

# Stronger Together:

*Why Merging Neighboring  
Chambers Just Might Work!*



Conroe  
Lake Conroe  
Chamber  
1934-2024



Conroe/Lake Conroe Chamber of Commerce

# Management & Operations

MONTGOMERY  
— Area Chamber of Commerce

## BOARD RETREAT

Begin with the end in mind.

*~Stephen Covey*



Target Audience



Activities & Initiatives



Fiscally Sustainable



# Management & Operations



MONTGOMERY  
— Area Chamber of Commerce

## BOARD RETREAT

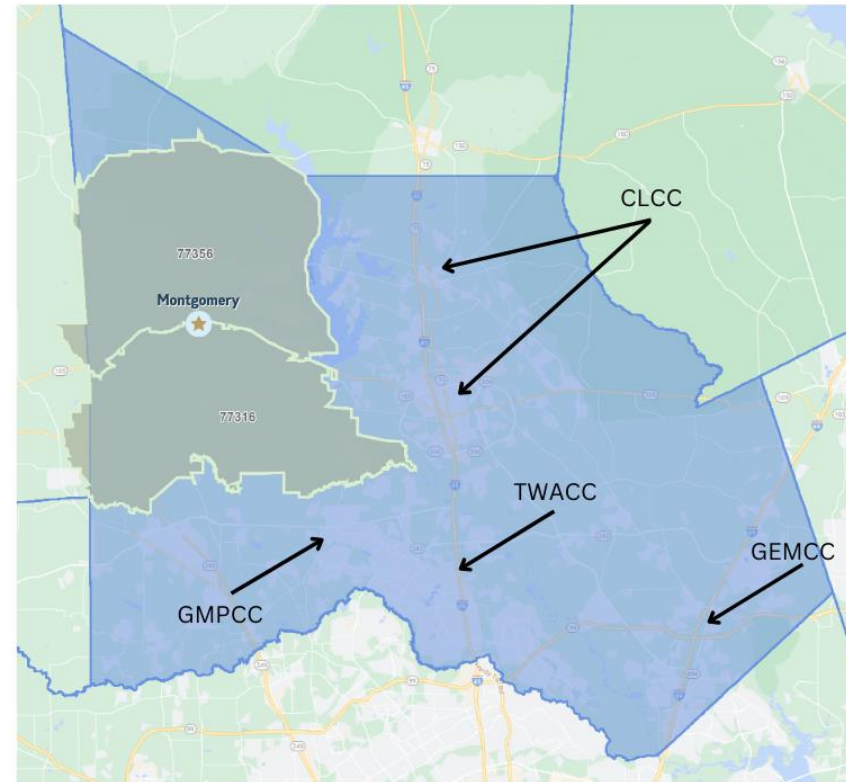
What businesses do we have?

What do they do? Participate in?

What do they need?

How many are our potential customer?

What do they need from the Chamber?



# Management & Operations



MONTGOMERY  
— Area Chamber of Commerce

## BOARD RETREAT

Coffee  
Lunch  
After Hours  
Special Events



Eco Dev  
Comm Dev  
Res Dev

## ACTIVITIES & INITIATIVES

# Management & Operations



MONTGOMERY  
— Area Chamber of Commerce

## BOARD RETREAT

What are we doing that we should **KEEP**?

What are we doing that we should **STOP**?

What are we NOT doing that we should **START**?

Who will be the  
Champions for the  
Activities, Events, &  
Initiatives we offer?



