

TEXINS ASSOCIATION
Board of Directors Meeting
February 01, 2001

Directors Present (* Not Present):

Carl Skoogland
Kim Smith
Ron Tabor (*)
Kathy Charlton (*)
Mike Mignardi

Staff:

Vazir Nazarali

Other

Janet Solomon

Name

We will now be known as the Texins Association Clubs. Vazir needs to determine if a name change is needed from a legal standpoint. Or if our current legal name (Texins Association) can just reference this one.

501-C-Incorporation Issues and Plans

We discussed 3 basic options for our clubs:

1. All clubs convert to 501-c-7 status.
2. All clubs stay as 501-c-4 except for TIAA (which must convert to 501-c-7)
3. All clubs convert to 501-c-7 except for Texoma and possibly the Flying Club

The main concern for a 501-c-7 club involves the fact that the clubs will Not be exempt from sales tax. The Texins Association Clubs may decide to allocate a budget to help with the sales tax for the clubs for some period of time. We need to discuss the tax exempt status with each club – particularly the Flying Club.

There are restrictions on 501-c-7 clubs with regards to total income. Total income cannot exceed 35% of the some of dues and fees. And 15% of the 35% cannot come from the general public.

Because of its leasing practices, the IRS may likely view the Texoma Club as a taxable business. Placing the Texoma Club with the other clubs and a 501-c-7 status, may lessen the concern with the IRS.

Questions we are asking ourselves:

1. Do we want a club that is a business?

2. Is the Flying Club considered a business?
3. If Texoma Club stays as a Texins Association Club, would they be willing to get out of the business and become more of a social club?

Decision by the board:

We all agreed to move all clubs to the 501-c-7 status. This is directly in line with the board's vision of promoting our clubs to all of TI – especially TI's new acquisitions.

Actions:

1. Carl to talk with Ron on Texoma Club situation
2. Carl to talk with Texoma Club on 501-c-4/7 issue
3. Kim to talk with Flying Club on 501-c-7 regarding tax exemption

Texins Association Clubs Brochure and Web Site Status

Kim and Mike met with Nancy Wolff and Chris Hull to discuss our brochure. Both Nancy and Chris were more than helpful. Nancy is currently helping us design the brochure. All clubs have submitted their inputs to us regarding key information about each club. (Note: we have not heard from the Motorcycle Club, neither has Vazir – we assume this club has disbanded). Our plan is have three different distribution paths for this brochure: 1. an insert within TI's Connected; 2. as a standalone brochure at various Texins Activity Center information centers; and 3, at all new hire orientations. Our goal is to have a brochure distributed with the Connected March edition. We also plan on reserving a page in the Texins Activity Center Monthly and we will feature 2-4 clubs per month. Funds for the brochure design and distribution will be much less than \$1k.

Nancy is currently working on the segregation of web sites for the Texins Activity Center and the Texins Association Clubs. Both sites will be maintained by an outside firm. And, both sites will very visible links to both groups. It is our intention to ensure these two groups stay closely linked (pun intended).

Nancy is also helping us design our logo. Our plans are to utilize the Texins Activity Center "Squiggly Man" with the Texins Association Clubs' logo.

Archery Range Update

Carl indicated that he is meeting with TI facilities and a member of the Archery Club to determine the status of archery range. The archery range is TI property.

Fund Allocation

We need to disclose to our clubs our intentions of spending the funds we currently have. Some thoughts for this include:

- Tax protection
- Administrative expenses
- Club advertising

- Help with miscellaneous expenses
- Help with legal costs (TI may also help with this)
- Help with insurance costs?

It is important we have a plan for the utilization of our funds.

New Board Members

We discussed the following 4 individuals: Jeff Azmus, Barbara Kruse, Mike Mastin and Pam Ervin. We agreed to invite Mike and Pam to be board members. We also want to ensure that we maintain close ties with Barbara. Carl is to call Cathy and Ron regarding our selection.

Flying Club

We all agreed to provide the Flying Club with the \$7,500 loan for their plane lease providing we understand how the loan will be paid and in what time frame. We also discussed setting a precedent for buying/leasing other large capital items for other clubs. More discussion is needed in this area.

The meeting was adjourned at 1pm and with plenty of leftovers (Vazir is going to order future meals for the Texins Activity Center lunch bar).

Regards,
Mike