

TEXINS ASSOCIATION CLUBS
Board of Directors Meeting
March 05, 2002

Present (* Not Present):

Directors

Carl Skooglund
Kim Smith
Ron Tabor
Alesia Carroll
Jeff Asmus (*)
Eric VanDuivendyk
Mike Mignardi

Staff

Marcia Flowers
Monica Arnoult

Other

Janet Solomon (*)
Nicole Columbus (*)

Old Business

December Financial Close

Marcia and Monica reviewed the Texins Association Clubs balance sheet for the period ending 12/31/01. Our total cash is \$1.1M with over \$900k in various 3 month CDs at Texans Credit Union and A. G. Edwards & Sons. Our overall operating expenses for 2001, including salaries was \$163k (of which \$72k was salary). With our use of HFC for our accounting, we expect to pay much less this year.

Monical indicated that our clubs will now be using our HFC's financial system for their accounting (except for the Flying Club).

Here are the Texins Association Clubs capital authorizations for 2002 that were approved by the board last year.

| | |
|-----------------------|-----------------|
| Archery Club | \$750 |
| Sherman Bass Club | \$300 |
| Sherman Dive Club | \$1500 |
| Dive Club (Dallas) | \$2000 |
| Genealogy Club | \$150 |
| Sailing Club | \$4000 |
| Radio Club | \$1500 |
| Texoma Club | \$20,000 |
| Flying Club | |
| Aircraft related | \$15,000 |
| New accounting system | \$5,000 |
| Triathlon Club | \$695 |
| TOTAL | \$50,895 |

Also, we made a loan to the Flying Club for \$20,000 to cover maintenance expenses that were unusually high due to the timing of the maintenance schedules.

Action:

1. (Arnoult) Close out all accounts with Chase Manhattan bank – both checking and money market.

Texins Sailing Club

The changes to the club's bylaws were quite extensive. The bylaws were essentially totally rewritten. For now, there is no mention of any reciprocal use between our club and the White Rock Sailing Club – the details are still being worked. If the clubs do decide to put in a reciprocal use clause, we need to ensure we have adequate insurance coverage. We either need a separate policy in the event of personal injury or enter into a “hold harmless” agreement.

Texins Association Clubs Get-Together

We decided on April 3rd, a Wednesday, as the clubs get-together from 6-8pm. For now, we are scheduled in conference room 1 & 2 – the large room on the ground floor.

New Insurance Coverage for the Clubs

We have now received the list of all assets from each club. Monica and Marcia will now keep a running list of all club assets so we don't have to constantly ask each club for a new list. Our temporary insurance expires on 3/18/02. We believe the new insurance will go into effect before 3/18/02. If not, Carl will ask Tom Henderson, with TI Corporate, for help in getting us an extension.

Actions:

1. (Skooglund) Status of insurance
2. (Arnoult) Status of club asset list

Texins Association Clubs Investment Strategies and Options

When we last talked with Bruce Melton of A.G. Edwards & Sons, Inc., we discussed a ladder approach to investing in 5-yr CDs. This approach allows us to take advantage of increasing interest rates so as not to keep our money tied into low interest long term CDs. As our current CDs begin to mature, we will invest this money into new longer term CDs.

Via e-mail, Carl provided the following information: Carl discussed the Texins Association Clubs investment options with Bruce Melton of A.G. Edwards. Ron Tabor pointed out that there is about \$125,000 of Texins clubs operating funds in the Credit Union money market fund. He recommended that since that is the clubs' money that we not invest it in the laddered CDs. Therefore we trimmed our recommended investment from \$1million to \$900,000. That is the total of the

short term CDs and the Texans Credit Union 90-day CD. Again, via e-mail voting, all BOD members have agreed to this new proposal of \$900k as a total investment.

Bruce informed Carl that we can pull our money out of the current short term CDs without penalty. Also, he recommended that we invest equally in the five-year increments. To keep our investments below the \$100,000 FDIC insurance limit, we will be purchasing ten, \$90,000 CDs, two for each of the five years.

Again, via e-mail, all BOD members have agreed to the above investment recommendation.

Action:

1. (Skooglund) Discussion with Bruce on how to best structure our investment in today's economy.
2. (Skooglund) Draft of an "investment strategy" for our bylaws
3. (Arnoult) Make arrangements to close out the Texins \$62,500 90-day CD and wire the money to Bruce.

501-c-7 IRS Application Status

Carl indicated that the submission of our status change request should be submitted to the IRS by the end of March.

Club Truck

The truck title and insurance is now accounted for. We plan on selling the truck first to our club members as a personal-use vehicle. We will carry the insurance on the truck until it sells.

Action:

1. (Mignardi) Draft a proposal for purchase of the truck by our club members.

New Business

Pool for Dive Club

Gary Padget of the Activity Center has provided the Dive Club with use of the pool each Monday and Wednesday evenings.

Multiple Club Membership

There was a request by some club members to provide some type of discount if they were a part of multiple clubs. In the past, there was a Master Membership which gave members a discount for being a member of more than one club. We decided not to provide any incentive for being a part of more than one club. This would essentially be a burden on our financial system and with Monica and Marcia.

Playground

The HFC playground has been put on hold until the 3rd or 4th quarter of this year.

New Club Pamphlet

Kim indicated that the new club pamphlet is out and all clubs are listed. Nancy Wolff is still providing information on one to several clubs per month. Overall, however, the clubs are not taking advantage of this publicity.

Action:

1. (Smith) At the club social, mention to use of this publicity and how the clubs need to take advantage of it.

The meeting started at 11:03am and adjourned at 12:42pm. Our next BOD meeting will be on Tuesday 4/2/02.

Regards,

Mike Mignardi

Texins Association Clubs Board of Directors Secretary