

FOUNDATION

For A Healthier West Orange

ANNUAL MEETING MINUTES

Friday, October 7, 2022, at 8:30 AM
1200 E. Plant Street, Ste. 220
Winter Garden, FL 34787

The Foundation for a Healthier West Orange (HWO, Inc.) Board of Directors met on Friday, October 7, 2022, at the Healthy West Orange Building, rescheduled from September 30, 2022, due to Hurricane Ian. Chair J. Whiddon called the meeting to order at 8:53 a.m., after quorum was established. Directors Present: B. Spong (virtual), C. Evans, J. Whiddon, N. Sutton. Directors Absent: K. Vargas, T. Keating. Staff Present: L. Boettcher, T. Swanson, A. Mendyk. Guests: J. Jonasen of Gunster (virtual).

PUBLIC COMMENT

No members of the public were in attendance; therefore, no public comment period was necessary.

APPROVAL OF MINUTES

Board Action: Upon a motion duly made and seconded, the minutes of the Board Meeting on August 30, 2022, were unanimously approved.

ELECTION OF DIRECTORS

J. Whiddon called upon J. Jonasen, who explained that the bylaws provide that sitting Directors are automatically nominated for reelection, although a Director may choose not to be renominated and additional nominations may be accepted from the floor. The slate for reelection was included in the agenda, as follows: Bernadette Spong, Camille Evans, Jaclyn Whiddon, Kari Vargas, Norma Sutton and Tim Keating. No additional nominations were proposed.

Board Action: Upon a motion duly made and seconded, the Board unanimously approved the reelection of Bernadette Spong, Camille Evans, Jaclyn Whiddon, Kari Vargas, Norma Sutton and Tim Keating to the HWO, Inc. Board of Directors, to serve until the next annual meeting of the Board or until their successors are qualified and elected.

ELECTION OF CORPORATE OFFICERS

J. Whiddon pointed out that the bylaws provide for the annual election of corporate officers. The staff officers (CEO, COO, and Controller) continue to serve until such time as the Board chooses to change them. J. Whiddon provided the current slate of officers as follows:

Chair: Jaclyn Whiddon
Treasurer: Tim Keating
Secretary: Norma Sutton

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Board Action: Upon a motion duly made and seconded, the Board unanimously approved the election of corporate officers, to serve until the next annual meeting of the Board or until their successors are qualified and elected, as follows: Chair - Jaclyn Whiddon, Treasurer - Tim Keating, and Secretary - Norma Sutton.

FINANCE REPORTS – AUGUST 2022

Chair J. Whiddon called upon T. Swanson to present the financial reports for August 2022. T. Swanson called attention to the combined balance sheet that includes HWO, Inc. and its three affiliates, HWO Investments, LLC, HWO Holdings, LLC, and Healthy West Orange, LLC. On a combined basis, total assets were \$84.9 million at end of August 2022, with the primary assets being the HWO Investments, LLC portfolio at \$69.6 million, which was down \$2.2 million in August. The decrease was primarily due to financial market declines. The Foundation's money market account and CD accounts were \$7.7 million at end of August, of which \$5.5 million was in a nine-month CD earning 85 basis points, and the money market account was earning 60 basis points. Liabilities were \$80,000 at end of August.

Moving to the Combined Statement of Revenues and Expenses for the 11 months ended August 2022, net investments had a total loss of \$2.3 million in August. Year-to-date total investment loss was \$7.5 million. All sub-categories for year-to-date expenses on the Income Statement were within budget. Primary spend in August was for programs with the American Heart Association for Hydration Sponsorship and Westly's Mile Sponsorship (\$37,000 total). Year-to-date total expenses through August were \$1.4 million compared to the full year budget of \$1.866 million. Expenses were 75% of the total budget.

B. Spong inquired about cybersecurity insurance, and N. Sutton inquired about liability insurance levels on the Healthy West Orange Building. It was requested that the Foundation's insurance agent present at a future Finance Committee or Board meeting.

Flash Report:

T. Swanson concluded her comments on the financial statements and moved to the August 2022 monthly Flash report provided by investment advisor AndCo Consultants. The overall returns from the portfolio year-to-date were down 12.56%. For the month of August, the return in the portfolio was down 3.14%. The allocation to domestic equities was down 3.67% while the international equities was down 6.27%. The fixed income allocation was down for the month at 2.21%, and the total alternatives composite allocation was down 2.64%.

