

<b>MINUTES</b>	<b>Hawaii Writers Guild</b>	<b>August 25, 2021</b>
----------------	-----------------------------	------------------------

Hawaii Writers Guild (HWG) Board of Directors (BOD) Meeting  
Held via Zoom

Officers and Directors of the Guild present via Zoom:

Carol McMillan – *President*, Bruce Stern – *Vice President*, Diane Revell – *Secretary*,  
Bob Lupo – *Treasurer*, Joy Fisher – *Public Relations*, Johnson Kahili IV – *Events  
Director*

Others Present via Zoom:

Louise Riofrio, Margaret Zacharias

[Note: Items in **bold** indicate decisions made or actions required. Items in square brackets are usually information that became available after the meeting had been adjourned.]

Prior to the meeting Vice President Bruce Stern had posted the current membership rosters to the Board's Google Group. Also, prior to the meeting Treasurer Bob Lupo had e-mailed the **final Treasurer's log for July 2021 (Attachment 1) and the interim Treasurer's log for August (Attachment 2)**. Joy Fisher had posted a legal opinion relative to what guidance we need to follow relative to the HWG activities and similar activities relative to the independent Pop-up Bookstore provided as **Attachment 3 for discussion at today's meeting**.

Event Director, Johnson Kahili was the Zoom host. Usually, Duncan acts as host for the Board meetings but he was unavailable today.

**President Carol McMillan called the meeting to order at 1:14pm** after the host was able to overcome a technical difficulty in getting Zoom up and running.

**Carol called for approval of the Minutes of the July 28<sup>th</sup>, 2021 HWG Board of Directors Meeting.** It was seconded by Secretary Diane Revell and **the measure passed unanimously.**

The minutes **will be posted to the Guild's website** in an archive location for minutes. When this is done by the Webmaster, **the Secretary will send an e-mail to all members with the link.**

Diane Revell indicated her **current means to protect the very few Guild documents that need protection due to sensitive information will be encrypted in Word** and a separate document will record those files by name with their associated encryption password. This was deemed adequate for the type of information in the documents.

Bruce Stern, **Vice President**, provided a summary of the **membership status with 75 active members that includes two student members along with the 73 full members.** There was one new member since last time. One member is now listed as inactive for being delinquent with their annual dues and who will be contacted again with a reminder [reminder was sent on 8/27/21]. The Opt-in List had no additional changes since late May. Bruce plans to provide the

new member and any others that become members in the next month, the opportunity to join the Op-in List. He will then update it prior to our next meeting. There were no pending members.

**Treasurer, Bob Lupo, provided a summary for the final July log provided in Attachment 1 and the details for the interim August log in Attachment 2.**

We ended July and began August with an ASB Operating Balance of \$5,211.93. Four membership renewals, two via PayPal, and two the old-fashioned way, have been credited in August to date, and we've received an Amazon Tax-Exempt Rebate of \$5.37 for total interim August Inflows of \$164.49. Hence, our ASB Operating Balance as of August 24<sup>th</sup> is \$5,376.42. Additionally, two membership dues payments and an inadvertent dues payment totaling \$118.68, were received via PayPal, and will be credited to our account probably August 26<sup>th</sup>. PayPal changed their fee formula, so the most recent dues paid that way are just under the requested \$40. Hence, **our pending ASB Operating Balance as of August 26<sup>th</sup> will likely be \$5,495.10.**

The inadvertent due payment was made by Cynthia Naden before she had applied and been accepted as a member. She was informed by our Webmaster, Duncan Dempster that she needed to apply for membership. Bob was unable to unbundle Cynthia Naden's payment, so we may have to refund her that payment if she does not become a member.

Committee Reports/Updates:

**Johnson Kahili** has combined his previous role as Diversity Coordinator into his new role as Events Director.

As requested, Johnson reported back on his conversation with Jada Rufo and Louise Riofrio earlier the prior week **regarding Hawaii Writers Guild and how to work the relationship with the independent Pop-up Bookstore.** There had been some e-mail exchanges on the topic since our prior Board Meeting that discussed in a fair amount of detail the need for separation of roles between the two organizations. Also, since that time **Joy Fisher looked to a legal document for analogies with this relationship and the need to ensure the Guild as a 501(c)(3) tax-exempt nonprofit serves the public versus providing benefits to private persons to maintain this tax-exempt status.** Her write-up of how this applies for our two entities is in **Attachment 3.** For this discussion relative to Johnson's prior discussion with Jada and Louise, the focus was on opportunities to provide public readings at the Pukalani Farmers Market suggested by the manager of the market who had also joined the discussion at the market on August 18th. **A summary of the results from today's Board meeting (as amended by Joy for clarity) is provided as Attachment 4 with Guidance for Interactions Between HWG and the Pop-up Bookstore.** The attachment **also includes** a response to **how a Guild sponsored book club that would feature members' books for the selections fits into the Guild's mission statement and can be done to avoid any issues with our tax-exempt nonprofit status** by avoiding more than incidental private benefit from book sales.