MONTGOMERY  
— Area Chamber of Commerce  
**MONTHLY LUNCHEON**

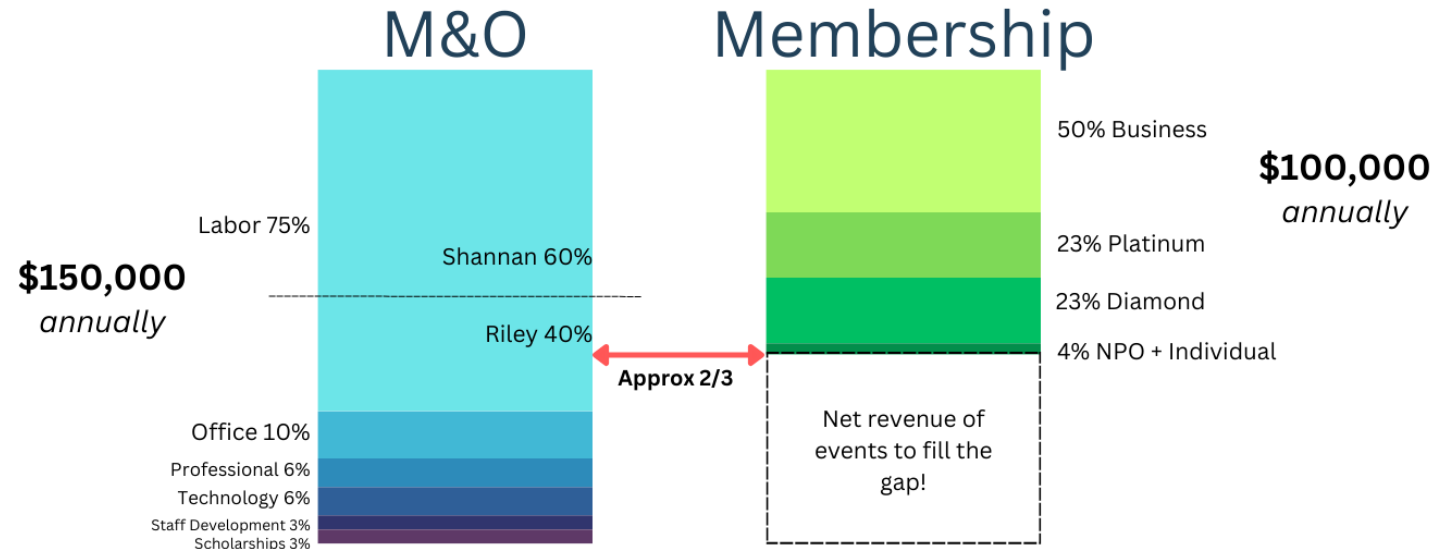


# Management & Operations



MONTGOMERY  
— Area Chamber of Commerce

## BOARD RETREAT



How do we make the Chamber SUSTAINABLE?



# Survey Results



## SURVEY RESULTS

### 1. Doing More with Less

- Rising cost of doing business
- Decreased profitability
- Less people, less time, less money

### 2. Increase Client Base

- Exposure to more potential clients
- Broaden networks
- Incorporate online reach

### 3. Workplace Culture

- Finding and retaining qualified staff
- Creating culture in workplace
- Business best practices

What if...?

WHAT IF...



