



TEXAS ECONOMIC DEVELOPMENT COUNCIL

Board Member Guidelines & Responsibilities

Background

TEDC is a non-profit, professional member association, designated as an IRS 501(c)(6) tax-exempt organization.

The TEDC is exempt from state sales tax.

TEDC was established in 1961.

Board Legal Duties

Duty of Care requires leaders to use reasonable care and good judgment in making their decisions on behalf of the interest of the organization.

Duty of Loyalty requires leaders to be faithful to the organization, avoiding conflicts of interest.

Duty of Obedience requires leaders to comply with governing documents (i.e. by-laws, articles of incorporation, policies, etc.)

Board Tools

The operating documents of the organization are available to volunteer leaders. Below are the documents that you will want to review as a TEDC board member.

- Bylaws
- Financial Statements (recent)
- Minutes (recent)
- Strategic Plan
- Policies

Strategic Planning

Strategic governance focuses the board on mission and goals. The plan serves as a “roadmap” for volunteers and staff. The Board should “think past their tenure and beyond their experience” for the benefit of the organization.

1. Determine the organization’s mission and purpose.
2. Select the chief paid executive (not the staff).
3. Support the chief executive and assess performance periodically.
4. Ensure effective organizational planning.
5. Ensure adequate resources (funds, time, staff, technology, etc.)
6. Manage resources effectively.
7. Determine, monitor, and strengthen the organization’s programs and services.
8. Promote the organization’s image.
9. Ensure legal and ethical integrity and maintain accountability.
10. Recruit and orient new board members and assess board performance.

The board leads....the staff manages”.

Governance

Volunteer leaders are responsible for the direction of the organization, profession, and members that it represents. The Board acts and thinks strategically, setting goals and strategies for the future. Leaders should avoid micromanagement of the organization, maintaining focus on mission and vision.

Management

Paid staff and subcontractors are responsible for the administration of the organization. Staff act as partners to the Board, advancing the goals and strategies, while taking care of the daily administrative needs unique to nonprofit organizations

Board Responsibilities

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Volunteer Immunity and Insurance

State and federal governments have afforded certain protection to volunteer leaders. While the volunteer may have some protection, the organization is still open for legal suits. Immunity often differs for 501(c)(3) and 501(c)(6) organizations. Insurance coverage add further protection for volunteers and the organization.

TEDC has the following insurance coverage:

- ✓ General Liability – covers property damage and injuries related to the organization
- ✓ Directors and Officers Liability – covers legal defense for employment, copyright and antitrust claims
- ✓ Fidelity Bond – covers losses resulting from fraudulent or dishonest acts committed by an employee

Board Risks

The best method of governing without risk is to be aware of the traps. In addition to the common risks identified, the Board should be briefed on fiduciary responsibility, contracts, insurance, IRS requirements, ethics, etc.

Public Records requests for organization's annual federal tax return (Form 990) must be available for the last three years.

Antitrust violations occur when two or more persons from the same industry or professional gather and discuss suppliers, processes, prices or operations. Remove yourself from any conversation that would change how business is conducted because of a joint-agreement among competitors.

Financial Audits should be used annually to protect Board and staff.

Committees

Organizations should consider establishing committees that only align with the major goals and the strategic plan of the organization.

Standing – identified in the bylaws and appointed annually.

Ad Hoc – formed for specific or immediate needs.

Current TEDC Standing Committees:

- Budget
- CEDA
- Communications
- Compensation
- Conference
- Economic Development Sales Tax
- Education
- Forward Planning
- Investment
- Legislative
- Membership
- Nominating
- Political Action (PAC)
- Transportation
- Water
- Workforce Development

Volunteer Etiquette

- Respect the Chairperson
- Adhere to the meeting agenda
- Speak when you have an essential point to make
- Read materials before the meeting
- Respect the rules of order
- Leave personal and political agendas at the door
- Support the Board and the organization publicly