

Amended 11/1/16



***City Council
Legal Review Committee
Meeting Agenda***

**November 2, 2016
City Hall – Council Chambers
749 Main Street
3:00 pm**

- 1. Call to Order**
- 2. Roll Call**
- 3. Approval of Agenda**
- 4. Public Comments on Items Not on the Agenda**
(Council requests that public comments be limited to 3 minutes.)
- 5. Approval of October 20, 2016 Minutes**
- 6. Discussion/Direction/Action – 501c3 Organizations Affiliated with the City**
- 7. Lawsuit Settlements/Litigation Updates**
- 8. December 15 Meeting Potential Discussion Items**
- 9. Adjourn**

City Council Legal Review Committee

Meeting Minutes

October 20, 2016

City Hall

749 Main Street

4:00 PM

Call to Order – Chairperson Leh called the meeting to order at 4:05 PM.

Roll Call: The following members were present:

Committee Members: *Chris Leh, City Council
Sue Loo, City Council*

Absent: *Jeff Lipton*

Staff Present: *Malcolm Fleming, City Manager
Sam Light, City Attorney
Meredyth Muth, City Clerk*

Others: *Ashley Stolzmann, City Council*

APPROVAL OF AGENDA

The agenda was approved as presented.

PUBLIC COMMENTS ON ITEMS NOT ON THE AGENDA

None

APPROVAL OF MINUTES FROM AUGUST 30, 2016

The minutes were approved as presented.

DISCUSSION – 501C3 ORGANIZATIONS AFFILIATED WITH THE CITY

Councilmember Leh introduced the topic briefly reviewing previous conversations and stating he would like to see this issue resolved prior to the end of the year.

Councilmember Loo agreed there is the possibility of upsetting the members of the 501c3 organizations, but the liability issues are great and need to be addressed. She suggested moving forward with the staff proposal from

City of Louisville

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December of 2015. She suggested these rules are clear and simple and easy to understand.

Councilmember Leh stated the draft from 2015 was in adequate and needs additional information such as do's and don'ts and requirements for separating the entities.

Councilmember Stolzmann asked if the City has a need for the 501s in addition to the standing City boards. Why do we need fund raising arms of these groups?

Councilmember Leh stated the answer to that question should come from the City Council, not the 501s.

Members discussed some of the various issues that need to be addressed including legal addresses of the 501s; requiring non-interlocking directorates between boards and the 501s; how money can be donated to the City without the 501; 501 use of City facilities and staff time; and possible requirements to receive City benefits such as staff time and meeting space.

Councilmember Leh stated there are three choices

1. Continue as is knowing the liability concerns;
2. Absolute separation;
3. Some combination where if they meet certain rules, they in turn get some City help.

Councilmember Stolzmann suggested the 501s should be required to be entirely separate from the City. She stated this might be hard in the short-term, but in the long run it is the best way to protect the City and have a clear understanding of everyone's roles.

Councilmember Loo asked Attorney Light if there are issues with the boards that have members that sit on both the City board and the 501 such as the two members of the Historical Commission that sit on and represent the Commission on the History Foundation.

Attorney Light stated that if it is a small number of members that can't control the board of the 501 it is fine. He suggested that staff members can attend 501 meetings but should not be official ex officio members.

Members were in agreement they want to recommend a full separation of City boards and the 501s.

Next Steps:

Councilmember Stolzmann and Councilmember Loo will meet to create a FAQ document that would explain this process to the 501s.

The Committee will meet again on November 2 (3:00 PM) to review the FAQ document.

A final recommendation from the Committee will be submitted to the City Council for a full discussion, maybe in December if possible.

DISCUSSION/DIRECTION – 2017-2018 LEGAL FEES FOR CITY ATTORNEY SERVICES

Attorney Light reviewed his request for updated legal fees for 2017 and how his staff work to reduce the hours spent on items. The Committee approved the new fees.

