

**Texas Migrant Council, Inc.**  
**BOARD OF DIRECTORS**  
**NEW BOARD MEMBER ORIENTATION MEETING MINUTES**

**LOCATION: LAREDO / Conference Call**

**DATE: January 11, 2008**

**ROLL CALL:**

<b>MEMBER</b>	<b>PRESENT/ABSENT</b>
Ms. Sandra Martinez, Board Chair	Present
Mr. Louis Dan Liskai, Board Vice-Chair	Present
Judge Juan Velasquez	Present
Dr. Rene Cantu	Present
Mr. Juan Massey	Present

**Agenda:**  (y)  (n)

**Materials provided/distributed:** (y) (n)

**Minute Taker: Ms. Minerva Mendoza**

<b>Item/Subject</b>	<b>Discussion Referenced materials, copies, etc.</b>	<b>Action/ Motions</b>
<b>I. Meeting Called to Order</b>	Ms. Sandy Martinez, Board Chair, called the orientation meeting to order at 5:12 p.m.	<b>Called to Order</b>
<b>II. Roll Call</b>	Ms. Sandy Martinez, Board Chair, called roll. The two (2) new Board Members, Mr. Juan Massey and Dr. Rene Cantu were present for their orientation. Ms. Sandy Martinez, Board Chair, Mr. Dan Liskai, Board Vice Chair, and Judge Juan Velasquez, Board Member were also present for the orientation.	
<b>III. Topic Overview</b>	<b>1. Articles of Incorporation</b> Mr. Sigifredo Perez, Texas Migrant Council, Inc. Corporate Counsel, briefed the new members on the corporate structure and background of the corporation. Texas Migrant Council, Inc. was created in 1971 as a Texas non profit organization by filing Articles of Incorporation with the Secretary of the State of Texas. At the time it was accepted as a Texas non-profit corporation, the mission identified in its charter document was to advance a social, charitable or educational purpose. Since that time, TMC has grown significantly and its purpose continues to serve its original mission of advancing the social status of the indigent and migrant families throughout Texas, Southwest and expanding its services throughout the United States. TMC is also registered as a section 501 C 3 corporation with the Internal Revenue Service meaning that it will not be taxed and the revenues received are not to be distributed to its members or directors. All TMC revenues and	<b>Handouts Approved</b>

profits are supposed to stay with the corporation to advance the mission. Texas non-profits and for-profit corporations share a lot of characteristics in common. Both can acquire real estate, personal property, and hire and fire employees; and they are both subject to the same laws of employment discrimination. The only difference between the two is that non-profits can not be used to achieve a for-profit purpose and none of the assets of a non-profit, its revenue or property, can ever be distributed to its members, in this case, its directors. Typically, a for-profit corporation upon dissolution, after payment of all debts and obligations, distributes all its assets to its shareholders; this is where they are different. Along these lines, it is very important to remember the mission of the corporation, and the organizational purpose; if there is any action that is inconsistent with its mission, we stand to loose our non-profit status with the Secretary of the State of Texas and perhaps even our tax exemption with the Internal Revenue Service. I will cover these items in the training with your duties and responsibilities as Board of Directors. Since TMC was formed, it has registered to do business in Texas as well as other states. It is registered to do business in Ohio, Wisconsin and Indiana. This last year in 2007, we also registered TMC to do business in New Mexico, Oklahoma, Iowa and Nevada. Texas Migrant Council was also registered to do business with another name other than TMC which it is known as, New America Corporation. We can now use New America Corporation meaning that it is an extension of the identity of Texas Migrant Council, Inc. just as we were using TMC in the past.

