

Unapproved minutes of the October 4th, 2001 Board of Directors Meeting.

HOUSTON AREA LEAGUE OF PC USERS, INC.
MINUTES OF October 4th, 2001
BOARD OF DIRECTORS MEETING
4543 Post Oak Place
Houston, Texas

Any corrections, changes, additions to these minutes will be noted in the next month's minutes when the minutes are approved by the Board.

ATTENDEES:

Officers

President Robert Gunn
First Vice President - SIGs Mike Mashburn
Vice President - Communications Jay Thomas
Vice President - Programs Josie Duffey
Treasurer Wes Leggett
Membership Secretary Marvin Kaiser
Recording Secretary Anne Sipes

Directors:

Michelle Annis	
Norman Blaylock	
Bret Branon	Absent
Joe A. Brown	
John P. Chambers	
Stephen Cravey	
Scott Doctor	Absent
William A Goetschius	
Monte Goodman	Absent
Robert P Grefe	
Donald McGowan	Absent
Joseph E Morris Jr	
Mike Novominsky	
Sharon O'Fiel	
David R. Pausky	Absent
Brian Sadler	Absent

Parliamentarian: Marilyn Gore

1 **I. CALL TO ORDER AT 7:00 PM**

2 The President introduced Bob Blome. He stated the Mr. Blome was our United Way's
3 Management Assistance Program (MAP) representative. Mr. Blome stated that he was

4 happy to be working with HAL-PC. He said that some of us might get telephone calls
5 from him. He said he would be making random calls just to get a feel for what was
6 going on.

7 The President stated that our Webmaster, Marilyn Gore, had added several links to the
8 HAL-PC Website in response to the September 11, 2001 events. He said that the
9 Director of the Gulf Coast Regional Blood Center is a HAL-PC Member and had
10 noticed her comments about blood shelf life and future donations. He had sent her a
11 personal thank you.

12 Aubrey Farb asked that the Audit Committee Report be moved up on the Agenda.
13 There were no objections.

14 Aubrey Farb reported that the Audit Committee had not had any formal meetings. He
15 said that the committee members were staying in contact through the Internet. He said
16 that he had talked with the President about the Audit Committee doing an examination
17 of our financial records for a financial statement as of May 31st. He said that Blazek
18 & Vetterling recommend a Balance Sheet Audit as of May 31st. He also said that he
19 agreed with this recommendation. He said that the current proposal does not include
20 an audit from May 31st. He said that the Board will have to decide the scope of the
21 audit.

22 He said that Alan Woodbury, CPA was developing a new chart of accounts. He said
23 that Michelle Annis had begun entering data in the format required by Blazek &
24 Vetterling.. He said that he and the President had worked out a system for billing the
25 ADSL Accounts that will work. He said that the President would be meeting with the
26 attorneys to draw up a contract for the commercial accounts. He said that no
27 payments were going to be sent to the PO Box. He said that he had been told by
28 Robert Gunn that he could not assure him that all accounts were being billed for all of
29 the services they were getting. He also said that there had not been a contract
30 finalized with SWB ASI for the DSL Accounts. He said that signing up 30 accounts
31 with no contract was a problem. He said that we can not know what our liability is
32 without a contract. He begged us to get an attorney on retainer and make sure to
33 leave an audit trail. He stated that the United Way's Management Assistance Program
34 (MAP) representative had agreed wholeheartedly with his recommendation that we
35 employ an Executive Director. He said that Robert Gunn stated that would require
36 bylaws changes and might be difficult.

37 Aubrey Farb said that there had been several e-mails flying around. He said that
38 someone had gotten the idea that a member of the Audit Committee might be doing
39 this for personal gain. He said that someone had offered him the position of interim
40 Executive Director and that he had turned that individual down flat. He wanted it
41 made clear that neither he, Sam Merwin or Alan Woodbury had any desire to serve
42 HAL-PC in any formal capacity other than to serve on the Audit Committee. He
43 stated that he did not include Mike Mashburn because Mike Mashburn is an employee
44 of HAL-PC and that he could speak for himself.

45 The President mentioned that he did not know all of the individuals Aubrey Farb had
46 named.

47 Aubrey Farb offered the credentials of the individuals that he had named.

48 The President asked if these were the individuals that Aubrey Farb wanted on his
49 committee.

50 Aubrey Farb stated that they were on the committee.

51 The President explained that according to HAL-PC only Aubrey Farb and Wes Leggett
52 were members of the Audit Committee.

53 Mike Mashburn explained to Aubrey Farb that the Board had to vote on the committee
54 membership.

55 Aubrey Farb said that you don't need a Board Meeting to appoint a committee. He
56 also said that Boards don't normally approve committees.