DISCUSSION – ASSOCIATE PROSECUTOR PROCESS

Muth noted that the Associate Prosecutor position is currently held by David Thrower who is also the Deputy Judge which could be a conflict of interest. She suggested the Committee define a process for appointing a new associate prosecutor. She added there is an immediate need for a prosecutor for a December court appearance.

Members decided to ask the Prosecutor to provide a few names so that someone can be appointed to cover the immediate needs but then to do a full Request for Proposals and review of applications before appointing someone to cover the remaining term in 2107.

LAWSUIT SETTLEMENTS/LITIGATION UPDATES

Attorney Light updated the Committee on a few current cases.

NEXT MEETING DATE AND POTENTIAL DISCUSSION ITEMS

There was no discussion of this item.

ADJOURN

The meeting adjourned at 6:14 PM.

SUBJECT: DISCUSSION/DIRECTION/ACTION – 501c3 ORGANIZATIONS
AFFILIATED WITH THE CITY

DATE: NOVEMBER 2, 2016

PRESENTED BY: MEREDYTH MUTH, CITY CLERK

SUMMARY:

In the past months, the Legal Review Committee has discussed the role of, and liability issues related to, the five 501c3 nonprofit organizations affiliated with the City. At the October 20th meeting the Committee tasked Councilmember Stolzmann and Councilmember Loo to create some FAQs related to how best the City could sever ties with the various 501s. Councilmember Stolzmann will present that document at the meeting on November 2. **Packet revised 11/1 by attaching FAQ document**

Previous Committee packets regarding this topic can be found at these links:

- [March 19, 2015](#)
- [September 17, 2015](#)
- [December 17, 2015](#)
- [March 31, 2016](#)
- [October 20, 2016](#)

FISCAL IMPACT:

None at this time.

RECOMMENDATION:

Discussion/Direction/Action

ATTACHMENT(S):

None

501c3 Organizations interacting with the City Frequently Asked Questions

Why are you clarifying the relationship of the City and non-profits that help the City?

Concerns about City liability, staff time, and fiscal stewardship have been raised.

Will my nonprofit be charged to use City Space?

The Library meeting rooms are currently free for organized nonprofits located in Louisville or Superior and reservations can be made 60 days in advance. The Louisville Center for the Arts is rented at a discounted rate to Resident Arts Groups and the Louisville Cultural Council provides other opportunities for local artists to use the space. The rec-center staff is reviewing the rec-center rental policy to allow nonprofits located in Louisville use of the space. Because of the high demand of the park space by nonprofits, the City will continue to charge for park rentals. If a nonprofit 501c3 organization formed specifically to raise funds for City facilities or programs, staff can allow them use of facilities if the group adheres to the 501c3 Organizations Affiliated with the City Policy.

Will the City provide funding to my nonprofit?

The City has a nonprofit grant program to give money to charity. The amount of funding each year is determined in the budget process and for 2017 the City has budgeted \$35,000 with \$5,000 ear marked for city utility billing assistance.

What if my nonprofit wants to put on a fundraiser with the City as a partner?

The City works with nonprofits to host mutually beneficial special events. Contact the Special Events Coordinator to determine the details of your event.

How can my nonprofit advertise an activity on the City Calendar?

The City posts all City sponsored events. Contact the Special Events Coordinator to discuss an event.

How can my nonprofit get an insert in the Utility Bill?

The city staff is developing a policy to outline the steps necessary to use the utility insert.

How can my nonprofit get information in the City Newsletter?

The city staff is developing a policy to outline the steps necessary to get information in the newsletter.

Is the City adding or removing any City Boards or Commissions?

Not at this time. From time to time the City Council reviews the makeup of the boards and commissions to ensure effectiveness and efficiency.

Specific Q&A by nonprofit

Friends of the Louisville Arboretum

What are the changes to the Friends of the Arboretum?

In the Articles of Incorporation and Bylaws, delete the City of Louisville as both the Registered and Principal office, and remove all references to the Horticulture and Forestry Advisory Board to reflect its end.