Referring to page 4 of the August 2022 AndCo report, T. Swanson noted that all asset allocations were within their ranges as set forth in the Investment Policy Statement except the Total Alternatives Composites, which were slightly above the upper end of the range. T. Swanson also noted that \$7,150,000 was moved out of Legg-Mason Brandywine Fund to the

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Vanguard Equity Income Fund in September, per the Finance Committee's recommendation. T. Swanson concluded her report by asking for questions, comments, or a motion.

Board Action: Upon a motion duly made and seconded, the Finance Reports of the Foundation for August 2022 were unanimously approved.

GRANT UPDATES

T. Swanson confirmed that all remaining funds had been transferred from the West Orange Healthcare District to the Foundation, including all outstanding grant payments. T. Swanson proceeded to update the Board on the status of the Orlando Health - Health Central Park grant. She shared that the District had recommended that the Foundation Board approve and release the final grant draw, given the District's acceptance of final plans as presented to them on September 27, 2022. A motion was made for approval to release the funds.

Board Action: A motion was duly made, seconded, and unanimously approved instructing Staff to accept plans as presented on September 27, 2022, and to release the final grant draw for the Orlando Health-Health Central Park Rehab Grant to Orlando Health.

Following approval of the motion, T. Swanson updated the Board on progress on the Center for Creative Aging project. With the breadth of the work remaining, acquisition of additional resources was recommended, including retention of J. Ziomek as project manager and the addition of an independent contractor to provide day-to-day advancement of work. A candidate had been identified with a broad range of experience complementary to the current team, and who was available to begin work in late October. After discussion, T. Swanson asked that a motion be made to release an additional \$90,000 from the initial \$500,000 of Center for Creative Aging feasibility funds to cover upcoming expenses through Q1 of 2023.

Board Action: Upon a motion duly made and seconded, the release \$90,000 of Creative Aging grant feasibility funds to secure project resources through March of 2023 was unanimously approved.

RESTRICTED GRANT UPDATES

T. Swanson called the Board's attention to the Grant Funding document, reviewing the status of each grant based on portfolio performance. It was pointed out that given the down market, several restricted funds had lost value. L. Boettcher updated the Board on the Healthy West Orange Trails Connection (HWOTC) prioritization and spending strategy. She explained that, with the market down, it was expected that the HWOTC would not begin spending from the Implementation fund, but would likely wait until completion of all prioritization and identification of partner funding opportunities. In the interim, once the Implementation funds reach their starting value, the HWOTC may ask the Foundation to release the funds into a money market account to further protect from market losses.

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BUDGET REVIEW

T. Swanson reminded the group that the Foundation budget had been previously approved; however, the budget for each subsidiary would be reviewed for approval in each of the annual meetings that will follow the Foundation annual meeting. T. Swanson provided an overview of the current state and progress for the Foundation, highlighting goals, organizational structure, and direction for the coming year. T. Swanson highlighted a cause of change for the FYE 2022 Forecast to Budget, and then reviewed the main changes that would increase the budget year over year for FYE 2023.

Facilities:

T. Swanson requested additional funds to finish building out the unfinished space on the second floor of the Healthy West Orange Building. The space would be used for storage, programming, and office space. A motion to approve \$275,000 to complete the build-out on the second floor was introduced. J. Whiddon asked for further comments or questions.

Board Action: Upon a motion duly made and seconded, the allocation of \$275,000 to HWO Holdings, LLC, which will be directed by staff, with the guidance of T. Keating, for completion the second floor buildout for Suites 230 and 240 was unanimously approved.

T. Swanson shared that due to challenges leasing smaller spaces that require a full buildout and because resources are not readily accessible by small business owners to manage such small buildouts, HWO Holdings' leasing agent has suggested that HWO Holdings build out the unbuilt spaces on the first floor of the Healthy West Orange Building and adjust the tenant buildout allowances. T. Swanson asked for approval to access funding to finish the small spaces to increase the ability to find tenants. The Board was in favor of the recommendation authorized the Staff to proceed with guidance from T. Keating.

