


## M E M O R A N D U M

**DATE:** September 16, 2020

**TO:** Board of Directors  
The Long Beach Community Investment Company

**FROM:** Oscar W. Orci, President 

**SUBJECT:** Authorization to Amend the Bylaws of The Long Beach Community Investment Company (Citywide)

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### RECOMMENDATION:

Consider directing the City Attorney to prepare an amendment to The Long Beach Community Investment Company Bylaws to allow for Board Member compensation not to exceed \$50 per meeting.

### DISCUSSION

On June 9, the City Council authorized The Long Beach Community Investment Company (LBCIC) to amend its bylaws to allow for Board Member (Director) compensation not to exceed \$50 per meeting and proactively approved any amendments to the bylaws necessary to evidence such compensation (Attachment A).

The LBCIC is unique among City boards and commissions in that it is a separate legal entity from the City. As a 501(c)(3) nonprofit corporation, the LBCIC is governed by certain sections of the California Corporations Code. Specifically, Section 5239 of the Corporations Code provides that volunteer directors (who do not have a right to compensation) are granted immunity from any liability associated with any actions they may take as directors – absent bad faith or fraud. Directors entitled to compensation (regardless of whether such compensation is actually received) can be liable for negligent actions they take as directors. The directors are covered against such liability by a policy of insurance maintained by the LBCIC for the benefit of the directors. City staff and the City Attorney's Office are of the opinion that the insurance policy provides directors with adequate protection – but ultimately the decision is up to the Board.

The California Corporations Code requires that both the member (City Council) and the Board of Directors of the LBCIC approve the amended and restated organizational documents of the LBCIC before they are filed with the State of California. If approved, staff will present a resolution amending and restating the bylaws of the LBCIC to the Board for approval.

**SUGGESTED ACTION:**

Provide direction to staff and the City Attorney

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Attachment: A – LBCIC Board Compensation Ordinance