

MINUTES
The Arc of Texas Board of Directors
March 10-11, 2006
The Arc of Texas State Office
Austin, Texas

Friday, March 10, 2006

Call to Order:

President Ron Brown called the meeting of The Arc of Texas Board of Directors to order at 12:15 p.m. on Friday, March 10, 2006. A quorum of the Board of Directors was present.

Members Present:

Ron Brown
Laura Butler
Pat Munoz
Beth Turner (Friday only)
Charlie Huber
Ricky Broussard
Judy Kantorczyk
Nancy Lepley
Stacey Marthiljohni
Rick Fritsche
Jamie Travis
Richard Garnett (Saturday only)

Members Absent:

Dennis Greer
Hortencia Mendoza

Staff Present:

Mike Bright	Lisa Rivers
Beverly Main	Amy Mizcles
Rona Statman	Esther Chung

Consideration of Public Comments:

Mike Bright – Executive Director noted that no one had registered to present public comments.

Consideration of the Minutes of the Previous Meeting:

President Brown called for a review and consideration of the Minutes of the December 2-3, 2005 meeting of the Board of Directors. **Laura Butler MOVED that the Minutes of the December 2-3, 2005 meeting of The Arc of Texas Board of Directors be approved as presented. Rick Fritsche SECONDED THE MOTION. THE MOTION WAS ADOPTED.**

Consideration of the Report of the Executive Committee:

Ron Brown discussed the Executive Committee action taken on behalf of the Board of Directors in its teleconference committee meeting on February 9, 2006 regarding the filing of an amended 2004 IRS 990 report form.

President Brown also discussed the leadership's intent to explore options to the current organizational design of the Household Recycling program. The Executive Committee **MOVED that the Board of Directors authorizes the Executive Director to take action to shift the Household Recycling to its own separate non-profit "supporting organization" with an appropriation of \$30,000 from reserves. It is the intent of the Board that the new Household Recycling organization has its own Board of Directors, budget and staff. The Board of Directors authorizes the Executive Director to hire a consultant to develop a Business Plan and to report progress to the Board of Directors at their June meeting.** Discussion followed. **THE MOTION WAS ADOPTED.**

Consideration of the Report of the President:

President Brown updated the Board on his recent activities. Items discussed in his report included:

- Mediation with the Attorney General's staff on McCarthy
- Regular administrative and planning meetings with the Executive Director

The report of the President required no action by the Board of Directors.

Consideration of the Report of Texas Advocates:

Ricky Broussard updated the Board on recent activities of the Texas Advocates. Items discussed in his report included:

- Update on Peer to Peer training project
- Leadership and advocacy activities
- Planning for the 2006 Texas Advocates conference
- Participation in the May SABE conference in Atlanta

The report of the Texas Advocates required no action by the Board of Directors.

Consideration of the Report of the Executive Director:

Mike Bright updated the Board on recent staff activities. Items discussed in his report included:

- Finalization of building finish out activities and move-in of Riata, Inc.
- Grant funding from the Rockwell Fund
- 2006 Inclusion Works conference
- Grants management and re-application activities
- New staff recruitment
- PBS film: The Teachings of John
- Recent chapter travel activities
- Status of the loan to The Arc of Texas in the Rio Grande Valley
- Update on HCS roll-out
- Website project

The report of the Executive Director required no action by the Board of Directors.

Executive Session: Consideration of the Litigation Report:

President Brown called the Board to sit in Executive Session to receive the report on the McCarthy litigation from The Arc's attorney. Following that report, President Brown reconvened the Board meeting in open session and noted that no action had been taken by the Board of Directors in Executive Session.

Consideration of Program Reports:

The following program updates were presented:

- Real Life – Lisa Rivers
- Inclusion Works – Rona Statman
- Master Pooled Trust – Chris Oglesby
- Texas Advocates Peer to Peer project – Haley Greer and James Meadours
- Local Advocacy Network Project – DeeDee Eberle
- The Arc of Texas Website – Esther Chung

None of the Program Reports required action by the Board of Directors.

Consideration of the Development Report:

Lisa Rivers presented the Development Report. Items discussed in her report included:

- Update on Legal Defense fund solicitation
- Update on the Local Independent Charities project
- Final report for the 2005 Share the Vision project

- Roll-out of the Spread the Word project to local chapters
- Vista grant for Real Life

The Development Report required no action by the Board of Directors.

Consideration of the Report of the Finance and Operations Committee:

Beth Turner presented the report of the Finance and Operations Committee. Items included in that report included:

- 2005 Fourth Quarter Financial Report
- January 2006 Financial Statement
- Household Recycling update
- Investments report

The report of the Finance and Operations Committee required no action by the Board of Directors.

Consideration of the Report of the Governmental Affairs Committee:

Amy Mizcles presented the report of the Governmental Affairs Committee. Items discussed in her report included:

- Monitoring Interim Session legislative committees
- DADS Service Delivery Design project
- Monitoring the upcoming Special Session on school finance

The report of the Governmental Affairs Committee required no action by the Board of Directors.

Recess:

President Brown recessed the meeting until 8:30 Saturday, March 11, 2006.

Saturday, March 11, 2006

Call to Order:

President Brown reconvened the meeting of the Board of Directors at 8:30 a.m. on Saturday, March 11, 2006. A quorum of the Board was present.