# What if...?

 ... **Eliminate duplicate memberships**

 ... **Saving time and money for our members!**



 ... **Eliminating duplicate memberships**

 ... **Allows for strategic investments and exposure!**

# What if...?

✓ ... Instantly increase exposure to a larger network



**2. Increase Client Base**

✓ ... Increase our resources to support businesses



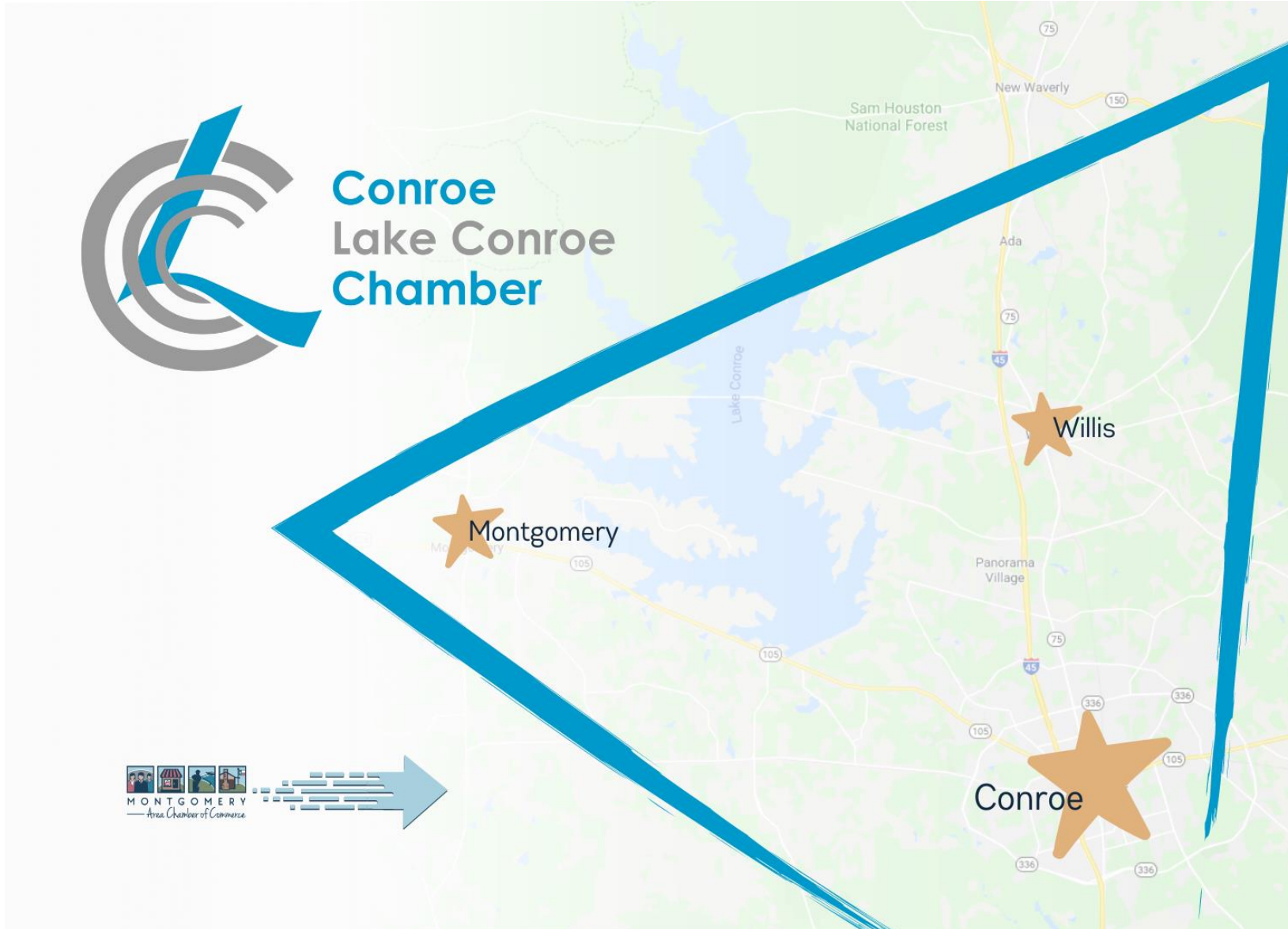
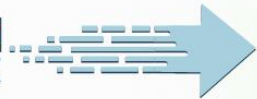
**3. Workplace Culture**

✓ ... Leverage time and talent to tackle real issues!

