for a future Harbor Branch Foundation headquarters. Scientific exemption from property tax.

"ORA"

Buildings/land leased to Oceans, Reefs & Aquariums (ORA). Scientific property tax exemption due to fish farm.

"Salt Water Wells"

Jetty property used to pipe salt water to ORA and Aquaculture. Scientific exemption from property tax.

"Behind the Bunker"

Vacant US 1 frontage; currently not being used. Scientific exemption from property tax.

"The Old Citrus Grove"

Vacant; 60 acres currently not being used; possible future development. Was considered for wetlands and salt water mitigation project as well as FAU-backed Aquaco pompano fish farm commercial entity. Scientific exemption from property tax.

"The Triangle"

Small triangle of land – wetland areas. Scientific exemption from property tax.

"Lakela's Mint"

Natural mint field surrounding building and parking lot formerly leased to the Learning Garden Montessori School. No property tax exemption once Learning Garden moved out.

"Peacock Road"

The previously held Shrimp Farm property on Peacock Road was sold in 2016. Proceeds went to the Endowment.

C. The June 30, 2020 lifting of restrictions on the Endowment noted in each of our audits since 2007:

Seward Johnson Funds

The **J. Seward Johnson, Sr. Charitable Trust Endowment Fund** (the "Fund") is a donor-restricted term endowment fund established in 1994. The primary objective of the Fund is to provide a long-term flow of income to the Foundation. The Fund shall terminate on June 30, 2020, at which time the fund shall convert to a fund held by the Foundation for its exclusive long-term use, benefit or purposes. Accordingly, contributions to the Fund were recorded as temporarily restricted. The

Foundation's annual expenditures from the Fund are limited to 5% of the annual average fair market value of the Fund and are recorded as net assets released from restrictions in the statements of activities. The investment income, including gains, losses, dividends and interest earned on the balance of the Fund, is included in the statements of activities as temporarily restricted.

The **Seward Johnson Trust Fund for Oceanography** (the "SJ Fund") is a donor-restricted fund. The primary objective of the SJ Fund is to operate and maintain the Johnson-Sea-Link submersibles. The secondary objective of the SJ Fund is to support underwater oceanography and for other oceanographic purposes. The investment income, including gains, losses, dividends and interest, earned on the balance of the SJ Fund is included in the statements of activities as temporarily restricted. Under certain circumstances, the principal of the SJ Fund may be used at the discretion of the Foundation.

D. Discussion of the history, present use, and possible use of Specialty License Plate (SLP) Funds program of the Harbor Branch Foundation as the legislatively-dictated recipient:

- Aquaculture – (enacted 2004)
- Protect Florida Whales – (enacted 2002)
- Protect Wild Dolphins – (enacted 1998)
- Save Our Seas – (enacted 2007)

President Kissman was charged with providing Task Force Members with supporting background information for their review prior to the next meeting (e.g., previous audits, land appraisals, SLP Legislative Plate Language, various documents with FAU, and feedback from Bob Campbell re the Seward Johnson Funds.)

Items Identified for Future Discussion

What do we want the Foundation to be in the future?:

- The premier funder for excellent oceanographic research nationally and internationally?
- A funding umbrella for other interested donors who seek excellent grant-making and grants management services?
- Adding fundraising activities to operations and building the Board of Directors accordingly to secure major planned gifts?
- Incremental, Substantial and/or Transformational Change grants (e.g., The Everglades George Barley Water Prize)
- How do we want to use our properties in the future?

Adjournment

The Task Force agreed to reconvene as soon as another meeting could be arranged to begin discussions for recommendations to the Board. There be no further discussion the meeting was adjourned at 5:49 pm.