## **2. By - laws**

Mr. Sigifredo Perez, Texas Migrant Council, Inc. Corporate Counsel, moved to review the By-laws for the corporation. The important section in the By-laws is 2.01. In section 2.01, we have the purpose of the corporation which defines how the expenditures and policies of the corporation should be followed. We have had several sets of By-laws over 35 years. The By-laws are the body of documents that the Board of Directors, as well as the officers, use for meetings and operating. The most recent set of By-laws were adopted in the November 2007 meeting and those are identified as the 3<sup>rd</sup> Restated By-laws. Whenever you have any doubts as to what you should be doing and how things should be done you need to refer to the By-laws. The By-laws are your bible for purposes of knowing how operations are between yourselves as directors of the corporation. Recently, the By-laws were amended to include up to 24 directors for the corporation. We currently have 17 members, and the corporation can have up to 24 members. The term of each director is 3 years. Also, in the most recent By-laws the corporation decided to establish 2 classes of directors. TMC has had the benefit of having several Board Directors since 1971, those are Mr. Balli, Mr. Vidal Cantu and Mr. Francisco Flores. So in recognition of their years of service and

dedication to TMC, the board established a different class of directors; those directors are identified as Charter Directors. The remaining set of directors are named as directors. The distinction of these two classes is in the 3<sup>rd</sup> Re-stated By-laws, section 3.1b. In short, Charter Directors are members for life, they have voting privileges, attendance does not affect them, but they do not have proxy privileges. There were also more stringent requirements added in the By-laws for attendance to regular and special called meetings for the Board of Directors. Attendance has become an issue mainly because over the years non-profits have been scrutinized by funding sources, such as the federal government. Unfortunately, there have been too many abuses by other non-profits where directors were using their positions to benefit themselves rather than the corporation. In other instances, the directors were not actively involved in the corporation and they were not necessarily making the best decisions for the corporation. The recommendation for adopting more stringent attendance policies by non-profits have been the reaction of what has been happening in the last few years. The corporation is now enforcing more stringent policies for attendance. TMC's attendance policy basically says that if a director is absent to 3 meetings in one calendar year and those absences are deemed unexcused then under that scenario there is an automatic item placed in the agenda at the next scheduled meeting with notice to the Director. If there is a quorum present at that meeting, and 2/3 of the members present at that meeting consider the reasons for the Directors absences and vote to remove that director, then that item will pass and that director will be removed. It is a more stringent policy than has been in place in the past. Particularly, the U.S. Department of Health and Human Services has always wanted us to have stricter policies about attendance and non attendance to board meetings. More recently, the IRS and the Attorney General implemented stricter requirements in this area. The Charter Directors, because of their years of service, have been exempt from those provisions, but the other aspects of the By-laws do apply to them, including the duties that are expressly delegated by law upon directors and that will be discussed in the training. This is the overall structure of TMC. If you have any questions, I will answer them for you.

**3. Duties and Responsibilities**

Another part of the orientation and training, are the duties you have as board members for TMC. When acting as a Director for TMC, remember that you are considered a fiduciary. What that means is that all decisions that you make, and all decisions that come before you have to be made for the betterment of the organization, taking into consideration the mission and purpose rather than making the decision to best benefit yourself. That's the standard that you are always going to be held to. As indicated,

