

REACT International, Inc.

Special Electronic Board of Directors Meeting

April 28, 2011

Held via Teleconference

Directors and Officers Present

- Stan Walters (PA) – Region 1, Chairman
- Norman Kaplan (MD) - Region 2
- John Knott (FL) – Region 3, President
- Larry Fry (WI) – Region 5
- Frank Jennings (WA) – Region 6
- Charles Land (TX) – Region 7, Treasurer
- John Capadanno (CA) – Region 8
- Kenny Jagdeosingh (TT) – Region 9

Directors Not Present

- Ed Kerby (OH) – Region 4, Vice Chairman

Officers

- President – See Region 3
- Treasurer – See Region 7
- Charles A Thompson (TX) – VP/General Counsel (joined in progress @ 01:10am ET, during Item 15 below)
- Lee Besing (TX) – Secretary

Officers Not Present

- Jerry Seehaas (CA) – Executive VP

Visitors

- Roy Drury (FL) – Infrastructure and Technology Chairman
- Michael Cauley (FL)
- Michael Castiglioni (MA)
- Ed Greany (CA)
- Jeffery Sklar (CA)
- Robert De Cosse (CA)
- Mary Cooper (CA)
- Alex Angeuirre (CA)
- Julio Ruvalcaba (CA)
- Ed Brown (MD)
- Bryan Reid (CA)
- Robert Blake (CA)
- Warren Dietz (NY)

1. Call to Order – Meeting called to order at 09:22 AM ET by Chairman Walters.
2. **Quorum** – Roll Call, 8 out of 9 voting directors are present, 3 of 5 non-voting officers (2 are directors) are present, and there is a quorum present.
3. **Antelope Valley REACT Team Audit Report.** Discussion by Chairman Knott. Written report was submitted electronically to all directors, status as of Winter Board Meeting. Region 8 Director met with the team, reviewed the situation and submitted a written report to the board. He felt the team had the situation under control.

President / Region 3 Director stated that EVP Seehaas had been given a 30 day deadline to finalize his report and present his recommendations to the Board. No report has been received.

Motion by Region 2, second by Region 5, to move into closed session at 9:42pm ET. All visitors (other than the president of Antelope Valley REACT Team) will be placed on mute by chairman. R1Y, R2Y, R3Y, R5Y, R6Y, R7Y, R8Y, R9Y. **Motion passed.**

Region 8 Director reported that he had listened to the taped recording of the infamous meeting. He is working with the team's new officers to provide them with a framework for conducting meetings and keeping records of their meetings and financials. Some checks were improperly recorded, some deposits were recorded as checks, but all expenditures were documented & accounted for. Some meeting minutes were mixed between multiple meetings. He has provided them with templates for taking minutes, meeting agendas, treasurer reports, etc. President / Region 3 stated this is a situation (keeping proper records and conducting meetings properly) that may be getting repeated by other teams who may need more guidance regarding these type of procedures.

Motion by Region 7, second by Region 2, to place the Antelope Valley REACT President back on hold, and allow Region 8 Director to address the board on a topic not directly bearing. R1Y, R2Y, R3Y, R5Y, R6Y, R7Y, R8Y, R9Y. **Motion passed.**

Discussion held regarding level of communications with EVP Seehaas since the Winter Board Meeting. Region 8 Director reported, Region 3 / President Knott reported.

Motion by Region 7, second by Region 5, to remove Mr. Jerry Seehaas from the office of Executive Vice President. R1Y, R2Y, R3Y, R5Y, R6Y, R7Y, R8Y, R9Y. **Motion passed.**

Motion by Region 2, second by Region 3, that we close the investigation into Antelope Valley REACT Team and members, to instruct Mr. Jerry Seehaas (via certified letter) to return all team records, properties and other team materials to the team within a week of receiving the certified letter, and that the Board issue a formal written apology to the Antelope Valley REACT Team for the manner in which the investigation was handled. R1Y, R2Y, R3Y, R5Y, R6Y, R7Y, R8Y, R9Y. **Motion passed.**

Mr. De Cosse (President Antelope Valley REACT) was brought back into the meeting at this time and was informed of the Board's decision regarding the investigation.

Motion by Region 3, second by Region 2, to leave closed session and bring other participants back online. R1Y, R2Y, R3Y, R5A, R6Y, R7Y, R8Y, R9Y. **Motion passed at 11:04pm ET**

Secretary Besing reported on the 2 motions passed by the Board during closed session.

