**CSDP Board Meeting**

**Minutes**

**January 26, 2018**

**Attendees**: Brenda Marshall, Duane Green, Eric Glenn, Debra Martin, Teresa LeFevre, Derrick Mitchell, John Taylor, Jackie Jackson, Kenneth Gardner, Ken Doherty

Guests: Leamon Sowell, Laverne Sowell

**Special Topic – Board Governance Session with Leamon Sowell, Sowell Law Partners**

1. Non-Profit Organization structure
	1. Articles of Incorporation – not an issue that the three folks listed are no longer members (Louis Green, Don Alessi, Louise Mitchell) – need to review to ensure accuracy and to ensure we have maximum protection for liability of directors. This can also be addressed through bylaws. Should have this review with an attorney – recommended every 5 years.
	2. Corporate Structure – CSDP is a Membership organization
	3. Need to file an annual report that reflects the updated board structure/membership
	4. Bylaws are a state requirement and they address the handling of internal corporate procedures
		1. # of directors
		2. Reserved powers
		3. Voting rights
		4. Admission of members
		5. Transfer of membership interests
		6. Indemnification, use of insurance
	5. Resolutions, corporate minutes, meetings
		1. Need to have a minute book to track resolutions
		2. Need to develop sexual harassment policy
		3. Need to add indemnification to bylaws
2. Type and categories of federal tax exemption
	1. IRS code 501(c)(3) – we qualify under the education provision.
	2. See Leamon’s presentation for full 501(c) categories
3. Prohibition on Private inurement
	1. Assure transactions are at fair market value
	2. Appraisals, valuations and opinions
	3. Independence and arm’s length dealing
	4. Conflict policies, disclosure and abstention
	5. Independent approval system
4. Form 1023 Long Form – recommend that we talk to a TAX ACCOUNTANT
	1. Detailed narrative
	2. Disclose compensation
	3. Financial information required
	4. Discussion of past and future initiatives
5. New Form 1023-EZ short form
	1. If projected revenue is $50k or less and assets under a certain threshold
6. Annual Form 990 needs to be filed
7. State & Local Tax requirements
	1. Automatic sales tax exemption once c3 status is reached
	2. Some cities have some income tax withholding
	3. Local property tax rules may apply
	4. A license is required from the state if you are soliciting donations from external organizations (other than members) – once we have the 501c3 the license is no cost to get and could protect our donors in case of audit
8. Board of Director Duties and Responsibilities – fiduciary duties, duty of care
	1. Define degree of care an ordinary person in a like position would exercise under similar circumstances.
	2. Focuses on the process used in arriving at decisions; due diligence
		1. Meeting materials provide in advance
		2. Directors review relevant information
		3. Attend and participate in meetings
		4. Follow requirements of governing documents
		5. Appropriate delegation
		6. Be aware of licensing and regulatory requirements
		7. Ask questions!!
9. Inclusion of MWBE
	1. “You’d really be changing direction if we allowed MWBEs in membership” – Leamon
	2. You could create a different membership where the two would not mix but the information could be shared between the two.
	3. Confidentiality, inurement and conflict of interest.
10. Business Judgement -the key is to be able to say we were exercising good business judgement, proper care, policies, structure, documentation, due diligence
11. Conflicts of interest
	1. disclosure is key
	2. IF fair and reasonable it may be permissible
12. Meeting and Voting
	1. Meetings are held, minutes are captured
	2. Quorum is achieved
	3. Bylaws should be specific about allowing “virtual” meetings, email discussions, etc.
13. Audits & Financial statements and Tax filings – remain in good standing and maintain history
14. Committees
	1. Use committees for specific purpose
	2. Documentation, committee reports
15. Protect the board – update to include indemnification (recommend review by counsel every 5 years)
	1. Dissolution – we don’t have any information about that in our bylaws
	2. Liability insurance

Unique idea: Supplier Diversity Soup – could target MWBE development topics to address