

**Lexington Arts and Crafts Society, Inc.**

**MINUTES**

**Board of Directors Meeting**

**March 23, 2019**

130 Waltham Street, Lexington, MA

**Board Members Present**

Todd Carey	Matthew Siegal	Louise Hara
Susan St. Maurice	Katina Leodas	Mireille Gart
Peter Bain	Bruce Neumann	Rachel Rosenblum
Wayne Davis	Nancy Cornelius	Lee Webster
Lauri Hugentobler		

**Board Members Absent**

Jenny Pyle, Peter Kelley, Ginny Chomitz

**Guild Observers**

Wilda Ward – Decorative Arts      Carolyn Reckman – Woodworkers

**Clerk:**

Terumi Irizawa

The meeting was called to order at 11:10 am, with Wayne Davis acting as chair. He asked everyone to introduce themselves.

Wayne noted that this was an historic meeting for the Society, its first Board meeting following adoption of new Articles of Organization and Bylaws. He said this is a remarkable opportunity to take an established organization and make something great out of it. We can have a good time together doing this and Wayne is looking forward to helping the organization figure out what to do.

Bruce Neumann asked the board to applaud Louise Hara for her hard work and dedication for the past 2 years and for her creation of the vision for what the LexArt community could become. This was heartily endorsed.

**1. ELECTION OF OFFICERS**

Upon motion of Bruce Neumann, second by Rachel Rosenblum, it was

**VOTED:** That, as contemplated by Article VIII of the Bylaws, the following individuals are elected to the offices set forth opposite their names below:

Wayne Davis	President
Katina Leodas	Vice President
Peter Bain	Treasurer

Adopted 13-0.

**2. APPOINTMENT OF CLERK**

Upon motion of Katina Leodas, second by Louise Hara, it was

**VOTED:** That, as contemplated by Article VIII of the Bylaws, Terumi Irizawa be appointed Clerk of the Corporation.

Adopted 13-0.

**3. DIVISION OF BOARD INTO CLASSES**

Upon motion by Rachel Rosenblum, second by Bruce Neumann, it was

**VOTED:** That, as contemplated by Article IV, Section 2 of the Bylaws, the Board of Directors shall be divided into the following three classes, with terms expiring at the Annual Meetings of the Members in the years as set forth below:

Term Expiration	2020	2021	2022
Directors	Mireille Gart Louise Hara Bruce Neumann Jenny Pyle Rachel Rosenblum	Wayne Davis Lauri Hugentobler Peter Kelley Matthew Siegal Lee Webster	Peter Bain Todd Carey Nancy Cornelius Katina Leodas Susan St. Maurice

Adopted 13-0.

**4. CREATION OF EXECUTIVE COMMITTEE AND APPOINTMENT OF MEMBERS**

Wayne Davis introduced the topic by explaining that the new Bylaws specify that the Board may create an Executive Committee. The purpose of this vote was to create the committee, specify its mission and operations, and appoint its members. Per the Bylaws, the required membership consists of the President, Vice-President, Treasurer and at least one (1) other director, with the President and Vice-President serving as Chair and Vice-Chair respectively. He said that he and Katina thought that Louise Hara should also serve on the Committee, that a four-member committee was sufficient, but that they were open to have other Board members on the Committee if the Board wished. The Board supported having a four-person committee.

Wayne noted that the most important question was how much power to delegate to the Executive Committee. The Bylaw allow the Board to delegate all its powers, except those that may not be delegated under state law. He explained that Peter DeMuth, a corporate attorney and member of the Woodworkers’ Guild, who had drafted the Bylaws, had advised that a full delegation was preferable, to allow flexibility. Wayne stated that he agreed with that advice but noted that the intention was for the Executive Committee to handle the more day to day and operational issues, allowing the Board to focus

on more long term and strategic issues and oversight of committees. The Executive Committee would report to the Board at each meeting on the actions taken.

The board considered the question of full delegation, concluding that it was appropriate so long as there was good report-out from the Executive Committee. Rachel Rosenblum suggested that the reporting should include issues handled by the Executive Committee along with the actions taken to address each issue, however trivial, so that the Board could develop a good understanding of what is going on. Some examples of issues which would be addressed by the Executive Committee are those like the snow plow contract, minor construction projects, and inter-guild issues.

Upon motion by Bruce Neumann, second by Louise Hara, it was

**VOTED:** That, as required by Article VI, Section 1 of the Bylaws of the Corporation, the Board of Directors hereby establishes an Executive Committee.