you should become thoroughly familiar with TMC's purpose and mission. This should serve as a guide if you have any doubts on any decisions you have to make. As Board Members, you don't have the responsibility of micromanaging the day-to-day activities that take place in the corporation. You basically entrust that aspect to the CEO, as well as to the employees she hires to assist her. You are here to set policy. The way you set policy is to stay informed of the changes to the corporate structure, By-laws and also the operations of TMC. What programs does TMC operate? What are the results of audits that were made? What are the policies of TMC that pertain to the employees? These are all the items and the particular subjects that will come before you at your bi-monthly meetings. You are expected to be informed not only about the corporate structure, but also, about the operations of the entity. In the event that you may have any issues with respect to a particular transaction, operation or an employee, the protocol is to address that with the CEO who in turn will address the issue with the particular individual(s) involved. Because you are a Board Member of a non-profit corporation there is a body of law, both statutory as well as case law, with three (3) duties that you are expected to abide by. These three duties are duty of care, duty of loyalty, and duty of obedience. Generally speaking, if you abide by these duties, you will not be liable for any particular transaction that you vote on that may go array later involving the corporation. The first duty is the duty of care. The basic premise of this duty is that you must exercise your decisions in good faith with the care of an ordinarily prudent person. That the decision you made was reasonably believed to have been in the best interest of the corporation. The question is, how do I discharge that duty as a Board Member? As stated earlier, your responsibility is the duty to become informed about the corporation, and to continue to stay informed with the operations and activities of the corporation. Ensure that you understand the corporate structure and that you stay on top of what the By-laws of the corporation are and any amendments. Be aware of what is happening with the policies and procedures. The law requires you to be fully aware of what is happening in the corporation by attending regular bi-monthly meetings or special meetings. You are also required to attend meetings that have information regarding the present operations of the corporation and on future endeavors of the corporation such as strategic planning. The law also requires you to be familiar with how TMC is structured in terms of management and protocols in the event that there is a violation or perceived violations within the organization. You must exercise independent judgment in all decisions you make. Any decision you make must be one that you make yourself without duress or influence. As long as you stay informed and request that the information you need be provided to you; you should be ok. One other component is your right to get the advice of professionals. If

you have a financial issue you must vote upon and your area of expertise is not finance, you have the right as a director to rely upon a Certified Public Accountant or some other fiscal advisor to help you get the information you need to make that decision. That is something you have to exercise as part of this charge of duty of care. The second duty is the duty of loyalty. Sometimes, duty of loyalty is intermeshed with conflicts of interest. As directors you have to avoid conflicts of interest. Sometimes conflicts of interest are unavoidable and under those circumstances your responsibility is to disclose the perceived conflict of interest to the board. If necessary, you should seek the advice of independent counsel on whether a particular situation is a conflict of interest. In its most recent set of By-laws TMC, adopted a conflict of interest statement. I don't recall the specific section but it is towards the end of the 3<sup>rd</sup> Re-stated By-laws. It is very important that you become familiar with the By-laws. TMC has adopted this conflict of interest statement due to the ever-growing scrutiny upon non-profits by different funding sources as a result of the numerous abuses which have taken place within non-profits over the last few years. There has been directors and other persons, charged with abusing their authority rather than making decisions to better the organization. These persons were benefiting themselves. Conflicts of interest come in a number of ways: it could be a particular director taking a vote on certain transaction where he or she would stand to gain financially; or, he or she were a partner member of the corporation that was going to make a profit; or, he or she has some family member that would stand to make a benefit or something within those lines. Actions like these have been occurring at an increasing rate. In any event, follow the policy that TMC has adopted, and if ever there is a conflict of interest, disclose it, and if necessary seek the advice of the counsel or contact our office for guidance. If necessary, abstain from voting on that particular action. Sometimes there may be a conflict of interest in a particular transaction by the fact that a director or someone in his family may be involved as a subcontractor who may be getting a winning bid. A situation like that is considered an unfair transaction. An unfair transaction is where there is no direct conflict of interest but there is an appearance or perception of conflict of interest. It may be that by the end of the day, after careful analysis, that subcontractor may be in fact the best entity for the corporation. It may also be a fact that there was an arms length negotiation under the circumstances and it was the best deal for the corporation. But that may be something after the fact. The main thing is that as long as there is a perceived conflict of interest, you should take the necessary steps to protect yourself and protect the corporation, in the event that something comes up in the future. If you did follow the proper steps, you will avoid the scrutiny. The next item is the duty of obedience. As a member of the TMC Board of Directors, you have agreed to follow through