Related to the discussion, a **possible HWG-sponsored public reading at the Pukalani Stables Farmers Market on a Saturday** to be held at their outside bandstand area was suggested - to

avoid conflict, not Wednesday that is currently the day of the Pop-up Bookstore at that venue. Johnson said that venue includes a speaker system. This event would need to take into consideration any changes in Hawaii County's COVID-19 restrictions which may be increased due to the virus delta variant.

**The Kauai Writers Conference that was to be held in-person has been cancelled for this November due to the added COVID-19 restrictions recently imposed on large events on Kauai.** So, no opportunity for a HWG information table. **Joy Fisher sent out a notice on August 23<sup>rd</sup> to Guild members** about the cancellation of the in-person event, what is planned by the conference organizers for on-line options they will offer instead, and advice on a deadline for full refund of any hotel reservations some may have made.

Louise Riofrio mentioned she is working with a Maui person to exchange book offerings at her Maui farmers market pop-up book table with those of authors participating in the independent Pop-up Bookstore Louise initiated on the Big Island. Contact Louise for more information.

**The Public Relations Director, Joy Fisher,** made some recent PR releases about **our inaugural on-line HWG Member News.** To make it of more interest to the written media outlets she contacted, she also provided as an added item one of the Member News articles that highlighted an author in their media market for three papers. For Honolulu Star Advertiser she highlighted the story of Don Kennedy on Oahu, "*Santa Claus Gets an Award.*" For Kohala Mountain News she highlighted "*Virginia Fortner Joins the Ranks of Women Writing History.*" For the Hawaii Tribune-Herald based in Hilo, she included "*Volcano Writers Publish a Book Together.*" Providing a story about a resident local to the media's market makes it more likely they will include it in a future publication.

For the next edition of Member News, Joy has already collected three items to include. The plan is to release a new on-line version every 6 months. With the initial release in July, the next release date would be expected in January, but this release date may be altered to avoid any conflict with the release date of the next issue of *Latitudes* because both publications place a heavy demand on the time of our webmaster Duncan Dempster..

[Joy sent a message to the membership on May 26<sup>th</sup> **looking for someone with experience to head a grant writing activity** to apply for next year's Laura Jane Musser Fund grant. The request it also posted to our [Guild website Home page](#). She has **not previously received any replies but in an e-mail response on August 26<sup>th</sup> one of our members said she has prior experience** writing, mentoring, and reviewing of scientific grant applications and though **not willing to lead a grant writing task for the Guild, would be willing to help edit and provide substantive feedback.**]

**Our Webmaster, Duncan Dempster,** was not able to attend, so no updates at this time on the website status.

**Planning for the 3<sup>rd</sup> edition of our literary review *Latitudes* is led by Bob Lupo who will serve again as the managing editor.** He said the team will be reviewing the third draft of the guidelines later this week. These had grown in page count significantly from last year primarily

due to the addition of an entry form and a checklist. So, he separated the Guidelines/ Requirements into distinct sections which include an Introductory Commentary (6½ pages); a Submission Process Criteria section (2½ pages), the Entry Form (1½ pages), and the Checklist (½ page).

These will be attached to a Cover E-mail that will announce our Winter 2022 Issue and include basic information such as the Submission Window timeframe and the Launch Date target.

This seems a good resolution to the extra length of the Information Package this year and also has an added benefit: Each submitter will likely open all 4 attachments (curiosity motivates) and maybe-just-maybe that may smooth out the submission process with greater compliance to the Guidelines.

The *Latitudes* submission window this time is September 15<sup>th</sup> - November 15<sup>th</sup>. The plan is to e-mail the Information Package to our members by no later than Friday, September 3<sup>rd</sup> with the notion that our members would appreciate more time before the official window launch date to select their best work for submission.

**[A correction was noted after this meeting that in July there had been an error in the listing of the Latitudes team. The correct list is given here:** Bab said the team will consist of pairs of co-genre editors, a pair of editors-at-large, and the online engineer as follows: • Drama: Richard Bodien, Joy Fisher • Fiction: Mark Kelly, Carol McMillan • Nonfiction: Linda Heath, Jada Rufo • Poetry: Laura Burkhart, Tamara Williams • Editors-at-Large: Margaret Zacharias, Duncan Dempster • Online Engineer Maestro: Duncan.]