# Process

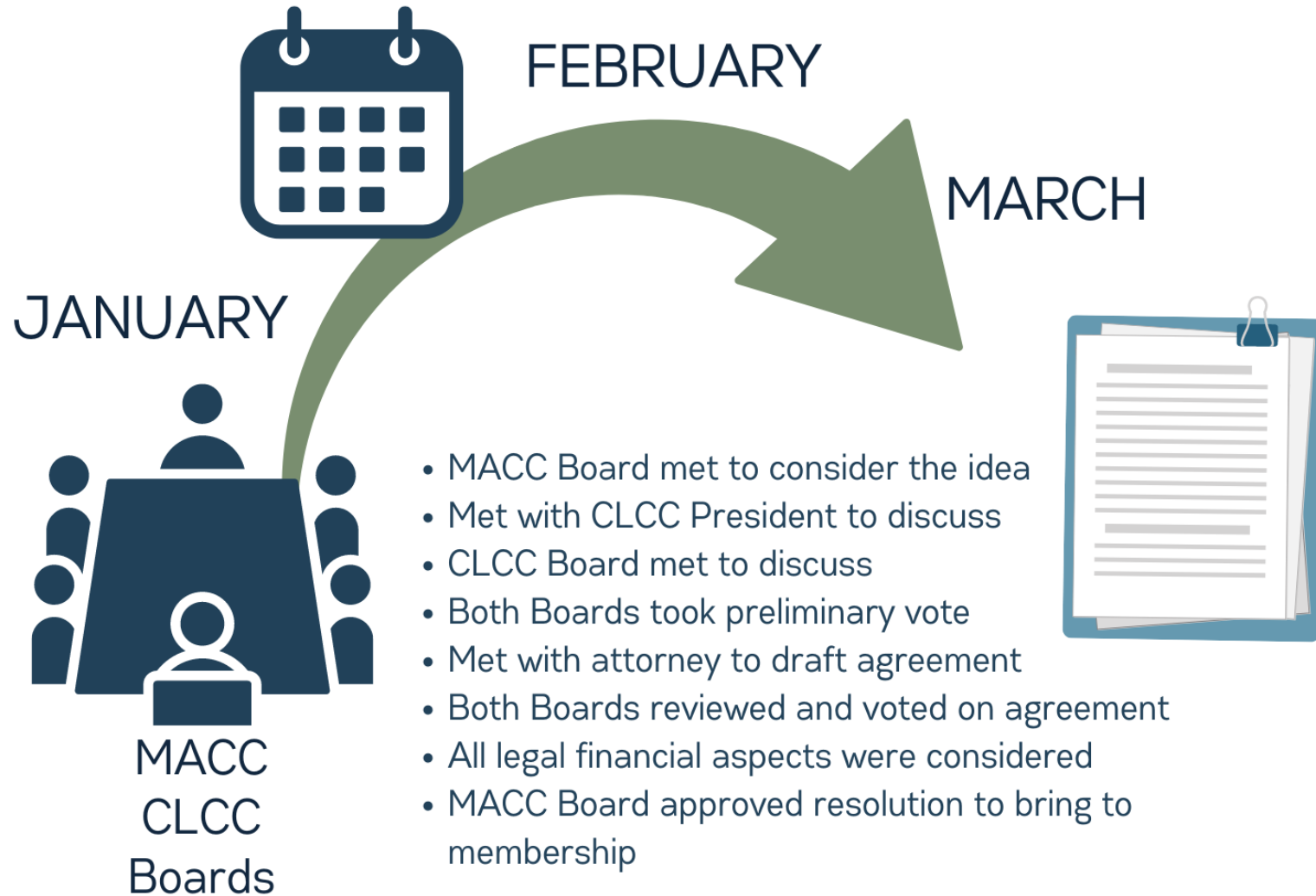


**Conroe  
Lake Conroe  
Chamber**





# Process



## Key Areas of Emphasis:

### Chamber Stats

- *Chambers that were 500 or less are struggling across the US*
- *They are looking at either merging or closing by 2025.*
- *IOM Round Table discussion: 7 of the 18 could not plan for 2024*
- *Common Theme – **Special Events drove the budget.***
  
- *\*2 Years of subsidy masking a pre-existing problem*

# Process

## Key Areas of Emphasis:

### Not our 1<sup>st</sup> time

- *The Greater Conroe Area Chamber of Commerce absorbed the Lake Conroe Chamber of Commerce in 1997.*
- *This was driven by the duplication of members and not hitting a benchmark membership level to fully support the operations.*



# Process

## Key Areas of Emphasis:

### Representation

- *8 of 27 (30%) of our board worked, lived, or owned a business in Montgomery.*

### Who we are

- *Important to give them insight about our chamber*
- *Shared our 2023 Highlights*

# Process



189

**New Members!**



83

**Ribbon Cuttings**



30

**Networking Events**

(Morning Mingles & Fun After Fives,  
Young Professionals Network)



22

**Professional  
Development Workshops**



4

**Marquee Events**

(Chairman's Ball, Tastefest, ATHENA  
Leadership Award Luncheon, Lobsterfest)



3

**Blood Drives/CPR Classes**



6

**Legislative Events**

(MC Day at the Capitol, States of the Nation/  
County/State, Hail & Farewell Reception)



1

**Parade**



2

**Job/Career Fairs**



238

**Chamber Building Usage**  
(by members & community)



6<sup>th</sup>

**Largest Chamber**  
(in the Greater Houston region,  
ranked by Houston Business Journal)



10000+

**Members**



31%

**Increase in  
Membership Revenue**  
(over the 2022 fiscal year)



**Conroe  
Lake Conroe  
Chamber**  
1934-2024

# Process

## SOCIAL MEDIA & WEBSITE



2,000+  
**Social Posts**



350,000+  
**Reach**  
(Facebook &  
Instagram)