with the purposes of the corporation, its articles of incorporation, the By-laws and all rules and procedures that it has adopted. So you will remain obedient to the corporation and its purpose through all documents, rules and regulations and the By-laws it has adopted. In the event that there is ever a question as to whether or not a decision that you as a board member, or the board as a whole, ever made was a bad decision for the corporation, you will be judged by the Business Judgment Rule. What that means is that the director will not be liable for that decision, in the event that it is bad, if it is found that the director when he/she made the decision acted in good faith and in a manner reasonably believed in the corporation's best interest, relying on independent and informed judgment. Basically, these are the three (3) main duties. In the event that there is a perceived conflict of interest that somebody in the public gets wind of or there is a transaction that comes to light and there is scrutiny by the media, it is very important to make sure you take the appropriate steps to disclose it and protect yourself and the corporation. At the end of the day, TMC is a non-profit corporation with a certain image to protect that it has developed over 35 years. It has a very good reputation with its largest funding source, the department of health and human services, as well as, other contractors or grantors here in the State of Texas and now with other states. It is always best to try to avoid conflict of interest situations because you don't want to bring negative publicity to yourself and to our corporation. Later on, the CPA will discuss with you what could result in the event that the IRS gets involved and scrutinizes a particular transaction and it finds perhaps that there was an interested director or directors and somebody is making money off a particular transaction or benefiting somehow illegally. If the IRS gets involved, there is a severe penalty in the form of taxes and other assessments. Mr. Milo Martinez, TMC CPA, will discuss that with you at a later date. Those are the duties of directors and if you have any questions please feel free to call Mr. Sigifredo Perez, TMC Corporate Counsel. Ms. Mary Capello, TMC CEO added, every year before the audit is performed, our independent auditor sends a letter to all the board members requesting the disclosure of any potential or actual conflict of interest. The Head Start Program requires us to provide annual training to the Board that informs them about conflicts of interest. We include a conflict of interest section in our By-laws and we have a provision on our procurement policies that talks about how we do not allow board members to compete for procurement and things like that. It is also very important that you be in compliance with whatever policies you have in place. The auditors are going to come and check that you are following your own policies. If you are violating your own policies, they can find you in non-compliance with the performance standards that are required by the Head

Start grant.

The next piece is the program overview for both Dr. Cantu and Mr. Massey. We provided you with an annual report that tells you TMC started back in 1969 under a different name, the Colorado Migrant Council, and it was under different leadership. In 1971, under the direction of Bishop Patrick Flores, Mr. Vidal Cantu, Dr. Arturo Volpe, Mr. Juan Jose Balli and about 7 community leaders from different parts, decided at a big meeting in Texas to found a corporation. Articles of Incorporation were prepared and TMC was incorporated in Texas. They talked to Dr. Oscar Villarreal and founded what is now Texas Migrant Council in 1971. The first three incorporators, two of which are still with us today, were Bishop Patrick Flores from San Antonio, Mr. Vidal Cantu from Laredo, and Mr. Juan Jose Balli from Weslaco. Mr. Cantu and Mr. Balli are still Charter Members. We received a small grant in Texas for \$250,000 back in 1971. The main office was here in Laredo. For the first 10 years, TMC provided Migrant and Seasonal Head Start (MSHS) programs. During the first 20 years, TMC's budget grew from \$250,000 dollars to about ½ million every year. About 20 years after the first grant, TMC had about \$10 million dollars. TMC grew pretty fast in Texas in the 80's. In the 1990's its MSHS programs were expanded to Illinois, Wisconsin and several others states. TMC has been in 13 states since its inception. In 2004, TMC's states included Texas, Ohio, Indiana, Wisconsin, and New Mexico. We operated Migrant and Seasonal Head Start Programs up to 2006 in those 5 states. In 2006, we went through our 3<sup>rd</sup> Migrant Seasonal Head Start expansion and that expansion added Iowa, Nevada and Oklahoma. Today, we serve Migrant and Seasonal Head Start children and families in 8 states with a budget which has doubled since 2000. We also provide other types of services and one of the bigger programs is the Workforce Commission. Through this program we provide one-stop training and skills development to adults who want to go back to work or school; either male or female, and we provide them with training, GED and ESL. We also have two (2) major Childcare Management Programs that provide subsidies to families so that they can go out and contract with childcare vendors. We have hundreds of childcare vendor contracts who provide childcare services; we also help the childcare programs develop high quality childcare services.