50th Anniversary Patch Design – Discussion of choosing patch vendor. President Knott solicited quotes for converting the design to a 3" full color patch, including our current patch vendor plus two other vendors. Copies of the quotes were emailed to the full board prior to the meeting. Discussion held. Region 9 stated he would need 100 patches for members in Trinidad & Tobago, but hoped they would get a volume discount. **Motion by** Region 2, second by Region 9, to authorize the purchase of 300 patches from Don Rogers (current patch vendor) at \$0.99/each plus shipping. R1Y, R2Y, R3Y, R5Y, R6Y, R7Y, R8Y, R9Y. **Motion passed.** Provision for re-order will be discussed if we sell out.

- 4. Proposed Electronic Renewal (for 2012) Process & Fees** – Region 6 submitted a written proposal to the board regarding setting procedures / methods. Mr. Drury (ITC Chairman) felt the committee would not be prepared for a 100% electronic renewal to replace our current paper renewal process in time for the start of the 2012 renewal season. Region 6 was suggesting we convert as many forms to electronic fill able PDF format. Mr. Drury stated that RI doesn't have the funds to pay for professional development of an all electronic renewal system and the

volunteer members of the ITC do not have sufficient time to do this project by September 2011. Currently teams can make their renewal payments via the RI website (using PayPal) and update individual information online, but all transactions / changes still require the office staff to process as normal.

5. **Radio Gram / Team Topics** – Region 6 proposed that the officers take the responsibility for generating these communications documents. It was decided during the past Winter Board Meeting to have rotating directors write the content. President Knott discussed the expense of mailing hard copies to each of the teams. Mr. Michael Cauley has been handling creation of the most recent Radio Gram, reported very low rates of recipients reading the documents. Mr. Cauley reported we have a very low level of teams & members who have reported email addresses.
6. **Electronic Version of Team Management Handbook** – Region 8 has volunteered to pick up this project and has begun work to update the work that was previously compiled by other volunteers.
7. **Question Regarding Differences in Renewals vs. Actual Data** – Region 2 asked if the discrepancy between the amount collected for insurance fees and the number of renewed members reported during the Winter Board Meeting. President Knott reported he would investigate and report.
8. **Training of Team Treasurers** – Region 2 sent a copy of “Money Matters” (circa 1994) to the board, and addressed the topic of RI providing training resources to local teams to help the team treasurers perform their jobs and ensure that electronic filing of the E990 IRS form be made on a timely basis. He proposed content from this document be incorporated into the new Team Management Handbook.
9. **Financial Reports** –
 - a. **Financial Review** – Treasurer / Region 7 Director Land asked that we do a financial review rather than full blown audit due to cost concerns, that he felt a review could cover any topics needed to verify subjects of concern, including areas of known past weakness. Both methods would involve the services of an outside CPA. Region 2 supported the concept of the less expensive financial review, plus an office review, vs. full audit. Mr. Kaplan asked that the review include producing a Form 990. Mr. Land reported this could save us as much as \$3,000. Mr. Drury reminded the board that RI would need to file an extension for the Form 990, due to the deadline being May 15, 2011. The officers will handle that extension.
 - b. **Motion by** Region 7, second by Region 3, to authorize the RI treasurer to get quotes from multiple Virginia based CPA’s for the cost of financial & office review in lieu of, or including, conducting a full audit. Including confirmation that we are meeting any specific reporting requirements of the Commonwealth of Virginia and state of Illinois. R1Y, R2Y, R3Y, R5Y, R6Y, R7Y, R8Y, R9Y. **Motion passed.**
 - c. **Financial reports** – Treasurer submitted written financial reports including Year to Date Income & Expenses, projected expenses for 2011, **etc.**
10. **Virginia Foreign Corporation Status** – President Knott reported we have filed the necessary paperwork for registered agent, etc.
11. **Software upgrade for Office** – Mr. Drury reported Region 8 Director has agreed to fund the cost of QuickBooks Non-profit edition, ClickTime (time scheduling & reporting, \$20/yr renewable annually), ACT! Contact software. He stated these programs were available from TechSoup.org, and would automate some current manual procedures, such as following up with contacts. Discussion whether the office needs the time tracking software or not. Total cost under \$100.
12. **CafePress.com on-line shop** – Mr. Drury reported that we have only made \$7.50 in “profit” from that website in the past 2+ years, and we need to make a minimum of \$50 before a check will be issued.
13. **Affiliate Renewal online** – Office will notify the Regional Director whenever an application for a new or renewed Affiliate member is received from their region, in order to get approval.