Donna Maltz had proposed a **Guild hosted book club** that Diane Revell raised at our June Board meeting; it was received positively. As Donna indicated she was too busy to **take on the management of this activity** at this time, **Diane Revell sent an e-mail to the full membership on August 20<sup>th</sup> to see if anyone else would be willing to do so. One person (Virginia Fortner) did reply that she would be willing to do so, but only if one or two others would join in.** Diane will follow-up to the original request with this update.

The **next regular Board meeting date** is set for **Wednesday, September 22<sup>nd</sup> at 1:00pm-2:30pm via the Guild's own Zoom account.**

The meeting was adjourned at 2:08 pm.

Respectfully submitted,  
Diane Revell, Secretary

Announcements:

1. The **next regular Board meeting time and place: Wednesday, September 22<sup>nd</sup> at 1:00pm – 2:30pm. Meetings will all be via Zoom for the foreseeable future.** Attendance via internet or phone via Zoom will be offered and if still under “stay at home” restrictions it will be the sole method used.

- 2. Requests for items to be added to the agenda for the next regular Board meeting should be sent to the President Carol McMillan and Secretary Diane Revell at their e-mail addresses ([sylvanease@gmail.com](mailto:sylvanease@gmail.com) and [diane.b.revell@gmail.com](mailto:diane.b.revell@gmail.com)) 10-days prior to the next meeting, so by September 12<sup>th</sup>. The agenda will be e-mailed September 17<sup>th</sup> to the full membership five days prior to the meeting.**

Attachment 1: Hawaii Writers Guild Final Treasurer's Log for July 2021

Attachment 2: Hawaii Writers Guild Interim Treasurer's Log for August 2021

Attachment 3: Drawing the Line between Hawaii Writers Guild and the Pop-up Bookstore

Attachment 4: Guidance for Interactions Between HWG and the Pop-up Bookstore

Parking Lot:

1. Planning should begin in September for our January annual meeting, especially if an in-person dinner event to reserve a venue.
2. Setting up an ad hoc nomination committee to seek candidates for our officer election should be initiated no later than October.

Attachment 1: Hawaii Writers Guild Final Treasurer's Log for July 2021

<b>Final Hawaii Writers Guild Treasurer's Log as of July 30, 2021</b>						
<b>ASB Operating Balance as of June 28, 2021</b>						<b>\$5,286.93</b>
<b>July Inflows</b>						
Diane Revell, Membership Renewal						40.00
<b>Total July Inflows</b>						<b>40.00</b>
<b>July Outflows</b>						
Joanne Williams, Christmas In July Festival, Check #125						-110.00
ASB Monthly Fee						-5.00
<b>Total July Outflows</b>						<b>-115.00</b>
<b>Total ASB Operating Balance as of July 30, 2021</b>						<b>5211.93</b>

Attachment 2: Hawaii Writers Guild Interim Treasurer's Log for August 2021

<b>Hawaii Writers Guild Interim Treasurer's Log as of August 24,2021</b>					
				<b>ASB Operating Balance as of July 30, 2021</b>	<b>5,211.93</b>
				<b>Interim August Inflows</b>	
				Linda Petrucelli, Membership Renewal, PayPal	39.56
				Donna Beumler, Membership Renewal, PayPal	39.56
				Carla Oreilana, Membership Renewal	40.00
				David Fouts, Membership Renewal	40.00
				AMZN Tax Exempt Rebate	5.37
				<b>Total Interim August Inflows</b>	<b>164.49</b>
				<b>Total Interim August Outflows</b>	<b>0.00</b>
				<b>Interim ASB Operating Balance as of August 24, 2021</b>	<b>5376.42</b>
				<b>Pending Online Inflows Sent But Not Yet Credited</b>	
				Jordan Barnes, New Member, PayPal	39.56
				Tamara Williams, Membership Renewal, PayPal	39.56
				Cynthia Naden, Inadvertent Payment, PayPal	39.56
				<b>Total Pending Online Inflows</b>	<b>118.68</b>
				<b>Pending Estimated ASB Operating Balance</b>	<b>5495.10</b>

**Prior suggested reading:** A legal memo published by the law firm Wagonmaker & Oberly in November 2015. The title of the legal memo is “Public Charities and Private Benefit: How Much is Too Much?” Found at this link:  
<https://wagenmakerlaw.com/blog/public-charities-and-private-benefit-how-much-too-much>

### **Drawing the Line between Hawaii Writers Guild and the Pop-Up Bookstore**

Public charities such as Hawaii Writers Guild must serve the public good and may not benefit the interests of private persons (including for-profit entities), except to the extent those private benefits are merely “incidental” to the charity’s exempt purposes. Conferring private benefits that are determined to be more than “incidental” can result in the IRS taking away the charity’s exempt status.

