

Minutes

Bicycle Collective Board of Directors

January 23, 2019, 6:00 p.m.

Meldrum Science Center Conference Room, Westminster College

Present: Lulu Avila, Andrew Butterfield, Will Deutschman, Heidi Goedhart, Thayne Harbaugh, Dannielle Larkin, Jack Moran, Sean Murphy, Jim O'Callaghan, Todd Reeder, Shelley Reynolds, Tim Shea, Shawn Teigen

Shop Directors: Kai Cox, Danielle Fry, Judith Rognli

Guests: Sam Allen, Lou Molini

(1) **Approval of minutes.** Mr. Murphy called the meeting to order. The minutes of November 29, 2018 were approved as prepared.

(2) **Public comment.** Mr. Murphy invited any member of the public to speak.

(3) **Chair's report.** Mr. Murphy thanked all of the committees for the good work they are doing. He said Bob Simonton will probably step aside from the Capital Campaign Committee until we are ready to build a building. He said Mr. O'Callaghan has been working with the shop directors on budgeting and Mr. Deutschman has been working on operational grants.

Mr. Murphy said Cole Reese has agreed to serve on a Treasury Committee, which will be examining four items: consistent practices, especially regarding financial transactions; finalizing the financial policy manual; data collection, especially for grant applications and reports; and wrapping up the audit. Mr. Reese is a volunteer at the Provo shop and has extensive experience as a CPA and CFO.

Mr. Murphy congratulated Ms. Rognli, who has been awarded the QBP Women's Bike Mechanic Scholarship. Ms. Fry is a previous graduate of the program. He congratulated the Salt Lake City shop for earning a Utah Nonprofit Association's Volunteer Merit Badge. And he said that Dave Iltis of Cycling Utah has offered the Collective a full-page ad in Cycling Utah. Amy Wiscombe is working on that.

(4) **Executive Director Search.** Ms. Larkin distributed and reviewed the materials for the search. She said we need to develop well defined roles and metrics for the position and its relationship with the Board. She suggested a salary range from \$75,000 to \$100,000. Mr. O'Callaghan asked whether a system of bonuses for meeting metrics might be appropriate. After discussion the Board decided against incentive bonuses. Mr. Allen said that former executive directors sometimes waived their salary if the Collective could not afford to pay it. Mr. Murphy said that practice was from a bygone era.

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Mr. Shea said the Executive Committee had discussed posting notice of the vacancy on Monday with review of candidates to begin immediately. The posting would remain active until a candidate is selected. Others supported that approach.

Mr. Murphy moved to establish the salary range from \$75,000 to \$100,000 and a probation period of six months. Mr. Harbaugh asked whether we could afford that much. Mr. O'Callaghan said he just updated the 2019 budget at the \$75,000 mark, and we would need to make adjustments. The motion passed unanimously.

Ms. Larkin asked for volunteers for a hiring committee. Ms. Reynolds volunteered to chair the effort. The other volunteers are Ms. Larkin, Mr. Murphy, Ms. Goedhart, Mr. Butterfield, Mr. Moran, and Mr. Harbaugh. Mr. Butterfield asked about participation by the shop directors. Mr. Murphy said the best approach would be to schedule finalists to meet with shop directors and perhaps others, rather than include them in the screening process. Ms. Fry volunteered to help as needed.

Mr. Butterfield suggested the Sorenson Impact Center as a place to advertise the vacancy. Ms. Goedhart will research whether the Collective has an Indeed account. Ms. Larkin will send the final materials to anyone who wants to make a personal contact with a potential candidate or with an organization for advertising the vacancy.

(5) **Cash Flow and 2019 Budget.** Mr. O'Callaghan reviewed a file showing the Collective's cash flow. He projects 2018 to be about 3% in the black. He thanked all of the shop directors for all of their hard work examining their operations, making cuts, and developing a responsible budget for 2019. He then reviewed the file showing a proposed budget. With the executive director's salary decision, 2019 is estimated to be about \$10,000 in the red. We will need to make adjustments. He recommends organizing a class on grant applications with the objective of reaching \$150,000 in 2019. Grants in 2018 have fallen dramatically. He described this approach to budgeting as a working document with regular review by himself, the shop directors and the Board. As the year progresses we will need to make adjustments based on experience. After questions, answers and discussion, Mr. Teigen moved to approve the budget, subject to adjustments throughout the year, and the motion passed unanimously.