- a. **Email Policies & Issues Regarding Forwarding** – Mr. Drury reported that we have a problem with a specific forwarded email account causing our mail server to be blocked by AOL or AT&T. Someone has been constantly releasing this specific sender from MXGuardDog's blocked list, and submitting it to AOL as abuse. The ITC committee is recommending that establish an official email policy that we cease the practice of forwarding emails to personal accounts, require new accounts to use webmail, or use POP3 or IMAP client email software to access their accounts directly. Current account holders will be grandfathered. Region 7 asked that the ITC send out instructions for converting to using Webmail, POP3, or IMAP method of receiving their official email messages.

Motion by Region 8, second by Region 3, to adopt the ITC's proposed email policy as an official standing operating procedure, to cease allowing auto forwarding email thru a newly RI official email account, for new accounts created after this motion was adopted, excluding current account holders. R1Y, R2Y, R3Y, R5Y, R6Y, R7Y, R8Y, R9Y. **Motion passed.**

14. Outstanding Items from Annual / Winter Board Meeting

- a. **Voice Mail, Email and Internet usage policy for the RI Office.** Discussion held regarding whether this should be an actual office practice policy or a Standard Operation Procedure. This document covers the proper use of official computers and Internet access by employees / volunteers in the RI office, including installation of new software.
- b. **Acceptable use policy for Official Mail List** – controlling the use of in Internal Email List

Motion by Region 3, second by Region 8, to adopting these two policies as written. R1Y, R2A, R3Y, R5Y, R6Y, R7Y, R8Y, R9A. **Motion passed.** Discussion held regarding tying these new policies (numbering) to the RI Bylaws.

15. **Frequency of Electronic Board Meetings** – Region 8 proposed we hold regular scheduled monthly electronic board meetings, supplemented with informal mid-month workshops as needed, to handle some of the issues pending before the board as soon as possible, to allow meetings to be shorter. VP/General Counsel Thompson joined the meeting in progress at 01:10am ET for this agenda item. Discussion held regarding need for written notice if the board sets advance meeting dates. Workshops do not require written notice, but no official action (motions) can be conducted. Workshop date set for 9pm ET on May 18th, Board meeting set for June 12th.

Motion by Region 2, second by Region 9, that the Board set a regular Board Meeting to be held electronically at 9pm ET on the second Sunday in June, July and August 2011. R1Y, R2Y, R3Y, R5Y, R6Y, R7Y, R8Y, R9Y. **Motion passed.**

16. Officer Changes / Vacancies –

- a. **Change of RI Officers** – President / Region 3 Knott discussed the topic of RI officers not being directors. Mr. Knott proposed that Mr. Besing assume the office of Treasurer, Mr. Michael Castiglioni to assume the office of Secretary, thus freeing up Treasurer / Region 7 Director Land to focus on his duties as a director. Mr. Knott's term as Region 3 Director expires this summer.
- 1) **Mr. Land** announced his intent to resign as Treasurer, effective the end of this meeting.
 - 2) **Mr. Besing** announced his intent to resign as Secretary, effective the end of this meeting.
- b. **Secretary Vacancy** - Region 3 nominates Mr. Michael Castiglioni for the office of Secretary effective end of this meeting. Mr. Michael Castiglioni was elected by acclamation.
- c. **Treasurer Vacancy** - Region 2 nominates Mr. Lee Besing for the office of Treasurer, effective end of this meeting. Mr. Lee Besing was elected by acclamation.
- d. **Assistant Secretary** – Region 3 nominated Mr. Michael Cauley for the office of Assistant Secretary, effective immediately. Mr. Michael Cauley was elected by acclamation.
- e. **Executive Vice President Vacancy** – postponed until the next board meeting.

17. **ITC Chairman** – Mr. Drury has submitted a written resignation as chairman, due to his Region 3 Director candidacy, effective April 30, 2011. Mr. Michael Bresse has agreed to accept the duties of Chairman for this committee. The RI President will make the appointment, per the bylaws. Mr. Drury was appointed as Region 3 assistant director to assist John Knott, during this interim time period. Election ballots were mailed April 15, due back mid-July for counting.

Adjournment – Motion to Adjourn by Region 8, second by Region 2. . R1Y, R2Y, R3Y, R5Y, R6Y, R7Y, R8Y, R9Y. **Motion passed.** Meeting adjourned at 1:55am on Thursday, April 28, 2011.

Minutes taken by Secretary Lee Besing