



For CEO Comments

If your council has merged and you have suggestions, ideas or tools that you would like to share with your colleagues as they get close to the integration phase of realignment, please send them to realignmentnews@girlscouts.org.

ITEMS OF INTEREST

Purchasing an Extended Reporting Period Endorsement Policy

The Directors and Officers Employment Practices Liability Insurance is a “claims made” policy. This means that once this D&O policy is cancelled/terminated at council dissolution, claims that occurred during the policy period—but brought after the cancellation/termination date—are not covered.

To ensure no gap in coverage, councils may purchase an Extended Reporting Period Endorsement, also known as “tail” coverage or an ERP. An ERP can be issued for a designated period of time, after the claims made policy has expired. During this extended time period, a claim may be made and coverage triggered as if the claim were made during the original policy period. Most ERP endorsements are issued for three years, however councils should choose a time period based on their state laws and individual council needs. The ultimate decision should be made by the council board of directors with the advice of legal counsel.

- Purchase of an Extended Reporting Period Endorsement allows old, pre-merger events, which subsequently become claims post-merger, to be covered under the old D&O policy limit of liability. Therefore, these claims do not deplete the current D&O policy limit of liability councils may now be sharing with post-merger councils.

For assistance, pricing information, and coverage, call the GSUSA sponsored broker/consultant, Marsh, at 800-323-4195.

Communication Tips for Board Chairs and CEOs

Following are a few time-tested tips to help volunteers and staff adjust to changes.

Be positive — Focus on the benefits of realignment — the expanded opportunities for volunteers and staff as well as the potential of recruiting and retaining more members, securing more resources, and delivering a consistently excellent leadership experience to more girls.

Be open and honest — Share as much information as possible, especially about discussions with neighboring councils, but don't hesitate to acknowledge when you do not have all of the answers. Encourage everyone to think creatively and to share their thoughts with you.

Be responsive — Being accessible and approachable and responding frankly to questions in a timely manner all help lessen anxiety.

Be proactive — Address rumors as soon as possible and encourage suggestions for blending cultures. And for those council CEOs new to the Movement, ask for help learning the language, songs, ceremonies and traditions unique to Girl Scouting.

Managing Expectations as New Councils Form

Once a council merger is completed, and a new CEO in place, there is still a great deal of work ahead integrating and transitioning systems, practices and policies, as well as developing the culture of the new council. This work cannot be done overnight and will require concerted effort over the next 18 months to two years by the boards, volunteers and staff. Consequently, council boards and CEOs must take time to clearly articulate and agree upon manageable expectations for the first two years of a new council and share those expectations with volunteers and staff.

GSUSA is prepared to assist new boards of directors and CEOs in developing and managing reasonable expectations following the merger. Additionally, we can connect newly merged council CEOs and board chairs with colleagues who merged before them. Contact your Council Partnerships Consultant for more information.

Q & A

1. Our council has elected national council delegates for a three-year term. What will happen to these delegates when we merge next year?

Answer: Since the original councils no longer exist, a new delegate slate must be prepared. There are a couple of alternatives to consider:

a) The Transition Nominating Committee could recommend that all elected national council delegates become the national council delegates for the new council. However, once the councils are combined, there will be a reduced number of delegates. This could potentially result in excluding the new council board chair and CEO from being national council delegates.

Note: The formula for determining national council delegates:

Every council gets one delegate and one *additional* delegate for every 1,500 girl members (members as of September 30, 2007). When councils merge they likely will have at least one *less* delegate than the sum total of all national council delegates combined.

Example:

Council A has 5,000 girls – 1 delegate plus 3 delegates = 4

Council B has 10,500 girls – 1 delegate plus 7 delegates = 8

Council C has 8,400 girls – 1 delegate plus 5 delegates = 6

Total of 18 delegates

The merging of councils A, B, C results in 23,900 girls — 1 delegate plus 16 delegates = total of 17 delegates (compared to 18 delegates before the merger)

b) The Transition Nominating Committee could place the elected national council delegates into a pool for consideration as delegates for the new council and then prepare a representative slate. Consideration should be given to including the new board chair and the new CEO as delegates.

2. Our group decided on a merger date and we are opening our VERIP windows at the same time. We've now gotten a bit behind in our CRC work and are concerned about meeting the merger date. What happens if we need to extend our merger date for 30 – 60 days?

Answer: First, with a short extension on the merger date, there is no need to even consider changing the VERIP date. Any changes in the VERIP date will result in the entire 5-6 month process starting over again, which would postpone the merger date the same length of time. Employees electing the VERIP, who are identified as “essential employees” and approved by GSUSA, may continue to work for their current council up until the merger date, as long as it is no more than 90 days. However, employees electing the VERIP who wish to retire at the close of the VERIP window may do so.

3. What happens when a lawsuit is pending in one of our councils? Does that carry forward with the council into the new jurisdiction?

Answer: Yes. Lawsuits are considered liabilities and carry forward. Barring settlement of the lawsuit, there is no way to eliminate the liability.

4. Are you seeing any consistent issues we need to consider in our new bylaws?

Answer: There are two areas that arise frequently. One is whether the board has the authority to remove a board member or whether it must be done by the delegates electing them. State laws vary, but many states only allow removal of board members by the group electing them. The second area is the ability to hold membership meetings “electronically.” Most states allow for “electronic” board meetings; however, very few states allow “electronic” membership meetings. Again, be sure to check state law.

5. We've heard that some councils are being perhaps overly generous in giving large severance packages to all employees? Is this necessary?

Answer: Each council has the authority to determine its own severance policy and offering. However, the industry standard is to offer severance to employees who either choose to not accept a job or don't get a job in the new council. And employees taking an early retirement package are not necessarily eligible for severance. Each council is responsible for coming into the new council with as solid a financial position as possible and should be prudent about offering severance packages.

6. Can you clarify the CRC authority in the approval/appointment of the new CEO?

Answer: The CEO Search Committee will make a final recommendation to the CRC for appointment of the new CEO. However, since the CRC is not a legal entity, the first act of the new board, once the merger documents are approved and filed, is to ratify the appointment of the CEO making her/him "official."

7. We are having a difficult time getting our IRS Determination Letter from the IRS. Is there anything that GSUSA can do to help us?

Answer: Yes. The Council Financial Consulting department contacted the IRS and they informed us that although they are behind, they are committed to getting the revised determination letters out as quickly as possible. To follow up on the status, especially if it's been longer than six weeks, call the tax-exempt entities line at 877-829-5500.

To assure your process proceeds rapidly through the system, make sure you do the following: (1) attach copies of signed or state certified articles of incorporation or other organization documents, (2) restated bylaws or other governing documents showing changes, and (3) letter requesting a name change for your taxpayer identification number (TIN.) If a signed or state certified copy of a governing document is not available, an authorized officer may certify that the governing document provided is a complete and accurate copy of the original document. The correct mailing address for these documents is Internal Revenue Service, TE/GE, EO Determinations Office, P.O. Box 2508, Cincinnati, OH 45291.

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