Board Training:

Trish Fritsche conducted a training session for the Board of Directors on the implications of the Sarbanes-Oxley Act for the future of non-profit organization operations.

Consideration of the Report of The Arc of the United States:

Richard Garnett updated the Board on the recent activities of the national organization. Items discussed in his report included:

- Review of the methods by which local Affiliation Fees are calculated
- National governmental affairs issues : federal budget
- Organizational challenges within The Arc
- 2006 national Convention

Consideration of the Report of the Chapter Services Committee:

Rick Fritsche presented the report of the Chapter Services Committee. Items discussed in his report included:

- Policy for division of Drop Box project profits with local chapters
- 2006 Awards Program
- Chapter participation in The Arc of Texas IRS 501c (3) group exemption ruling
- Affiliation requirements and requirements for chapters participating in the Household Recycling/Drop Box programs

Action Item #1:

The Chapter Services Committee **MOVED** that **The Arc of Texas Board of Directors adopt the following formulas for sharing net income of the Drop Box project between The Arc of Texas and participating local chapters:**

- a. **These formulas will go into effect on January 1, 2007**
- b. **For chapters participating in the Household Recycling program:**
 - **The local chapter will receive 10% of net proceeds**
 - **15% of net proceeds will be reserved by The Arc of Texas for distribution to local chapters via a small grants program for activities that advance the mission of The Arc of Texas**
 - **75% of net proceeds will be deposited to The Arc of Texas general Fund.**
- c. **For chapters not participating in the Household Recycling Program:**
 - **The local chapter will receive 25% of net proceeds**
 - **75% of net proceeds will be deposited to The Arc of Texas general fund.**
- d. **When two or more local chapters are located in the same county, the local share of Drop Box proceeds going to each chapter will be distributed according to the zip code from which the funds are derived.**

THE MOTION WAS ADOPTED.

Action Item #2:

The Chapter Services Committee **MOVED** that the Board of Directors adopt the following outline for The Arc of Texas awards program and charge the Chapter Services Committee with implementing the awards program:

- a. The awards program will:
 - Recognize individuals/organizations who have advanced the Mission of The Arc of Texas at the state level
 - Include the following awards: Volunteer, Self-Advocate, Policy Maker, Awareness
- b. The Chapter Services Committee will serve as the Awards Committee
- c. Awards nominations will be solicited from Board, chapters and members
- d. The Committee reserves the right to give special awards beyond those listed above
- e. As an adjunct to the state-level awards program:
 - The Arc of Texas Chapter Services Committee will implement a Local Chapter Showcase program in which local chapters annually submit competitive nominations in each area for which chapters submitted award nominations in 2004
 - Showcase winners will be selected by the Chapter Services Committee
 - Showcase winner chapters will be sent a plaque and have the opportunity to have their project showcased on The Arc of Texas website for three months in the year following selection
 - All nominees must demonstrate the manner in which they have advanced the mission of The Arc of Texas.

The MOTION WAS ADOPTED.

Action Item #3:

The Chapter Services Committee **MOVED** that the Board of Directors adopt the following policy:

- a. That all local chapters participating in The Arc of Texas Group Exemption Ruling with the Internal Revenue Service as of March 11, 2006 and that:
 - (1) are required to file an annual IRS 990 report form, and
 - (2) are not required to file an annual IRS 990 report form but whose assets exceed three times their annual incomeare required to secure their own separate and individual 510c (3) exemption ruling no later than March 11, 2009.
- b. That those chapters participating in The Arc of Texas Group Exemption Ruling as of March 11, 2006 and that are not subject to “a” above will be

- required to seek a separate and independent 501c(3) exemption within 12 months of filing a 990 report for the first time.**
- c. All local chapters will be deleted from participation in The Arc of Texas Group Exemption Ruling within 30 days of the IRS approval of their separate and independent 501c (3) exemption ruling or on March 11, 2009, whichever is sooner.**
 - d. All new chapters organized after March 11, 2006 will be included in The Arc of Texas Group Exemption Ruling until such time as they are required to file an IRS 990 report form.**

The Executive Committee **MOVED TO SUBSTITUTE THE FOLLOWING MOTION:**

That the Board of Directors adopts the following policy:

That The Arc of Texas direct all chapters currently participating in The Arc of Texas Group Exemption Ruling with the Internal Revenue Service to seek separate and independent exemption rulings with the IRS, that such local action shall be required by The Arc of Texas within one-year from the hiring of a Director of Chapter Services, and that The Executive Director will be authorized to provide technical and other assistance to chapters as necessary to achieve this goal.

Extensive discussion followed. **The SUBSTITUTE MOTION WAS ADOPTED. The MOTION WAS ADOPTED AS SUBSTITUTED.**

Action Item #4:

The Chapter Services Committee **MOVED** that **The Arc of Texas Board of Directors approve amendments to the Constitution and Bylaws of The Arc of Bryan-College Station as presented. The MOTION WAS ADOPTED.**

Consideration of Old Business:

President Brown announced that no Old Business was pending.

Consideration of New Business:

President Brown called for New Business. The Board discussed the proposal to establish an Audit Committee. President Brown asked that the staff further research the issue and that it be placed on the agenda for the June Board meeting.

No further New Business items were presented for Board consideration.

Adjournment:

There being no further business, President Brown adjourned the Board Meeting at 11:45 a.m.

Respectfully submitted,

Pat Munoz – Secretary