Louisville Cultural Council (LCC)

For this Q&A the Louisville Cultural Council City Board will be referred to as **LCCCB** and the Louisville Cultural Council Non Profit will be referred to as the **LCCNP**.

Will the LCCNP still get a grant to put on programs for the community?

The City has budgeted \$10,000 for the LCCCB for 2017. The LCCCB will vote to decide how the funds will be used for cultural and arts programming, whether it is through grants or payments to artists to provide public shows. The \$10,000 will stay in a City account and City Staff will be responsible for following the City policies and procedures to use the funds. In addition to the \$10,000 budgeted for programming, City Council has continued to fund supplies and staff time so things like printing and staff time do not come out of the \$10,000 budget.

What happens to money collected at the door for events held by the LCCCB?

The money will go back to the LCCCB budget to be used for programming. So for example, if the first event of the year the board holds costs \$500 in direct costs (excluding staff time) and the door takes in \$650 there would be \$10,150 to use on the events for the rest of the year. The City Staff will develop a procedure for the cash handling at events.

Will the Cultural Council be charged to rent the space?

City boards are not charged to use meeting space and as a city board LCCCB will not be charged to use space for programming. The LCCNP will have to follow the policies that apply to all nonprofit resident art groups.

What will happen to the SCFD Grant?

The City will have to wait and see what the LCCNP's wishes are. If the LCCNP continues to apply for a grant, then the City will not. If the LCCNP does not continue, the City staff will determine if the City would apply.

All of this LCCNP and LCCCB is very confusing, why?

Because the city board and the nonprofit have the exact same name and membership it is very confusing. In the future we may need the Board to change its name to make it easier to understand which entity one is talking about.

What other changes are there?

The LCCCB meetings will not have matters or topics that are only pertinent to the LCCNP. LCCNP budgeting and finances will need to be removed from LCCCB meetings. LCCNP meetings need to occur at a different time than the LCCCB meetings.

Who appoints people to the LCCNP?

The City Council only appoints people to City Boards & does not appoint anyone to a nonprofit.

Louisville History Foundation**Are there any changes you are proposing for the History Foundation?**

We would like the Foundation to revoke the ex-officio membership of City Staff Members. The staff will continue to work with the board & will gladly attend meetings they are invited to in order to provide information.

Louisville Public Library Foundation**How will things change for the Louisville Public Library Foundation?**

There will be no impact to the Louisville Public Library Foundation.

Seniors of Louisville**What will happen to the Heat Relief Dinner?**

It is our understanding that the Seniors of Louisville are taking their Heat Relief fundraiser in a different direction this year. If in the future the group wants to host a fundraiser with the City as a partner we would be happy to work together on the details.

How will senior citizens who are in need of assistance be impacted by these changes?

There will be no change to City staffing of a Community Resource Coordinator to assist in addressing basic needs for Senior Citizens.

How will the Community Resource Coordinator interact with the Seniors of Louisville?

The Community Resource Coordinator will provide a report to the Seniors of Louisville each month with the number of people who qualify for assistance that apply for activity, energy, or emergency assistance. The coordinator will keep all the personal details of the

applicants confidential. Currently the Seniors of Louisville provide financial assistance by making payments to excel or the city of Louisville to cover the need requests (at the level the nonprofit has determined). If in the future the nonprofit decided to stop funding the assistance program, the City would have to seek alternate funding.

How will the Seniors of Louisville discuss and advise on issues relating to senior services with City Staff?

The Seniors of Louisville can invite city staff to a meeting to provide feedback on our City senior services and on senior related issues. Alternatively the Seniors can give input by sending written comments to staff or City Council by mail or e-mail. Additionally the Senior Center is adding a suggestion box, so it is easy to provide the City feedback for continuous improvement.

Will the City send Staff or City Council Members to the non-profit board meetings?

The Community Resource Coordinator will provide a report to the group, if the nonprofit wishes for that to be a verbal report then the staff will come to the meeting to present it, but we could alternately provide a written report. City Council liaisons are only currently being assigned to City Boards. City Council members are happy to attend on invitation to discuss or learn about issues.