17,945  
**Fans/Followers**  
(up 3,945 from 2022)



143,060  
**Page Views**  
(on Conroe.org)



# Process

## Key Areas of Emphasis:

### Accreditation

- *194 out of 7000 chambers are accredited*
- *Top 3% in the country*
- *1 of 42 in the State of Texas*
- *1 of 9 in the Greater Houston region*
- *Only Chamber in Montgomery County*



# Process

## Key Areas of Emphasis:

### Our Homework

- *We shared 32% of their membership*
- *Looked at the past 990's*
- *Special events revenue higher than membership*
- *Asked a lot of questions*
- *Bylaws for both organizations*
- *Board involvement*
- *Restructured our Board Retreat*

# Process

## Key Areas of Emphasis:

### The Plan

- *The Governing Board would be dissolved and move to an Advisory Board.*
- *Advisory Board to lead appropriate committees to continue local feedback and support to the operation*
- *Current staff of the MACC would be retained and have new and additional duties assigned that align with the overall operation of the CLCCC*

# Process

## Key Areas of Emphasis:

### The Plan

- *Open a Welcome / Visitors Center Model in Montgomery to be the focal point and the face of chamber activities*
- *Name would properly represent Montgomery and would work as a subsidiary of the Conroe / Lake Conroe Chamber of Commerce*
- *Same model we will be replicating in Willis*



# Process

## Key Areas of Emphasis:

### The Plan

- Members would be immediately recognized as a CLCCC
- We would hold a series of new member orientations for this group to ensure their transition is seamless
- After a 1 year of honoring their current membership rate, they would transition to the current CLCCC membership rates
- Keep local events in Montgomery and evaluate moving forward

# Process

<b>Diamond Club</b>	<b>Platinum Partner</b>	<b>Business Partner</b>
<b>\$1500</b>	<b>\$750</b>	<b>\$300</b>
Scrolling Linked Logo on Home Page	Linked Name Listed on Home Page	Directory Listing on Chamber Website
Signage and Recognition at All Chamber Events	Signage and Recognition at Chamber Events	Weekly Eblast Updates
Logo on All Eblasts	Name Listed on All Eblasts	Complimentary Tickets to Annual Chamber Events
Complimentary Tickets to Annual Chamber Events	Complimentary Tickets to Annual Chamber Events	Non-Profit Discount-\$150 (does not include complimentary tickets)
<i>*Bundle with additional \$4000 investments to achieve Chairman's Circle</i>	<i>*Bundle with additional \$750 investments to achieve Platinum Investor</i>	<i>*Bundle with additional \$300 investments to achieve Business Investor</i>
<a href="#">Join Today!</a>	<a href="#">Join Today!</a>	<a href="#">Join Today!</a>

MACC Diamond moves to  
CLCCC Sapphire level  
(\$1825)

MACC Platinum moves to  
CLCCC Gold level  
(\$1000)

MACC Business moves to  
CLCCC Business level  
(\$500)

# Process

## Next Steps

- 1. Request for all financial documents, lease agreements and other liabilities for review*
- 2. Submit staff structure / operations plan / supplemental budget to CLCC board for review and consideration and approval*
- 3. If approved, submit same staff structure / operations plan / supplemental budget to Shannan and MACC Board for their review and approval*
- 4. If all agreed on in principal, then at CLCC's expense, Scott will engage with an attorney to draft the legal documents for the acquisition*

**Seek Legal Counsel**



# Legal Considerations

## Merger Versus Dissolution

### “Merger”

Means a transaction in which two or more merging entities are combined into a surviving entity pursuant to a filing with the Secretary of State.

### “Acquisition” or “Absorption” and “Dissolution”

Corporate dissolution is an official filing with the state where the corporation was originally formed. The action will terminate the legal existence of the corporation.

