

Minutes BCCC Board Meeting

Date: January 25, 2022 Online via ZOOM

In attendance: Gary Parsons, President
Mario Obejas, Vice-President
Susan Callaway, Secretary
Leila Grantz, Treasurer
Laura Lohnes, Member at Large
Steve Reichlin, Youth Education Coordinator
Members: Catherine Graham, Art Grantz, Diane Granville, Hawk Granville, Del Losson, Ali Prieto, Peter Richardson, Suzy Stock, Linda Wein, Don Young

After roll call and establishment of a quorum, the meeting was called to order by President Gary Parsons at 7:02 pm.

The minutes of the following meetings, sent out by email, were approved:

December 12th, 2021 Membership Meeting

December 14th, 2021 Board Meeting

January 13th, 2022, Special Board Meeting

Attendee comments

Peter Richardson presented information as to why he thought a proposed plan to create a recreational riding club (501(c)7) that was separate from the existing 501(c)3 charity was not necessary and would not benefit either entity. He has sent Board members a letter detailing why our 501(c)3 needs a membership base to support its charitable activities. He also included suggestions that would improve the existing club's compliance with the requirements for our 501(c)3 designation.

Treasurer's Report

Leila reviewed the Statement of Activity Detail report. Our largest expense was \$2388 for our December Member Meeting.

Revenue for membership renewals was \$575. Net revenue was -\$1845.

Year-End Statement of Activity: Revenue: \$13,931, Expenses: \$10,952, Net Revenue: \$2979

End of Year Budget vs Actuals: Revenue: 95% of what we expected. Expenses: 47% of what we expected

Membership (7:15pm)

Gary reported that we added 7 new members in December. We now have 347 members, the highest number of members to date.

Insurance Claims/Member Biking Accidents (7:14)

Mario reported that there was an accident on the L4 ride on Saturday, January 22nd. The rider ended up with minor scrapes/road rash. He was able to ride back to his car.

Unfinished Business (7:17)

1. Gary reported on meeting with non-profit lawyer for advice on:

- (1) *Whether member activities currently paid for with 501(c)3 money are appropriate for BCCC or are they a risk to our status as a 501(c)3 nonprofit organization*
- (2) *Whether the requirements for a 501(c)7 are more appropriate for the way BCCC has been operating as mainly a recreational/social bike club*
- (3) *Whether we should change the name of the existing 501(c)3 club to Beach Cities Cycling Foundation or something similar to better show our mission as a charitable organization rather than a membership-based club*

- Because we incorporated as a 501(c)3 charity but we operate day-to-day as a membership driven bicycle club we wanted to get advice on the appropriateness of spending money on benefits that accrue to private club members.
- Gary and Mario undertook a search to find a lawyer that specialized in non-profit matters. They first queried a nonprofit lawyer suggested by South Bay Wheelmen, who offered a 30 minute free consultation. During that consultation, they were given feedback that the club's private benefit rides were not in compliance with its 501(c)3 charter. They resolved to find a local lawyer, with a practice that advertised itself as over 50% nonprofit law. They sent out a request for proposals; of the two that responded, one offered a free 30 minute consultation. The decision was made to continue to work with her for legal advice.
- Gary solicited written questions from all members of the Board for discussion with this nonprofit attorney.

The questions were collected from two rounds of soliciting and provided to the lawyer in writing. Gary and Mario held a Zoom session with the lawyer to go over all the questions. A written summary of the meeting was provided to the lawyer so that we could ensure she concurred with our understanding of the issues and guidance. Her revised summary was then distributed to board members.