1. The Executive Committee shall consist of the President, Vice-President, Treasurer and at least one (1) other director, with the President and Vice-President serving as Chair and Vice-Chair respectively. Members of the Executive Committee shall serve at the pleasure of, and may be removed with or without cause at any time by, the Board of Directors.
2. If a vacancy occurs on the Executive Committee, the vacancy may be filled only by the Board of Directors.
3. The Executive Committee shall have the full power of the Board of Directors to the extent permitted by law, subject to the limitations set forth in Article IV, Section 7 of the Bylaws. The Board of Directors may, by resolution, further restrict the power and authority of the Executive Committee upon further vote of the Board.
4. All members of the committee must be given at least 24 hours' notice of meetings either by mail or by personal communication, either by telephone, facsimile, email, text or other electronic communication.
5. Requirements for quorum, voting, action without meeting, and telephone conference meetings shall be as established in Article VI of the Bylaws.
6. At each meeting of the Board of Directors, the Executive Committee must report on issues considered and any actions taken by the Executive Committee.

**VOTED:** That, in addition to the President, Vice-President, and Treasurer, the following member of the Board of Directors is appointed to the committee: Louise Hara.

Adopted 13-0.

## **5. ADOPTION OF CONFLICT OF INTEREST POLICY**

Wayne explained that best practices in non-profit governance suggest adoption of a conflict of interest policy, and that the Internal Revenue Service requires non-profits to state whether they have adopted a

policy when filing the Form 990 annual return. Peter Demuth had drafted a policy, based substantially on the IRS guidance document, which had been provided in advance to the board in draft form. Wayne noted that conflicts of interest are inevitable in many situations and not necessarily bad; what is bad is having the conflicts hidden. Therefore, the policy requires transparency and disclosure. All board members will be asked to complete and sign the policy.

Wayne highlighted that one known conflict is that Peter Bain is serving as Treasurer and Board Member, and also receives some compensation from LexArt as a teacher. He stated that the Executive Committee will put appropriate safeguards in place to address this situation. He noted that the proposed policy also gives the President authority to designate other “positions of authority” (Article 6) and to require those in such positions to sign the disclosure. He said he intends to consult with the Executive Committee in making such designations, which may include guild chairs and treasurers, as well as some committee members.

Upon motion of Katina Leodas, second by Rachel Rosenblum, it was

**VOTED:** That the Board of Directors hereby approve and adopt the Conflict of Interest Policy as set forth in **Exhibit A**, attached hereto.

Adopted 13-0.

## **6. ADOPTION OF WHISTLEBLOWER PROTECTION POLICY**

Wayne observed that that a Whistleblower Protection Policy is also considered a best practice for non-practice governance and that such a policy was included in LexArt’s prior by-laws. Wayne has drafted the revised policy, distributed in advance to the board, and had referred to several models to do so. The basic premise of the policy is that anyone may report wrong-doing and Society members may not retaliate. We want people to know that they can file a report if they see something wrong happening. In the absence of having a staff such as an HR department, the investigation will be conducted by the President or Vice-President of the board. A policy on how we handle complaints will be developed.

He noted that confidentiality is often a challenging aspect of such policies. As drafted, this policy states that the issue will be kept as confidential as possible, but does not guarantee it, given that an investigation may be required. We will also maintain anonymity as much as we are able to do.

The discussion that followed related to the definition of retaliation, whether we should discourage anonymous reporting, encourage people to step forward and to distinguish between being anonymous towards the target versus the organization.

Wayne noted that frequent practice for large organization is to contract out to a third-party operation of an ethics reporting hotline to provide anonymity, but that is not practical for LexArt. The proposed policy tries to strike a balance by saying that anonymous reporting is allowed, but also encourages people not to be anonymous and points out that anonymity may limit our ability to investigate.

Questions were raised about the potential for malicious reporting. The policy specifically states that it does not prevent LexArt from imposing consequences in the event of false reports. Todd asked whether

confidentiality is specifically covered by Massachusetts law. Wayne stated that he did not know but could check and report back.

Todd Carey asked about the prevalence of problematic behavior. Several other board members noted that instances of rude and disrespectful behavior are more common than desired and create the impression that LexArt is unwelcoming. While the guilds should self-regulate some of these issues, there is not a common approach. Louise suggested the development of a code of conduct which could be added to the membership packet and distributed initially, society-wide. This might be something that the guilds can manage and enforce. There was consensus that this would be a good approach and that the issue should be raised with the Council of Guild Chairs for consideration.

Wayne asked whether the Board wished to hold off on voting on the policy while seeking guidance on requirements of Massachusetts law or adopt the draft policy, amending it later if appropriate based on updated information. Consensus was to vote now.

Upon motion by Katina Leodas, second by Susan St. Maurice it was:

**VOTED:** That the Board of Directors hereby approve and adopt the Whistleblower Protection Policy as set forth in **Exhibit B**, attached hereto.

Adopted 13-0.

**7. Banking Authorizations.** Wayne stated that the topic of banking authorizations had been placed on the agenda, but that he and Peter Bain had not yet clarified the requirements from TD Bank. This item is deferred to the next meeting.