(6) **Operations, RDA Contract and Capital Campaign.** Mr. O'Callaghan and Mr. Reeder reviewed a PowerPoint presentation of the Capital Campaign Committee's work. They summarized the committee's charge, the sources and uses of capital funds, and the funding and construction timelines in the RDA contract. They said that Kim Paulding believes raising \$1.2 million in donations is possible, but unrealistic. Even with \$1.2 million in donations, the Collective would need a \$1.3 million construction loan and mortgage, which would mean about \$101,000 in debt service annually. The Collective's revenue and operating expenses will not support that amount.

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The committee recommends pausing the capital campaign and not proceeding with the RDA contract at this time. We should use 2019 to stabilize by improving operating results, building better record keeping and data collection, improving relationships with donors by applying for operation grants, developing better accounting for the specific purpose of each donation, and working toward hiring a development director mid-year.

We should send formal notice to the architect to avoid additional expenses, and we should notify our donors, the RDA, NMTC, and others of our plans.

Mr. Murphy asked about the possibility of the Noorda grant. Mr. Deutschman said that we had applied previously and their advice was that our records and data are insufficient. He recommends not applying again until we have addressed that issue. Mr. Murphy said that their organizational capacity grant would be ideal for funding a development director.

The Board discussed whether there is still a role for Ms. Paulding and Clint Watson. Mr. Deutschman said that he has been planning to write some operation grants, but could use Mr. Watson's help. Mr. Murphy said there is still a role, and we should expect four or more grant applications per month. Mr. O'Callaghan believes there is still a role for Ms. Paulding, who has many community contacts and a lot of institutional knowledge. Mr. Shea said the current contracts need to be ended or substantially rewritten to show the new course of action. Mr. Butterfield asked whether we expected the new executive director to write grants. Mr. O'Callaghan said we need to wean ourselves from consultants and hire a development director, but the executive director may need to write grants in the meantime.

Mr. Murphy moved to approve the committee's recommendations, but that capital donations might still be accepted so long as the donor is aware of our restraints and we are not liable to return the money if the project is not completed. The motion passed unanimously.

(7) **Audit.** Mr. Shea said that the draft audit report has been completed. Justin Shaw can prepare the final report upon receipt of the management representation letter.

(8) **Sales Tax Voluntary Disclosure Agreement.** Mr. Shea said that the Tax Commission had offered an agreement with penalties waived and interest of \$572.72. The total liability is \$21,656.72. Mr. O'Callaghan said we should be able to pay that amount over two years. Mr. Shea moved to accept the offer and proceed with a formal agreement, and the motion passed unanimously.

(9) **Officer Elections.** Postponed until the March meeting.

(10) **Coordinating Operating Grant Applications.** Mr. Deutschman said that the shop directors had been given incorrect information about pursuing operation grants during the capital campaign, and as a result donations in 2018 had fallen

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dramatically. He has volunteered to be the point person on operation grants, including writing them, but he will need help from the shop directors, Ms. Paulding and Mr. Watson. He also volunteered to help the shop directors write their applications. He will also research what records and data are needed for grant applications and reports. He will try to measure how much new writing is needed because that will inform whether and how long to continue with the consulting contracts.

(11) **Treasury Committee.** Mr. Murphy moved to appoint Mr. Shea and Mr. Reese to the Treasury Committee with the charge as summarized earlier, and the motion passed unanimously.

(12) **Events Committee Report.** Ms. Reynolds reviewed the work she has done to secure Tracy Aviary as the venue for Bike Prom. The fee is only \$200. Diamond has offered rentals at an 80% discount. The Board discussed ideas for the event. Ms. Goedhart said she could help with permits. Ms. Reynolds will continue with planning and will contact the shop directors to help plan and support their events.

(13) **Information Systems and Technology Review.** Mr. Harbaugh recommended a thorough examination of our information systems and practices. The Board agreed. He will contact the shop directors to develop an inventory of our accounts, systems, software, etc.

(14) **Adjourn.** The meeting adjourned at 8:45. The next meeting is March 27, 2019.