Board Action: Upon a motion duly made and seconded, the Board unanimously approved the allocation of up to \$300,000 to HWO Holdings, LLC, to be directed by staff with the guidance of T. Keating, for building out Suites 110 and 150 of the Healthy West Orange Building in order to make the spaces more competitive for attracting small business lessees.

FHWO COMPENSATION STRATEGY DISCUSSION

J. Whiddon excused the COO and Admin from the meeting. She then shared that T. Swanson and she had met to discuss possible Foundation incentive compensation plans and strategies for the CEO position, with the understanding that likely decisions would also have implications for the COO and Controller. J. Whiddon shared the challenge of being able to bring forth a solid recommendation given the early lifecycle of the Foundation Board and work in progress regarding clearly articulated goals and objectives for the Foundation.

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J. Whiddon shared that T. Swanson and she had become aware during their research that it was best practice for nonprofit organizations to have a formal policy for approval of compensation. She then asked T. Swanson to share a draft of a proposal for the Board's consideration.

Board Action: Upon a motion duly made and seconded, the Board unanimously approved the adoption of the attached Policy for Board Approval of Compensation, to be followed until a new policy is developed or determined necessary.

J. Whiddon then excused T. Swanson, and the Board discussed each Director's experiences and preferences for developing performance measures for the CEO that could be tied to incentives. Pros and cons, as well as appropriate timing of when those measures could be identified and used for the current year, were discussed at length. It was determined that the Board should explore whether the services of an outside consultant could be helpful in guiding their decision making.

Staff were invited back to the meeting, and T. Swanson was asked to work with Board members who had compensation consultant connections to reach out and set up initial interviews with the objective of developing an understanding of approach, cost, and what each consultant would need from the Board to assist the Board in establishing an incentive-based compensation plan. It was the collective opinion of the Board that having this understanding going into the February work session would be helpful to guide their next steps.

RATIFICATION OF ACTIONS

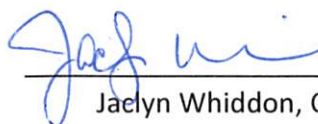
A motion was made to ratify, approve, and confirm actions taken by the Foundation during the previous fiscal year.

Board Action: Upon a motion duly made and seconded, the Board unanimously ratified, approved, and confirmed all actions taken in good faith by the Foundation, and by its officers and authorized signatories on its behalf, during the course of the preceding fiscal year in accordance with the Florida Not For Profit Corporation Act and the Foundation's Articles of Incorporation and Amended and Restated Bylaws.

OPEN FORUM

No items were discussed.

The meeting was adjourned at 10:23 a.m.



Jaelyn Whiddon, Chair



Policy for Board Approval of Compensation

The CEO of The Foundation for a Healthier West Orange Nonprofit (the "Nonprofit") is the principal representative of The Foundation for a Healthier West Orange Nonprofit, and the person responsible for the efficient operation of the Nonprofit. Therefore, it is the desire of the Nonprofit to provide a fair yet reasonable and not excessive compensation for the CEO (and any other highly compensated employees and consultants).

The annual process for determining compensation is as follows: The Nonprofit Board shall annually evaluate the CEO on her performance and ask for her input on matters of performance and compensation.

Board Approval. The Executive committee will obtain research and information to make a recommendation to the full board for the compensation (salary and benefits) of the CEO and other highly compensated employees or consultants based on a review of comparability data. For example, the Executive Committee will secure data that documents compensation levels and benefits for similarly qualified individuals in comparable positions at similar organizations. This data may include the following:

1. Salary and benefit compensation studies by independent sources;
2. Documented information for similar positions at both nonprofit and for-profit organizations; and
3. Information obtained from the IRS Form 990 filings of similar organizations.

Concurrent Documentation. To approve the compensation for the CEO (and other highly compensated employees and consultants) the board must document how it reached its decisions, including the data on which it relied, in minutes of the meeting during which the compensation was approved. Documentation will include:

- a) A description of the compensation and benefits and the date it was approved;
- b) The members of the board who were present during the discussion about compensation and benefits, and the results of the vote;
- c) A description of the comparability data relied upon and how the data was obtained.

Independence in Setting Compensation: The Chair of the board of directors, who is a volunteer and not compensated by the Nonprofit, will operate independently without undue influence from the CEO.

No member of the Executive Committee will be a staff member, the relative of a staff member, or have any relationship with staff that could present a conflict of interest.

Date approved: October 7, 2022