**8. Future Board Meetings.** Initially, we will hold the board meetings monthly for the first 3 months, will not meet in July and August and then meet bi-monthly starting in September. Committees may meet outside of the scheduled board meetings. Dates for April, May and June will be finalized in next few days, and a schedule proposed for September-June. Topics for the upcoming meetings:

- April: historical background, strategic planning, financial, committee assignments
- May: planning retreat
- June: general business, follow up on actions from May, budget in place for next fiscal year (starts June 1).

## **9. GENERAL AUTHORIZATION**

Upon motion of Rachel Rosenblum, second by Bruce Neumann, it was

**VOTED:** That, the President, Treasurer and Clerk of the Corporation be, and each of them acting singly hereby is, authorized and directed, in the name and on behalf of the Corporation, to execute and deliver any and all certificates, agreements and other documents, take any and all steps and do any and all things which any such officer may deem necessary or advisable in order to effectuate the purposes of each and all of the foregoing votes.

Adopted 13-0.

Adjourned 12:23 pm

Respectfully submitted,

Terumi Irizawa  
Clerk of the Corporation

ATTACHMENT A

**Lexington Arts and Crafts Society, Inc.  
Conflict of Interest Policy**

**Article I  
Purpose**

The purpose of this conflict of interest policy is to protect Lexington Arts and Crafts Society, Inc.'s ("LexArt's") interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of a director, officer, the member of a committee, or an employee or agent of LexArt in a position of significant authority designated by the President that might otherwise harm LexArt. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

**Article II  
Definitions**

1. **Interested Person.** Any employee, director, officer, member of a committee, an employee or agent of LexArt in a position of significant authority designated by the President who has a direct or indirect financial interest or personal interest, as defined below, is an Interested Person. If a person is an Interested Person with respect to an organization affiliated with LexArt, he or she is an Interested Person with respect to LexArt, as well as to all other organizations affiliated with LexArt.

2. **Financial Interest.**

A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

- a. An ownership or investment interest in any entity with which LexArt has a transaction or arrangement,
- b. A compensation arrangement with LexArt or with any entity or individual with which LexArt has a transaction or arrangement, or
- c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which LexArt is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are substantial.

A financial interest isn't necessarily a conflict of interest. Under Article III, Article 2, a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

3. **Personal Interest.** A person has a personal interest if the person has, directly or indirectly, through business, investment, family or personal affiliation of any kind, non-financial connections or interests in any entity with which or individual with whom LexArt has or, to the person's knowledge, is contemplating entering a transaction or arrangement of any nature.

### **Article III Procedures**

1. **Duty to Disclose.**

In connection with any actual or possible conflict of interest, an Interested Person must disclose the existence of his or her financial interest or personal interest and all related material facts to the directors and members of committees with governing board delegated powers considering the proposed transaction or arrangement.

2. **Determining Whether a Conflict of Interest Exists.**

After disclosure of the financial or personal interest and all material facts, and after any discussion with the Interested Person, she or he must leave the governing board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members must decide if a conflict of interest exists.

3. **Procedures for Addressing the Conflict of Interest.**

- a. An interested person may make a presentation at the governing board or committee meeting, but after the presentation, she or he must leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
- b. The chairperson of the governing board or committee must, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- c. After exercising due diligence, the governing board or committee must determine whether LexArt can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
- d. If a more advantageous transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, the Board or committee must determine, by an affirmative vote of a majority of the quorum of disinterested directors participating in the meeting, whether the transaction or arrangement is in LexArt's best interest and for its own benefit, and whether the transaction is fair and reasonable to LexArt. In conformity with the above determination it must make its decision as to whether to enter into the transaction or arrangement.



4. **Violations of the Conflicts of Interest Policy.**

- a. If the governing board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it must inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.
- b. If, after hearing the member's response and after making further investigation as may be warranted by the circumstances, the governing board or committee determines the member has failed to disclose an actual or possible conflict of interest, it must take appropriate disciplinary and corrective action.

**Article IV  
Records of Proceedings**

The minutes of the governing board and all committees with board delegated powers must contain:

- a. The names of the persons who disclosed or otherwise were found to have a financial or personal interest in connection with an actual or possible conflict of interest, the nature of the financial or personal interest, any action taken to determine whether a conflict of interest was present, and the governing board's or committee's decision as to whether a conflict of interest in fact existed.
- b. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

**Article V  
Compensation**

- a. A voting member of the governing board who receives compensation, directly or indirectly, from LexArt for services is precluded from voting on matters pertaining to that member's compensation.
- b. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from LexArt for services is precluded from voting on matters pertaining to that member's compensation.
- c. No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from LexArt, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

**Article VI**  
**Annual Statements**

Each employee, director, officer, member of a committee, or person associated with LexArt in a position of significant authority as designated by the President must annually sign a statement that discloses such person's financial interests and personal interests and affirms that such person:

- a. Has received a copy of the conflicts of interest policy,
- b. Had read and understands the policy,
- c. Has agreed to comply with the policy, and
- d. Understands that LexArt is a charitable organization and that in order to maintain its qualification as an organization described in Article 501(c)(3) of the Internal Revenue Code, it must engage primarily in activities that accomplish one or more of its tax-exempt purposes.

