

MRRA July 12, 2016 BOD

Attending: Attorney Dennis McHugh, Joe LaFreniere, David Morley, Terry Freeman, Jay Feenan, Bronwyn Chapman, Dennis McCarthy, Carl Popolo, Dottie Semonian.

Attorney Dennis McHugh over saw the bylaws for the MRRA  
Some brief discussion about single members LLC.  
BOD discussion regarding TRR Proposal from Karen Scammell, on the table  
Alternative discussion about a trust.

Attorney here to help answer questions from the BOD.

Joe L: Presents who holds the ownership and the beneficial interest in the TRR  
UMass Lowell has a beneficial interest, they have a right to receive profits  
Also believes they have an ownership of the TRR.  
Separate from leaving the TRR managed within the MRRA  
Vs splitting it off into a LLC  
Wants to define the terms  
UMASS Lowell could be cut out of it, feels this is inconsistent of ownership and history  
UML started TRR began before incorporation of MRRA  
Early years rowing team members with alumni, family and volunteers  
About a decade ago was brought under the umbrella of MRRA  
This helped with accurate accounting, bank account bears name Trust for TRR  
Wants to look at how the profit has been disbursed and other beneficiaries  
UML relies on the money, believe they are entitled  
wants to define the amounts and write up an agreement for entitled beneficiaries with a percentage for each.

LLC limited liability corporation:

Jay Feenan:  
Director of TRR since 2007, and other operational things prior  
Carl Popolo present: Director of TRR many years  
Trustee bank account: \$ 2600 trustee of TRR stewards of the regatta if UML owned prior doubt members would have worked as hard as they have  
Normal year \$47K divided by trustees, YWCA, LHS, Lawrence, given to other charities, AHA, equitable contributions, including UML and LHS

LHS, UML and MRRA are all in the boathouse  
Started to record, but separate the funds since 2008, push to co defy as a separate entity.

Equipment has been purchased by the TRR but legally owned by the MRRA  
Took dock sections from the river are TRR owned and not MRRA owned

Joe L: Payment to UML is not discretionary, but should have a seat on the board because of their ownership.

Wants to see the money go to UML rowing team and not to UML where the per head fee goes to the University.

Jay F;

List of Jays: questions:

1. Creating and organization, books separate, same tax id #
2. Create a separate organization to run the TRR- non profit status would have to occur, single member LLC can use the same tax id #, tax status is given to the organization, protects MRRA liability wise.

Dennis McHugh: Easier now to get charitable status, "comply with the code and actions comply with the words."

Were used for political purposes. IRS wants to make sure not a political organization.

Ownership interest: Idea created by Rowing and supported, no one claimed ownership.

Banks back then used the word "trust," "for any beneficial arrangement for bank accounts.

Example; Dad in trust for Son, joint account or account owned by Dad without terms of trust, and this was a problem.

Money was transferred from Lowell to MRRA, "this is when the ownership changed. Once the money went." Believes this showed ownership changed.

Last TRR some consideration about liability began to be of greater concern.

Terms: Discussion regarding management

May use agreement as a carrot to keep the space in the boathouse, could be added to agreement.

LLC: More protective than a trusts, wide range, less structure

Easier to manage LLC:

Personal liability: ? MRRA are they protected from liability

Stop liability from regatta event, from impacting MRRA, want to know volunteers are protected. Alternative would be to start another corporation, compliance to run another corporation

No assets as an organization at the start for the MRRA, personally owned boats, not great equipment.

Today the MRRA has assets: BOD wants to grow the assets.

Consider the Formula One race in Boston- canceled and now return 50%, now being sued by Boston for the full amount to be refunded.

Carl Popolo:

UML: do they want ownership and liability?

MRRA: has owned the liability

Who's the owner of the LLC, thinks it should be the MRRA

How often has UML and LHS volunteered, and vote on the distribution

Could allow other groups as board members

If we formed an LLC, make it a single member, MRRA owns the regatta

If we form board, do they have to be MRRA members, may have some thoughts about a pseudo separate board

Goal is to create a separation

Maybe some complication of forming an LLC because of the MRRA board and the TRR board  
Organizationally would try to separate and make an organizational structure to define  
Paperwork would look cleaner.

Today easier to set up a separate corporation as a non profit  
501C charitable status difficult, has become more efficient  
Also need to speak with a tax accountant

LLC with independent 501 C tax status  
Initially thought we could use the MRRA tax # for the LLC  
Single member are allowed to use the same #, taxed at LLC and then flows back to MRRA  
Charitable to charitable when given to LHS and UML

Motion by Karen Scammell, Read by Jay Feenan - I am putting forward a motion right now to authorize a formal TRR Board of Directors who will work with legal counsel (the lawyer who did the bylaws) to create an LLC under the MRRA with the MRRA as the sole member of the LLC. The TRR LLC owns the Textile River Regatta and is responsible for managing that regatta. The purpose of the TRR is to run a rowing race in the fall, typically on the Merrimack River, who's beneficiaries include but are not limited to, the rowing entities in the greater Lowell area. These beneficiaries provide the labor and other assets and organization to execute a profitable and safe regatta, and the Board of the TRR distributes the net proceeds in a fair and equitable manner commensurate with the effort put in by each beneficiary.

The subtext for this is

\* MRRA is currently the trustee / owner of TRR -- we report as a single tax exempt entity. This means that a separate informal committee of MRRA directs the regatta.

\* SO now we are formalizing the existing relationship with a wholly owned LLC and directors appointed by MRRA (before was the informal committee). Ownership and control still tests with MRRA while operating decisions are now more formal with the newly set up LLC of TRR -- again this is not a big change of current operations of the TRR regatta, just Directors doing their job.

\* the MRRA does not need to form a new regatta and can instead assume the Textile River Regatta ownership. UMass Lowell and the Friends of UML Rowing do not lay claim to this regatta and instead wish to be participant beneficiaries.

Charitable corporation vs LLC Vote to move forward:

Motion: on table , second.

Yes: 5 Jay Feenan, Dottie Semonian, Bronwyn Chapman, Dennis McCarthy, Terry Freeman

No: 1 Joe Lafrenniere

abstain: 1 David Morley

Meeting adjourned 7:15 PM