

NCFIE BOARD OF DIRECTORS
April 17, 2019 NCFIE Special Board Meeting Conference Call
DRAFT MINUTES

Board Members Conference Call: Kathleen Rich-New, Karen Shmukler, Tracy Little, Charlotte Kamauoha

Members not in attendance: John VanDenBerg

Others in Attendance: Phil Scarpelli, CEO, Laurie Anna DeGennaro, Board Liaison, Patrice Grier, Chief Risk and Compliance Director/Staff Attorney, Dr. Patricia Nellius, Consultant

Kathleen opened the meeting, welcomed and thanked all for attending.

Motion: Karen motioned to approve the April 17, 2018 agenda. This was seconded by Charlotte.

Kathleen then reminded members that if they had a real or perceived conflict of interest to please complete the Conflict of Interest form and provide it to Laurie Anna DeGennaro. Members did not report any conflicts.

Kathleen reported her resignation as Board Chair is effective May 1, 2019.

Motion: Karen motioned to accept Kathleen's resignation effective May 1, 2019. This was seconded by Charlotte and the motion passed unanimously.

Kathleen stated she is nominating Dr. Patricia Nellius to serve as the NCFIE Board Chair and is seeking a motion for approval. She noted that she and Mr. Eric Smith, BFP Board Chair reviewed the by-laws and considering the new strategic direction of the center and Dr. Nellius' expertise, they feel she is the best candidate for the Chair position. Dr. Nellius has agreed to serve as the Board Chair

Motion: Karen motioned to appoint Dr. Patricia Nellius to serve as the NCFIE Board Chair. This was seconded by Charlotte.

Phil called for a group discussion concerning the potential conflict of interest with having a paid consultant serving on the board and moreover serving as the Board Chair. He then asked Patrice to explain the conflict in greater detail.

Patrice reported after her research, review of the by-laws and Governance Policies in addition to consulting with outside council Jane Callahan who is a subject matter expert on tax exempt organizations, she is recommending against Dr. Nellius serving as a NCFIE board member/board chair for the following reasons:

The conflict of interest in this particular situation is due to the depth and scope of the services the paid consultant provides to the corporation. In addition, there is an appearance of impropriety if a person who is getting paid by a corporation to provide such comprehensive services is also in the position of being able to exercise control over the Board along with raising red flags with the IRS. The IRS has a prohibition against the use of income or assets that would "directly or indirectly unduly benefit an

individual that has a close relationship with the organization or is able to exercise significant control over the organization.” A violation of this would jeopardize the tax-exempt status of the corporation.

In addition, she just learned that the bi-laws will be ratified to reflect all subsidiary board chairs will also serve on the BFP Parent board of directors creating another high-risk conflict of interest.

Patrice also reported that the NCFIE has a board recruitment policy and when presenting candidates, the Policy should be enforced to ensure the candidate is vetted appropriately.

Kathleen shared background and history on the development of the NCFIE through the community to secure additional revenue streams.

Kathleen explained that Dr. Nellius’ contract is with BFP providing services to BFP, CARES and Family Allies.

Kathleen further explained that the NCFIE Board Chair does not have to be a member of the BFP Board as the By-laws exist today.

Kathleen further noted that Tracy Little is a board member and both he and Valerie Holmes are compensated for services to NCFIE.

In addition, the NCFIE is focused on recruiting national experts to further advance the center. She then gave examples of board members who were compensated to be key note speakers at a conference held by NCFIE.

Kathleen then reported the standard practice that has been in place since inception is paid consultants will report their conflict of interest and recuse themselves should a potential conflict surface.

Patrice agreed with Kathleen and further explained in the cases where board members were contracted to provide a particular service, it is customary to sign a conflict of interest form and recuse themselves from voting on any issues that surface pertaining to that particular service. Based on her understanding of the comprehensiveness of services from the consultant, it is nearly impossible for Dr. Nellius to recuse herself as a board member or board chair. In other words, the services provided by the consultant would be issues that would come before the board for their review and vote, thus creating the appearance of impropriety.

Patrice confirmed that the information provided is her legal opinion as well as the legal opinion of the external council.

Kathleen shared there are no current contracts in place, Phil is to provide a NCFIE capacity building and fundraising plan and reiterated the NCFIE conflict of interest practice for the period 2014-2019.

Kathleen confirmed that Patrice’s role is to advise the board and it’s the board makes the decisions. She thanked Patrice for her research and consulting with outside council.

Karen then asked if there is any documentation that articulates the organizational relationship, the written opinion for both internal and external council on this conflict of interest? She would like to

review materials, understand the new strategic direction and how the conflict affects this decision. Tracy agreed.

Patrice confirmed that she and Jane Callahan have prepared a summary, and she has the documents Karen is requesting, i.e. by-laws and policies.

Action Items: Patrice will provide documents to Laurie-Anna to post to the NCFIE Portal to review. Laurie-Anna will e-mail board members once they are up.

Karen Shmukler retracted her motion to appoint Dr. Nellius as the NCFIE Board Chair until review of the documentation.

Charlotte Kamauoha kept her vote in place.

Tracy Little did not vote but would like to review the documentation before the decision is made to appoint Dr. Nellius.

Action Item: Kathleen asked Phil to provide the capacity building and fundraising plan by the next day to add to the board portal for members to review.

Kathleen asked if there were any other comments.

Members and staff thanked Kathleen for her many years of service to the NCFIE Board and for her efforts to advance the center.

Motion: Tracy moved to adjourn. This was seconded by Karen.

Respectfully Submitted,

Laurie Anna DeGennaro
Board Liaison