- The key question submitted was from Leila, "do group bike rides offered to members and one time guests count toward the charitable purpose?" Answer: No. "You only offer these rides to members, not to the public."
- To protect the 501(c)3 and its existing assets, we have to bring the 501(c)3 into compliance: we have to move the riding activities out of it (suggested: into a 501(c)7). The 501(c)3 cannot help fund the 501(c)7. The ~\$70K the 501(c)3 has amassed must stay with the 501(c)3.
- These same questions were posed to a third nonprofit attorney, a PV Bike Chick Board Member; she concurred with the legal advice from the first nonprofit attorney.
- Other advice offered by the lawyer in regard to liability insurance: "the greater good of protecting the organization outweighs the benefit a member receives". We have a fiduciary responsibility to protect the 501(c)3 (specifically including the general liability insurance policy) during the corrective actions period (3-5 months?).
- To bring the 501(c)3 into compliance without too much disruption, Gary floated a preliminary idea about changing the 501(c)3 name, to append "Foundation", allowing the 501(c)7 to reuse the existing name.

A lengthy discussion ensued about 501(c)3 retaining assets, the role of true members within a 501(c)3, the legal advice offered, and the possible problems of a name change.

Susan indicated that she did not support a name change and that such a change would jeopardize the school year contract. Citing the amount of cash reserves in BCCC's bank account and the amount of the proposed amount of grant funding, Laura suggested that the program would not be jeopardized if they lost funding from the grant. Leila stated that not using the grant would be poor stewardship of the Club's resources.

Gary agreed to set up a follow up Zoom session with the Lawyer and all Board members to get answers to follow up questions .

2. Budget discussion (7:46)

Numerous items proposed for 2022 yearly budget captured from prior discussions: Leila highlighted many budget items, e.g., credit card processing, legal fees, insurance, PO Box, domain name, website, annual donors meeting, workmen's comp, payroll service, W2 charges, background check (service and per person), server backup, encryption software to protect sensitive staffing documents, new and existing grant

money, school program supplies.

Laura expressed concerns that the amounts accumulating from dues paid in previous years were not being shown as a budget source. Leila noted that \$6k will come from existing reserves. Laura also said it was unusual for a budget to include a liability account in addition to revenues and expenses and suggested that it be revised. Leila explained her rationale, including that YEP is a two-year program and lends itself to easier donor reporting. Susan mentioned that she believed Leila's methodology is an improvement over previous method which did not provide visibility

Item 2b: Gerry Agnew \$300 camera subsidy – Still waiting for a response regarding donating the leftover \$300 to BCCC.

Item 2c. Value of trailer: Based on information from resale sites, Mario estimates the value is @ \$2,500, although it might require @ \$250 to make it road worthy.

Item 2d. Back up and security for BCCC information: Mario reported that our current system, WD Cloud, is not adequate for our requirements. We should consider a cloud based system such as those provided by Google, Amazon or Microsoft. We also need an encryption system for certain information, and Leila said WinZip has been recommended by a cyber security expert that she knows. Pete agreed MyCloud is not a good solution. Leila and Mario agreed the personnel docs need encryption. Mario emphasized documenting how sharing encryption keys is difficult and no matter what solution is chosen, that sharing needs to be well documented and simple, or people won't do it.

Item 2e. Youth Education Program: Background check options: Live Scan (fingerprint based) vs Good Hire (social security # based). Susan believes LiveScan requires an application to use it and will cause a delay so proposed using Goodhire. Laura indicated that the employment attorney wrote in an email that we need to use a fingerprinting service.

- Mario made a motion to use Livescan. Susan and Leila advocated using Goodhire.

- A discussion ensued regarding the need for Livescan rather than a social security number based system. To resolve the matter, Gary asked Laura to produce the email that Board received from Susan with the employment lawyer's advice.

- In the meantime, Jim Hannon's letter to the Board was discussed. Mario indicated Jim had called him to discuss the letter. Jim also told Mario that he would contact other Board members as well. Mario reported that Jim Hannon is troubled by Gila Katz and West Basin grants being used solely in Redondo and Hermosa where they were supposed to be used in other cities as well (namely Lawndale, Hawthorne). Mario also said that Jim asserts he will request an audit if these grants are solely used in Hermosa and Redondo and claims to have supporting documentation supporting his assertion. Susan claimed this was news to her. Leila also mentioned Jim believes the trailer is supposed to be SBBC/BCCC dual owned, but she saw only BCCC ownership documentation.