57 The Parliamentarian read the section of the bylaws that states that the Board
58 designates the members of Ad hoc committees.

59 Aubrey Farb stated that our bylaws are so bad that we should tear them up and start
60 over. He said that we are all tied up with red tape. He said that this Board is
61 constipated. It can't move.

62 Aubrey Farb asked if there were any other questions.
63 There were none.

64 The VP SIGS offered his report (**vp-sigs-rept-0110.pdf**).
65 There were no questions.

66 The VP Communications offered his report (**Attachment 1**).

67 He was questioned about the DSL accounts that we are being billed for by SWB ASI.
68 We have not been told what type of contracts these users had with SWB ASI. We do
69 not know what liabilities we are inheriting. Michelle Annis reported that we are only
70 given 10 days to pay on these accounts. Mike Novominsky said that he was
71 concerned that we might get stuck with some huge debts. John Chambers asked if his
72 understanding was correct. He understood that HALNet had advised the previous
73 Board against going into DSL service and that HALNet had been instructed to pursue
74 DSL service by the previous board. He was told that was correct.

75 The VP Programs offered her report (**Attachment 2**).

76 There was additional discussion on the rental of the facilities. Board Members
77 generally agreed that we needed to use the facilities. It was suggested that she get
78 with the VP SIGs and work it out.

79 The Membership Secretary reported that there had been a good turnout for the ribbon
80 cutting ceremony. He said that HAL-PC will have advertisements in four South West
81 Houston Chamber Of Commerce magazines and in their newsletters.

82 Joe Morris, Jr reported that we ended the month of September with 11,162 members
83 and that we began the month of October with 10,889 members.

84 The Treasurer offered his report (**Attachment 3**).

85 Wes Leggett made a motion (**Motion 100101**):

86 Whereas the "balance sheet" audit is the recommended course for the present year,

87 Be it resolved that Blazek and Vetterling be directed to proceed with "balance sheet"
88 form of audit at the approximate cost of \$7,000.

89 The motion passed.

90 Mike Novominsky asked that his objection be included in these minutes.

91 Wes Leggett made a motion (**Motion 100102**):

92 Be it resolved that Leonard C. Myers of Property Tax Advisors be engaged to restore
93 Property Tax exemptions for HAL-PC's Headquarters and the Clear Lake Satellite
94 Center in Webster [at a cost not to exceed \$1,500.00].

95 The motion passed.

96

97 **II. UNFINISHED BUSINESS**

98 The President asked if there were any corrections to the minutes of the August 30th,
99 2001 Board of Directors Meeting

100 The minutes of the August 30th, 2001 Board of Directors Meeting were approved
101 with no corrections.

102 **IV. NEW BUSINESS**

103 Mike Mashburn withdrew his Motion to call a Special Meeting of the Members to
104 vote on Bylaws changes. He stated that the issue had been addressed by the
105 Treasurer.

106 The President appointed Mike Mashburn as the chair of the Rules Committee.

107 There were no objections.

108 The President again asked for the members of the Audit Committee.
109 They are:

110 Aubrey Farb (chair), Wes Leggett, Michael Mashburn, Sam Merwin and Alan
111 Woodbury. The President appointed the members to the Audit Committee.
112 There were no objections.

113 John Chambers made a motion (**Motion 100104**):
114 Be it resolved that the HAI-PC Board of directors requests the resignation of all
115 members of the Board of Directors and Officers of HAL-PC, that have a conflict of
116 interest. The conflict would include employment by HAL-PC, having a fiduciary
117 relationship with any party that has received the commercial web services of HALNET
118 or has received the services without charge for a period of time exceeding 60 days.

119 The motion died for lack of a second.

120 John Chambers made a motion (**Motion 100105**):
121 Be it resolved that Hal-PC Officers and directors who are on committees regulating
122 areas where they have conflicts of interest are removed from those committees.

123 The motion died for lack of a second.

124 John Chambers withdrew his motion:
125 Be it resolved that the firm recommended by Aubrey M. Farb be contracted to provide
126 an audit for the year of 2000-2001. Be it further resolved that the firm come before
127 the board to present the prices and options that HAL has to obtain an audit in line
128 with it's By-Laws.
129 because it had already been addressed by the Treasurer.

130 V. ADJOURN

131 Bob Grefe made a motion (**Motion 100106**) to adjourn.

132 The October 4th, 2001 Board of Directors Meeting adjourned at 8:20 pm.

133 Respectfully Submitted,
134 Anne Sipes
135 Recording Secretary

Attachment 1

HAL-PC Vice-President of Communications
Report to the Board of Directors, 4 October 2001

Magazine

Our hard-working volunteer magazine publisher, Meredith Foster, reports receiving a number of complements regarding the cover on the most recent issue of the HAL-PC Magazine.