In 2003, we bid for what is called the Texas Early Education Model or TEEM. TEEM was a model that Early Childhood Education stakeholders created to collaborate with each other in an effort to share their resources and dollars. For example, Texas Migrant Council had a huge Head Start program that was not aligned with the public schools. We committed to work with public schools, Head Starts and other childcare providers and share our dollars and other resources to be able to service the most children that we could in the community. TEEM uses a scientifically research

proven model of instruction that has been tested using the latest technology. As of today, TMC is the largest TEEM pilot in the State of Texas. We service 300 children in TEEM classrooms from all sectors of the community. In the Migrant and Seasonal Head Start program we serve over 8000 children from 0-5 and 16,000 adults. We also have Dia de los Ninos (DDLN). DDLN is an event that is celebrated internationally and we have celebrated this event since 1998 together with the National Latino Children's Institute. The Texas Migrant Council held the first DDLN initiative in Laredo; it grew to a celebration of over 20,000 children. It is a celebration like mother's day and father's day. We sponsor DDLN celebrations at every single program (close to 100) where we operate. For example, here in Laredo, we raise over \$100,000.00 dollars toward that day and every single penny goes to that event. Children attend from all over the county, especially children from lower socio-economic classes, who are not able to come to the Laredo Entertainment Center. We have over 1500 employees employed through MSHS, WF and CCMS. We service over 57,000 adults and 49,000 children through all our major programs. We have won many awards for our programs. TMC is looked upon by the federal government as a premier early childhood education program. In 2003, we received the first ever exemplary recognition of any Headstart. What is most impressive is that we are regarded in the top ten super Headstart category. We are extraordinary because we operate in multi-states, while most of the others are in one state; we are very proud of that recognition. We became a member of the National Council of la Raza in 2003, and were selected the NCLR Affiliate of the Year in 2005 out of 300. We were recognized for having the best family strengthening program in the nation by the Annie E. Casey Foundation and received \$25,000 grant. The Ford Foundation gave us a \$10,000 grant for a similar award. We have received other awards, for instance, President Ronald Reagan recognized Texas Migrant Council as the top national safety program in the country.

We are doing a lot of innovative things like the video conference network. We have now added computers everywhere we have a center. We have state-of-the-art computers for children with early childhood education programs in them. We have added security cameras. Every single center has now been budgeted for a security camera in every classroom for the safety of the children and now we can monitor the instruction. We are going to build an early childhood education lab of excellence where we are going to train the teachers through this model. Instruction will be monitored through cameras. Educational Specialists, the COO and I will have the opportunity to monitor any classroom at any time. All teachers are going to have PDA's so children can be assessed. Through professional development systems teachers are going to be able to talk to each other. Texas teachers will be able to talk to

	<p>the Iowa teachers about particular lessons in order to help each other. We feel that we are going to have the highest quality of technology. We already have the best technology in the field of early childhood education, but this is going to pilot a best practice model in early childhood education which can benefit the rest of the country. This year we were awarded a Healthy Marriage grant from the federal government and that is going to compliment what we are doing with our families, equipping them with skills that will compliment and/or support the education of their children. NCLR and Verizon, the telephone company, just gave us a grant to pilot a Lee y Seras Program for parents. And finally, TMC underwent a recent Head Start federal audit of our programs and fiscal department and although the findings are not in; we have been told it will be clean findings. Our last three fiscal audits conducted by our CPA have been clean, no findings of our state whatsoever; which was very impressive. This year, our state audit programs also had no findings.</p>	
<p>IV. Adjourn</p>	<p>Mr. Dan Liskai, Board Vice Chair, moved to adjourn orientation at 6:25 p.m.</p> <ul style="list-style-type: none"> <li>o Judge Juan Velasquez, Board Member, seconded.</li> <li>o Approved Unanimously.</li> <li>o No discussion.</li> </ul> <p>Meeting Adjourns at 5:50 p.m.</p>	<p>Adjourned</p>

APPROVED BY:

Graciela Camargo  
BOD Secretary