

California State Federation Executive Board
Policy 10(B)
Closing a Chapter

- I. Closing a chapter is a serious matter and should be undertaken only after all efforts to keep the chapter active have been thoroughly exhausted and only upon approval of the Federation President. All levels of the Federation become involved with the closure process including the chapter officers, the District Vice President, the Federation President and the Federation Treasurer. Utmost care must be exercised to complete the process accurately; it is involved and lengthy.
- II. Procedures listed below outline the specific actions which must be taken before a final decision has been made concerning chapter closure.
 - A. Well before a chapter appears to be under threat of closure, action must be taken to counter that eventuality. It is incumbent upon the DVP to be aware if a chapter in the District is in trouble. He must inform the Federation President and the Executive Board so that action can be taken at Federation level to address any emerging problems with the chapter. Such actions might include assembling a Federation team to visit the chapter over the course of several weeks and formulate a “get-well” plan to counter any existential threat. Nearby chapters might also be invited to participate. It is only after all proactive involvement fails that the following steps are to be taken
 - B. A special meeting is held with members of the chapter, the DVP, and the Federation President or a senior Federation representative to review attempts made to save the chapter and consider further alternatives.
 - C. If no alternative is deemed possible, and the decision is to discontinue the chapter, a letter is sent by postal mail to all chapter members notifying them of a meeting to vote on chapter closure. The letter must include the following:
 1. Why the chapter is considering closing (poor attendance, no officers, etc).
 2. That the member has the option to transfer to another chapter of his/her choice or to become a National-Only member (list possible nearby chapters the member can transfer to.)
 3. If the member does not specify another chapter of choice, the member will be transferred to Chapter xxx (nearest chapter or chapters)
 4. That a meeting will be held to vote on closure (include date, time and place of meeting), and that attendance is necessary and advisable.
 5. If member is unable to attend, member may vote by phone or email prior to the meeting date (include contact information). If the member does not respond to this notification, it is assumed to be a vote for closure.

- D. The final meeting is held with the DVP in attendance, and vote is taken. Minutes shall be taken of this meeting to document the final decision and preserved.
- III. If the decision to close is confirmed by vote, the Federation President is immediately informed. The following actions must be taken. Unless otherwise specified, these actions will be accomplished by either the Chapter President or the District Vice President (if chapter president unable to). It is important that the chapter have at least one bank account signer available to close out the bank account(s).
- A. Once all responses to the aforementioned letter have been received, a membership list is compiled denoting the transfer assignments. This will become part of the package of documents to be transmitted to Headquarters in Paragraph J. In addition, the receiving chapter(s) is provided with the list of members' names, addresses and emails of those who choose to transfer to their chapter(s).
- B. A second letter is sent by postal mail to all members confirming the decision to close and confirming the member's request for transfer to chapter xxx or to National Only membership. For those who request chapter transfer, the letter should provide the name and number of their new chapter, time and meeting location, and the name, phone number and email address of the new chapter's president. Any change in dues withholding amounts shall also be identified.
- C. A revised e990N is filed with the IRS denoting the chapter is closed.
- D. A revised 199N is filed with the FTB denoting the chapter is closed.
- E. If the chapter was incorporated, a nonprofit certificate of dissolution is filed with the California Secretary of State, Division of Corporation Filing and Services.
- F. All outstanding financial obligations must be met prior to official closing including Federation per capita dues. The DVP will request NARFE headquarters suspend chapter dues payments to the closing chapter pending redirection of funds to the receiving chapter(s). The chapter treasurer or other appointed signatory will
- a. Disburse chapter membership funds to the receiving chapter(s) on a pro-rata basis. If a situation occurs where there may be difficulties or disputes in disbursing the funds by the chapter itself, an escrow account can be established by the Federation treasurer to handle disbursement of the chapter's funds.
 - b. At the discretion of the chapter membership distribute all non-membership funds (from fund raisers).
 - c. Upon acknowledgement from NARFE that dues suspension has occurred, close out the bank account(s).
- G. Note: chapter records are not to be destroyed or discarded until all required records are delivered per Paragraph J.
- H. The DVP will reassign the chapter zip codes to another chapter or chapters on Form F-46, Logistical Support Analysis, and will recommend the reassignments to the Federation President for review, approval, and signature.
- I. A Form F-7, with all officers left blank, will be submitted through the Online Activity Module, or download a copy of the F-7 from the NARFE Website.

- J. The DVP will assemble the following items to be forwarded as noted:
1. A package to be sent to The Federation President that includes the following:
 - a. A cover letter summarizing all the closure actions that were completed.
 - b. A copy of the final minutes.
 - c. List of all current members with transfer assignments.
 - d. The completed F-46 form.
 - e. The chapter's charter (if available)

Certain chapter records should be retained and forwarded electronically (PDF files) to the Federation. These records are the minutes of the first meeting of the chapter (if available), the minutes of the meeting when the chapter voted to close, the chapter bylaws and constitution, and copies of the checks mailed to the receiving chapter(s). All other items, records, memorabilia, etc. can be disposed of or retained at the discretion of the chapter president.

2. The Federation president will
 - a. forward the Item 1 package to NARFE Headquarters, Governance Coordinator and will notify the Regional Vice President of closure.
 - b. request NARFE headquarters direct chapter dues payments that were withheld per paragraph III-F-c to the receiving chapter(s) in accordance with the transfer assignment list

- K. The DVP will follow up with the receiving chapter(s) to ensure that the members who were assigned to the chapter(s) were in fact transferred and that the chapter(s) received the allotted pro-rata funds.

- IV. National Headquarters will place the Chapter in an inactive status for a period of five (5) years. During this period, if members decide to re-activate the chapter, the charter will be re-issued and the chapter name and number can be retained if so desired.