**Article VII**  
**Periodic Reviews**

To ensure LexArt operates in a manner consistent with charitable purposes and doesn't engage in activities that could jeopardize its tax-exempt status, periodic reviews must be conducted. The periodic reviews must, at a minimum, include the following subjects:

- a. Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.
- b. Whether partnerships, joint ventures, and arrangements with management organizations conform to LexArt's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further the purposes of LexArt and don't result in inurement, impermissible private benefit, or in an excess benefit transaction.

**Article VIII**  
**Use of Outside Experts**

When conducting the periodic reviews as provided for in Article VII, LexArt may, but need not, use outside advisors. If outside experts are used, their use must not relieve the governing board of its responsibilities for ensuring periodic reviews are conducted.

## Lexington Arts and Crafts Society, Inc.

### Whistleblower Protection Policy

- 1. Purpose.** The Lexington Arts & Crafts Society (“LexArt”) requires directors, officers and employees to observe high standards of business and personal ethics in the conduct of their duties and responsibilities. As employees and representatives of the LexArt, we must practice honesty and integrity in fulfilling our responsibilities and comply with all applicable laws and regulations. This Whistleblower Protection Policy is intended to encourage and enable employees, members, volunteers and others to raise serious concerns internally so that LexArt can address and correct inappropriate conduct and actions.
- 2. Reporting Responsibility.** It is the responsibility of all board members, officers, employees and volunteers to report concerns about violations of ethical standards or suspected violations of law or regulations that govern LexArt’s operations.
- 3. No Retaliation.** It is contrary to the values of LexArt for anyone to retaliate against any board member, officer, employee, member or volunteer who in good faith reports an ethics violation, or a suspected violation of law, such as a complaint of discrimination, or suspected fraud, or suspected violation of any regulation governing the operations of LexArt. An employee or member who retaliates against someone who has reported a violation in good faith is subject to discipline up to and including termination of employment or membership.
- 4. How to Report.** A person concerned about a possible ethics violation, or a suspected violation of law, such as a complaint of discrimination, or suspected fraud, or suspected violation of any regulation may report the concerns orally or in writing to the person’s supervisor (if applicable) or to the President or Vice President of the LexArt Board of Directors. All LexArt directors, officers and employees are required to report complaints or concerns about suspected ethical and legal violations in writing to the LexArt’s President, or in the alternative, Vice President, who has the responsibility to investigate all reported complaints. Employees with concerns or complaints may also submit their concerns in writing directly to the President or Vice President.
- 5. Investigation, Corrective Action, and Findings.** The LexArt President or Vice President (the “Investigating Officer”) is responsible for ensuring that all complaints about unethical or illegal conduct are investigated and resolved. All relevant matters, including suspected but unproved matters, will be promptly reviewed and analyzed, with documentation of the receipt, retention, investigation, and treatment of the complaint. Investigations may be conducted by independent persons such as auditors and/or attorneys. Investigators will endeavor to maintain appropriate confidentiality, but confidentiality is not guaranteed. The Investigating Officer will advise the Board of Directors of all complaints and their resolution and will report at least annually to the Board of Directors on compliance activity relating to accounting or alleged financial improprieties. Appropriate corrective action will be taken, if warranted by the investigation. Findings may be communicated to the reporting person and his or her supervisor, if appropriate.

6. **Accounting and Auditing Matters.** The Investigating Officer must immediately notify the Investments, Finance & Audit Committee of any concerns or complaint regarding corporate accounting practices, internal controls or auditing and work with the committee until the matter is resolved.
7. **Acting in Good Faith.** Anyone filing a written complaint concerning a violation or suspected violation must be acting in good faith and have reasonable grounds for believing the information disclosed indicates a violation. This protection from retaliation is not intended to prohibit supervisors from taking action, including disciplinary action, in the usual scope of their duties and based on valid performance-related factors. Any allegations that prove not to be substantiated and which prove to have been made maliciously or knowingly to be false will be viewed as a serious disciplinary offense.
8. **Confidentiality and Anonymity.** Violations or suspected violations may be submitted on a confidential basis by the reporting person. Reports of violations or suspected violations will be kept confidential to the extent possible, consistent with the need to conduct an adequate investigation. To facilitate reporting of suspected violations where the reporting person wishes to remain anonymous, violations or suspected violations may also be submitted anonymously. Anyone reporting anonymously should, however, understand that anonymity may in some circumstances limit LexArt's ability to investigate.