In reaching its decision in any particular case, the IRS applies both a “qualitative” and a “quantitative” analysis. Failure under either test could result in the IRS taking away the charity’s exempt status

Under the “qualitative” analysis, if the charity can’t accomplish its exempt purposes without also benefitting certain private persons, the private benefits conferred may be considered “incidental” to the charity’s charitable activities (exempt purposes) and be allowed. However, if the charity can accomplish its exempt purposes without conferring private benefits, then conferring private benefits would be deemed unnecessary and providing them would cause the actions to fail the qualitative test.

#### Issue One: May the Guild Co-Sponsor or Cooperate with Pop-Up Bookstore in Authors Readings?

It has been proposed that Hawaii Writers Guild co-sponsor or in some way cooperate with Pop-Up Bookstore in putting on author’s readings once a month at Pukalani Stables, the site of a Farmer’s Market where Pop-Up Bookstore sells books authored by both Hawaii Writers Guild Members and other authors who are not members of Hawaii Writers Guild.

Section 3.1 of the Articles of Incorporation of Hawaii Writers Guild provides that the Guild is organized exclusively for certain purposes, including, in relevant part, “To educate and expose the public to literature.” The Guild’s Mission Statement also emphasizes this purpose. It provides as follows:

#### Hawaii Writers Guild Mission Statement:

Support writers connected to the Hawaiian Island to hone their craft and engage with the public to heighten community appreciation for literature, creativity, and the written and spoken arts. (Emphasis added.)



### Attachment 3: Drawing the Line between Hawaii Writers Guild and the Pop-up Bookstore

It can be concluded, then, that sponsoring authors readings is a permissible activity for Hawaii Writers Guild to engage in under its corporate purposes and its mission statement in that authors readings heighten community appreciation for literature.

It can also be concluded, however, that co-sponsoring or cooperating with Pop-Up Bookstore, a for-profit entity engaged in selling the books of the proposed readers, would provide a private benefit to both the authors and to Pop-Up Bookstore because the authors readings thus presented would enhance the interest of the public in buying the authors books either at the event or later at the sales booth. This sales activity is a commercial for-profit activity which benefits the private interests of both the authors and also of Pop-Up Bookstore, which charges a fee to authors whose books it sells.

The Guild has, in the past, sponsored its own authors readings without permitting or soliciting book sales at them. It can do so again. It must be concluded, then, that the Guild can accomplish its exempt purpose “to educate and expose the public to literature” without co-sponsoring or cooperating with Pop-Up Bookstore. Therefore, it must be concluded that co-sponsoring or cooperating with Pop-Up Books in putting on authors readings would confer an impermissible private benefit on both the authors and Pop-Up Books.

It is therefore concluded that undertaking this activity would put the Guild’s nonprofit status at risk under the Private Benefit Doctrine.

#### Issue Two: May the Guild Announce Authors Readings Put on By Pop-Up Bookstore Alone and/or Publish Stories after the Event?

In the past, Hawaii Writers Guild has carried announcements on its website and Facebook pages about members scheduled to read at Kona Stories, a for-profit bookstore in Keauhou Shopping Center. The announcements encouraged Guild members to support their fellow Guild members by coming to hear them read. The Guild has also carried stories and pictures on its website and Facebook pages after the readings showing our members who were readers.

It’s possible that these announcements and stories provided private benefit to both the book store and to the authors by encouraging other members to attend an event the intention of which was to promote the sale of books.

However, it can be argued that this private benefit, if indeed there was one, was necessary to the accomplishment of another of the Guild’s exempt purposes: namely, “to provide peer support for writers” (Article III, Section 3.1 (1) of the Guild’s Articles of Incorporation).

An analysis under the IRS’s qualitative test leads to the conclusion that the Guild could not accomplish its exempt purpose of providing peer support for writers in the context of these readings without reference to the time, location and circumstances of the readings. (It should be noted that the stories did not announce that the author’s books would be for sale and did not give any information about the success of the sales effort). Under these circumstances, it must be concluded that any private benefit provided to the bookstore and the readers was incidental to the Guild’s exempt purpose of providing peer support to writers and was therefore allowable.

