

Chestnut Hill Community Association Board of Directors Meeting

Chestnut Hill Library
Thursday, January 22, 2015

MINUTES

Board Members Present: Liz Bales, Sister Mary Helen Beirne (Norwood-Fontbonne Academy), Jason Bissonette, Julie Byrne, George Coates, Will Detweiler (President), Sam Earle, Lee Foulkrod, Mark Keintz, Joyce Lenhardt, Laura Lucas (VP Operations), Larry McEwen (VP Physical Division), Chris Padova (VP Social Division), Marilyn Paucker, Remy Pizzichini, Tony Reilly, Bob Rossman (Treasurer), Brien Tilley (Immediate Past President), and Jean Wedgwood

Board Members Absent: Stephanie Chomentowski, Tom Cullen, Art Howe, Lisa Howe, Nell Kahil (CH Friends Meeting), Arianna Neromiliotis (Teenagers Inc.), Richard Snowden (CH Parking Foundation), Kristina Sullivan (Secretary), and Walt Sullivan

Attendance: 19 present and 9 absent = 28

Others Present: Kevin Dicciani (Reporter, CH Local), John Falco (Attorney, Pepper Hamilton), Celeste Hardester (Community Manager), Larry Hochberger (Associate Publisher), Caryl Johnston (Recorder), Martha Sharkey (Executive Director, CH Business District), and Gerald Tracy

Will Detweiler called the meeting to order at 7:30 PM and Celeste Hardester conducted the roll call.

Discussion of Bylaw Changes for Both CHCA (new PA Corporation) and CHCA (DE Corporation) in Order to Implement 501(c)(3) Status. Will began the meeting by saying that in the 40 years of his involvement with the CHCA the issues to be dealt with tonight trumped all others in their importance. He briefly set the ground rules for tonight's discussion, introducing Bob Rossman as the first speaker to be followed by Brien Tilley.

Bob Rossman gave a brief recap of why the CHCA is pursuing 501(c)(3) status. He noted that when Walt Sullivan was President people were asking why contributions to the Chestnut Hill Community Association were not tax-deductible. For tax-deductible status 501(c)(3) is needed; non-profit status alone does not suffice. Long discussions followed. Brien Tilley became President of the association and the Board decided it was a good idea to apply for 501(c)(3) status.

John Falco, the attorney from Pepper Hamilton whose *pro-bono* work on behalf of the CHCA made this development possible, said that in order to permit the Association to obtain the status, it was necessary to break apart the two functions of the Association and the Chestnut Hill Local. That is because the Local is, arguably, a business, and commercial activity would prevent an organization from qualifying for 501(c)(3).

Brien Tilley spoke, noting that the 501(c)(3) status was obtained three months from filing date. He publicly thanked John Falco for his many hours of work. Brien said the main goal in the bylaws

discussions is to effectuate the most seamless transition possible between our current situation and the new situation brought about by the 501(c)(3) status. Bob Rossman also agreed that we want as little change as possible. One of the important issues is that of the two boards. The boards of the Pennsylvania Corporation (CHCA) and the Delaware Corporation (holds only the Local) cannot be the same, and the two boards cannot have the same officers. The main and recurrent question concerns how much control the CHCA wishes to exercise over the Local. There was much discussion back and forth concerning the shape of the respective boards in the two corporations. The Delaware Corporation has one member, the PA Corporation, which has control over the Local. The PA Corp is to appoint directors of the DE Corp. The PA Corp can remove directors of the DE Corp with a two-thirds vote, but the board of the Local must remain an effective entity with the power to elect officers and determine policy. The DE Corp should hold at least four meetings a year. Four officers of the DE Corp must be members—but not officers—of the CHCA. Any bylaw changes to the DE Corp have to be approved by the PA Corp.

The issue of the sale of the Local came up. Will Detweiler and others said it is something we probably do not want to happen. But all proceeds from such a sale, were it to occur, would go to the CHCA.

Sam Earle spoke to the issue of the financial governance of the Local. Currently the CHCA has budgetary oversight. We have fiscal control because the Local is our asset. Should we retain this control?

Bob Rossman said that some issues are more “philosophical,” such as how much authority should be given to the Board of Directors of the Local. Our recommendation is that the directors of the Local would be able to approve its own budget, but such budget should be reported to the CHCA on an annual basis. If something was grossly wrong the CHCA could call a special meeting.

John Falco spoke on the issue of integration: if the CHCA of the new corporation exercises too much control over the Local, then it is possible that the IRS would say you are operating as one enterprise and the 501(c)(3) status would be revoked.

George Coates asked if an annual budget approval would be considered excessive management. John Falco said No, but the PA Corp would not intervene on a weekly or monthly basis. **Brien** said he thought this made sense, and that meeting once a year to approve a budget did not seem to him unwieldy.

Larry McEwen asked if we were going to continue receiving a monthly financial report from the Local.

Mark Keintz said that the issue concerns the efficacy of this approach. Clearly, as sole member, we want authority for specific corporate actions. The PA Corp must approve this type of action.

Chris Padova reminded everyone that one-third of the Local’s board will be members in this body.

Sam Earle said that the Local is an asset we own, frankly, our only asset apart from all the goodwill and hard work that has gone into maintaining this organization. Yes, we retain control by removing directors. It’s not all that easy. Finances of the operation are at heart. Maintaining a minimum annual approval keeps our asset in check. Having more checks and balances is all to the good. There have been times when the Local’s finances have gone off the rails.

George Coates said that eight hours of meetings a year is not a lot of oversight. It is wise to keep that budgetary approval, though it is not much more than a formality.

John Falco said he thought the reporting was important. A question was asked: can the Local contribute to the CHCA? John Falco said this would need to be explored. Bob Rossman asked for any other questions. There was not to be a vote tonight. Other points mentioned were that limits should be placed on the overlapping of the two boards, and that the officers of the two corporations should be different.

Gerald Tracy, a visitor from the audience, pointed out that non-profits have often had hugely successful publishing ventures. He cited the American Medical Association, which manages the magazine JAMA as one instance. Another was the National Geographic magazine. In such cases there is, on the websites or mastheads of such publications, full disclosure of ownership, conflict of interest issues, publicly linked mission statements, etc. Such measures do not prevent editorial contributions from the owners or interested parties.

John Falco said that getting the bylaws approved by the Board, getting the approval of the membership, and implementation by the CHCA are the next stages of this process. Will Detweiler reviewed the proceedings, saying that this (January) meeting was to discuss the Local's bylaws; the upcoming February meeting will be to vote for both the Local bylaws and the CHCA bylaws. In April the matter will be put to the membership.

There was an informal vote (10 hands raised for ayes) that the CHCA retain the prerogative to approve the Local's budget (as opposed to the Local being merely required to report said budget). This was suggested by **George Coates** and as a help to the bylaws committee.

Other Matters on the Agenda:

- Elect a Nominating Committee (chaired by Immediate Past President Brien Tilley) for the 2015-16 CHCA Officers and At-Large Members of the Executive Committee. The ballots were cast and the following people were elected to serve on the Nominating Committee: Liz Bales, George Coates, Sam Earle, and Jean Wedgwood. Mark Keintz presented a motion to approve the Board meeting minutes for November 20, 2014; this motion passed.
- Will Detweiler mentioned that Fred Voight will be reviewing our voting procedures, bylaws, etc. and will provide comments. We will take up this matter at the February 26 meeting.

Having run out of time, the meeting was adjourned at 9:02 PM.

Initial draft of minutes prepared by Caryl Johnston.

Approved by the Board of Directors without amendment on 2/26/15.