# Legal Considerations

## Absorption Agreement

### Recitals

- Define the parties to the transaction
- Setting out the purposes of Agreement, such as “engaging, supporting and promoting local government, business, and citizens”
- state general reasons for entering into absorption agreement
  - close proximity of members and chambers
  - similar services
  - similar membership and citizenship

# Legal Considerations

## Membership Transfer

- State the material terms of the agreement. That one chamber will absorb the other.
- Details about levels of membership and agreements concerning conversion of many different levels of membership
- Describe other consideration flowing between the parties, such as transferring membership records

# Legal Considerations

## Membership Transfer

- Provide effective dates
- Provide any additional consideration between the parties, such as new member orientations or other special meetings



# Legal Considerations

- Describe any signature special events or other activities that the acquiring chamber will continue to put on and whether they are legally bound to do so, or just will make good faith efforts to do so
- Describe any agreements concerning each Chamber's.....
  - Facilities
  - Employees
  - Leased premises
  - Suppliers
  - make it clear what duties are being assumed, and what duties are NOT being assumed

# Legal Considerations

## **Define management and representation**

- Board members
- Bylaw changes
- Committees

**Obligations on dissolving entity to dissolve and file necessary documents with state**

**Indemnity or Hold Harmless**

# Legal Considerations

## What is Required to Dissolve or Merge?

*For nonprofit to voluntary windup and terminate, merge, or sell all or substantially all of its assets, the Texas Business Organization Code requires Governing body to...*

If nonprofit has no members or no members with voting rights, the vote required to approve the transaction is a majority of the directors; or

# Legal Considerations

## What is Required to Dissolve or Merge?

*For nonprofit to voluntary windup and terminate, merge, or sell all or substantially all of its assets, the Texas Business Organization Code requires Governing body to...*

If the management is vested in the members, the vote required to approve the transaction is two thirds of the eligible votes, present at the member meeting; or



# Legal Considerations

## What is Required to Dissolve or Merge?

*For nonprofit to voluntary windup and terminate, merge, or sell all or substantially all of its assets, the Texas Business Organization Code requires Governing body to...*

If the nonprofit corporation has both a Board of Directors and members with voting rights, the board must approve the transaction and direct the transaction be submitted to a meeting of the members, and the affirmative vote of two thirds of the eligible votes present at the member meeting, is then required to approve the transaction

# Legal Considerations

- Sometimes these requirements can be modified by the governing documents
- Does not require Texas attorney general approval
- To whom may nonprofit Corporation transfer its assets?

# Legal Considerations

- Texas nonprofit corporation must distribute its assets for tax-exempt purposes to one or more organizations that are tax-exempt
- Texas nonprofit can only merge with another entity if the nonprofit entity is the surviving entity. If both the tax-exempt organizations in a two-party merger are nonprofit under state law, the surviving corporation generally is not required to file a new application for tax exemption with the IRS, assuming various conditions are met

# Legal Considerations

## Basic process to Voluntary Terminate/Dissolve

- Approval
- Distribution plan
- Responsible party
- Cease business activities
- Notify creditors
- Pay debts

# Legal Considerations

## Basic process to Voluntary Terminate/Dissolve

- Distribute remaining property for charitable purposes
- State tax obligations
- File certificate of termination
- Deadline
- Form 990



# Legal Considerations

## Basic process to for Merger

- Approval by the governing body of each nonprofit corporation
- Plan of merger. The governing body of each adopt a plan of merger
- State taxes. Certificate of merger must be filed with certificate of account status for the Texas Comptroller, and provide that the surviving new or acquiring organization is liable for required state taxes
- Certificate of formation is deemed amended to the extent changes in the certificate are stated in the plan of merger

# Legal Considerations

## Basic process to for Merger

- Form 990. Surviving nonprofit files an annual 990 and a final 990 with the IRS before the expiration of five months and 15 days following the merger
- Exemption application. If both of the tax-exempt organizations are nonprofit under state law, the surviving corporation would generally not be required to file a new application for tax exemption with the IRS
- Survival. The parties to the merger continue as a single surviving nonprofit corporation

**Vote!**



**TIME TO  
VOTE!**

# So how's it going?

- Start to finish less than 3 months process
- Increased attendance at all of our network activities
- No push back from anyone associated with either of the chambers
  - But there was some reserved optimism (already won them over)
- Huge strides with our overall Chamber initiatives
- Welcome Center to open in July
  - Already over \$50,000 in sponsors for the Community Wall in the WC

# THANK YOU!!

## Please reach out with any questions you might have.....

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