### Attachment 3: Drawing the Line between Hawaii Writers Guild and the Pop-up Bookstore

It should also be noted that Kona Stories did not limit itself to presenting authors readings by members of Hawaii Writers Guild. Rather, it invited authors to read whose books it carried and hoped to sell for its own profit and the profit of the authors. The Guild did not co-sponsor or cooperate in any way with the decisions of Kona Stories about Kona Stories authors readings.

Pop-Up Bookstore is similar to Kona Stories in that its purpose is to sell books for its own and the authors' profits. Our policy for announcements and stories about our members who read at authors readings sponsored by Pop-Up Bookstore should therefore follow the policies and procedures previously applied to authors readings at Kona Stories bookstore.

[Type here]

#	Question	Pop-up Bookstore	HWG
1	If Pop-up Bookstore arranges Pukalani Farmers Market (or similar) public readings, what are the rules?	<p>Pop-Up Bookstore (“Bookstore”) is now an independent for-profit entity and can organize and produce authors readings as it sees fit, e.g., work with venue for arrangements, line up readers, publicize the event, emcee the event. Because it is a for-profit entity, Bookstore can have books for sale at the event.</p> <p>Pop-Up Bookstore is no longer an activity of Hawaii Writers Guild and should not hold itself out as being affiliated with Hawaii Writers Guild in any way.</p>	<p>HWG can accomplish its exempt purpose of “educating and exposing the public to literature” by organizing and producing its own authors readings. HWG should therefore not <u>collaborate with or co-sponsor</u> authors’ readings with Pop-Up Bookstore because the IRS could interpret that as “conferring an impermissible private benefit” on the Bookstore and the IRS could take away HWG’s nonprofit status.</p> <p>All HWG members may, however, participate as readers in their individual capacity as creative writers in Bookstore readings, including with their books to sell, just as many members have done at Kona Stories Bookstore.</p> <p>When HWG members are readers at such events, their activity can be mentioned in HWG media (website, Facebook, Twitter, e-mails) in furtherance of HWG’s purpose to “provide peer support for writers,” but there should be no specific mention of books for sale or links to purchase books. Such stories should follow the format used for Kona Stories readings. (See Guild News.)</p>
2	If HWG arranges Pukalani (or similar) public readings, what are the rules?	<p>Bookstore participants may be invited by HWG, at its discretion, to participate as readers at HWG events. Note, however, that per HWG Bylaws in Article III, Section 3.1,</p>	<p>HWG should control all organizing and production arrangements for the reading and should not give Bookstore participants authority over any aspect of the readings. E.g., HWG works with venue for arrangements, lines up readers, publicizes event, emcees event, but <b>does not have books for sale</b> at event.</p>

[Type here]

		<p>“... At any event sponsored by the Hawaii Writers Guild, members of the Guild shall have priority over any non-member participants, with the exception of featured speakers. ...”</p>	
3	<p>Why would some HWG members be in possible conflict of interest if they actively took part in some aspect of producing a Pop-up Bookstore-sponsored public reading?</p>	<p>N/A</p>	<p>Pursuant to conflicts of interest rules, officers and directors of HWG owe a <b>duty of loyalty</b> to HWG which would include a <u>duty not to endanger HWG’s nonprofit status by their actions.</u></p> <p>As concluded in #1 above, HWG can accomplish its exempt purpose of “educating and exposing the public to literature” by organizing and producing its own authors readings.</p> <p>Officers and directors of HWG would breach their duty of loyalty to HWG if they collaborated in organizing or producing Pop-Up Bookstore authors readings by, for example, acting as emcee at such readings. In addition, lending their organizing or production skills to Pop-Up Bookstore events could give the appearance that HWG itself was trying to accomplish indirectly, though its officers and directors, what it could not do directly as an organization, that is, confer an impermissible private benefit on the Bookstore. Such a conclusion by the IRS would endanger HWG’s nonprofit status.</p> <p>The duty of loyalty requires officers and directors of HWG to deploy their organizing and production skills in service to HWG and not to Pop-Up Bookstore in this instance.</p>

[Type here]

4	Would a HWG sponsored book club that focuses on HWG members' publications also create a conflict of interest, since to participate in a book club you need access to the book?	N/A	<p>A book club can be seen as a way the Guild can support writers to "hone their craft" as our Mission Statement says, and also as a way of "providing peer support to writers", which is allowed as one of HWG's exempt purposes. As long as we don't <u>require</u> members of the book group to buy the books, it can be concluded that any "private benefit" conferred on the author is only "incidental" and allowable.</p> <p>(NOTE: it would be nice if an author whose book has been chosen would give or loan copies to members of the book group or donate copies to local library branches so that members could borrow them.)</p>
---	--	-----	---