- Susan claimed she asked Jim several times last week if SBBC would be interested in taking over the Youth Education Program (YEP) and he never said yes; Gary and Mario claimed Jim specifically said yes, they did want to take over the YEP. Mario relayed Jim's description of SBBC's program from the earlier phone call: they are hiring a company that has already done similar YEP.

- **Action Item** : A meeting will be set up with Jim Hannon to discuss the letter he sent to the Board regarding our Youth Education Program and resolve issues with grant claims.

Return to item about lawyer guidance on background checks.

An email from employment lawyer Jeff McClure was displayed, i.e., his advice for background checks. His conclusion was that “, *assuming the highest level Goodhire program includes fingerprinting, then I would recommend proceeding with that one.*”

- Livescan is the only one of the two that offers fingerprinting. Susan cited the delay in implementation and that the Board knows the people involved. Gary disagreed saying the Board, “should act like employers.” Susan stated she did not understand why we couldn’t just use a social security based background check, instead of fingerprinting. Mario stated that we should follow the advice from Counsel.

- Mario reiterated the motion (“Use LiveScan which uses fingerprinting:”), seconded by Laura.
- The motion passed: 3 in favor (Parsons, Obejas, Lohnes), 2 opposed (Callaway, Grantz).

Leila made a motion, seconded by Susan: Use a 2 step background check process: Good Hire now, followed by a Live Scan once BCCC has applied to become an authorized applicant agency and has been approved.

A discussion ensued about the appropriateness of this process in view of conflicting legal advice as well as the problems associated with using Livescan. Leila was asked to repeat her motion: Start with Goodhire, do fingerprinting at a later date when possible.

Motion failed: 2 in favor (Callaway, Grantz), 3 opposed (Parsons, Obejas, Lohnes),

Susan will check with the employment lawyer to see if there is another background check option he would recommend since she believed we are not currently eligible to use Live Scan.

- There were no other applicants to youth program.
- Employee Handbook discussion tabled for another meeting.

New Business

1. BCCC-501(c)7 (New Social/Recreational Organization)
 - a. Covid Guidelines Update

Mario made a motion, seconded by Gary: Extend the current Covid guidelines which require that members must be fully vaccinated to participate in club rides to March 3, 2022. The motion passed unanimously.
 - b. Sponsor renewals: Contracts need to be reviewed to determine renewal dates. Safety Cycle renewed for two years, through end of 2022.
 - c. There is no status of new 501(c)7, it awaits a name.
2. BCCC-501(c)3 (Existing Charity Organization)
 - a. Name Change
 - Change “last name” to Foundation: Per nonprofit lawyer, this would be acceptable for a public charity like BCCC. Susan stated that they are not ready to do this.
 - Susan stated that RBPB has indicated we will not be eligible for 2021-22 grant funds if we change our name. No name change decision tonight, wait until we talk to nonprofit lawyer.
 - Insurance
 - Should we stop collecting dues and ask for donations until 501(c)7 is set up, and if so, would members still be covered by our insurance? Gary will check with lawyer and insurance agent. Written questions on transition will be asked of lawyer.

- Insurance policies must be renewed for a year.
- Price of insurance for a 501(c)3 that is an advocacy organization, rather than a riding club, will be available by the end of the month.

Announcements/News

None

Board Round Table

Susan mentioned that major expenses not included in the budget should not be paid without Board approval. We should “pick a number”. Gary reiterated that Board approval is required for any expense, no matter how large if it is not part of the approved budget. Leila said that as Treasurer, she should have the checkbook and debit card. Gary will give them to her.

Mario and Susan agreed that Board meeting with lawyer should be in executive session, no spouses in same room.

Next Board Meeting: February 17th at 7 pm via ZOOM

The meeting was adjourned at 8:50 pm.

Mario Obejas, Acting Secretary