We are scheduled to have two new multiple-month National ads starting November which should help compensate for the temporary (we hope) loss of ads from Adobe.

Internet

This first round of ADSL user billing has recently been accomplished by the office. Our ADSL Transport Service Provider, SBC Advanced Solutions, Inc. now requires that all ADSL line charges be billed to HAL-PC on a consolidated bill and we must, in turn, bill our individual users for those charges. I have been informed by our Southwestern Bell Account Manager that all of our existing ADSL users will be changed to this billing method on November 1st.

As an alternative to individual contracts, a "tariff" has been filed with the Federal Communications Commission by SBC-ASI to govern the ADSL wholesale service which HAL-PC uses to offer ADSL services to our members. The terms of and manner in which the tariff was filed is being contested by attorneys for the Texas Internet Service Providers Association of which HAL-PC is a member but a ruling on the complaint has not yet occurred.

Advertising

No new advertising has been placed or contracted for since the last meeting.

Respectfully submitted,

Jay Thomas,
Vice-President / Communications

Attachment 2

Subject: RE: October 4th Board Meeting
Date: Wed, 26 Sep 2001 08:55:28 -0500
From: "Josie Duffey" <josie@hal-pc.org>
To: "Anne Sipes" <anne@geekhome.net>

Programs Report

We will participating in the Strictly Business Exposition on October 10 and 11. We will have a booth as well as demos from 1-3 in the theatres. If anyone has an interest in volunteering for the booth let me know.

November 3, Saturday we have a Spotlight on Sigs where we are inviting the membership to take a look.

November 9 I will be going to Comdex on funds that the Sig Chairman had for travel.

I am working on a Real Estate School to see if it is feasible for them to have their once a month classes here for Real Estate Renewals. The classes are under written by title companies and banks and offered free or a token payment to the Realtors in the community. The course usually costs \$100 for the two days. If the Real Estate School and Mike Mashburn decides it is something we can do it will bring around 100 Realtors to the building each month and a captive audience to our membership and Realtors taking our classes. When the group filled out a feedback form the computer and the internet was the biggest item the group wanted to learn about.

The downside to this is that 40 tables and tablecloths and some type of water container would have to be purchased. All of these items would be used for our future functions. HAL-PC would need to be a little more pristine for these events. The audience is a much more formal group than we are.

The outcome because of their advertising every month, daily, and weekly in all of the offices to 13,000 Realtors and many more title companies, inspectors, probably in access of 25,000 people, would guaranty our membership to spiral up almost immediately. This is an audience we want.

This would be a 12 month commitment, and if we are lucky enough to get the opportunity, we need to bite the bullet and do whatever we can to make this happen. Mike Mashburn has indicated that he can make the days (two days) available. Funding would be the next item and I would want the ability to have the resources to make this happen.

The room will generate \$500 a month for the rental for two days. The School is paying \$250 a day at the Holiday Inn currently.

The other piece of information relating is this is the Champions School will be upset with us. This course is free and they charge \$100. Champions is in the building.

This Company also indicated he may present other marketing events. We need to fill these rooms during the day.

I will have an answer from the school within two weeks.

Respectfully submitted.

Josie Duffey, VP Programs, HAL-PC

Add on for Board Meeting

I have a group The Houston Independent Real Estate Brokers who want to meet 2nd and 4th Wed 8:30am-10:00 am.They can pay \$100 a month.They would need one Sig room.There would be 35 people.Another group that can bring future members to HAL .
Josie Duffey

Attachment 3

HAL-PC Treasurers Report October 2001

At the time of this writing, October 3, HAL-PC has a balance of \$201,393 in HAL's Bank of America cash account. There have been no transfers to or from any of HAL's other accounts during this period.

If you recall, at the last board meeting, two possible approaches to HAL-PC's annual audit were presented. We have a choice as to how to proceed because of the lack of supporting documents from our former accountant. The question as to whether the lessor form, or "balance sheet" audit would satisfy the bylaws requirement for an audit was where the question was left.

A normal annual audit uses as its starting point the work done in preparing the audit for the prior year. These "working papers" have been destroyed by our former accountant so something similar must be constructed to take their place. This is the "balance sheet" audit that in HAL's case must take place initially. The choice is whether to start with the current year or the prior, already audited year. The only reason to start with last year is to provide a basis for a normal annual audit this year. If we choose this option, and it isn't recommended by our accounting firm, the total cost of the audit would be approximately \$21,000. This is the cost of a normal annual audit, \$14,000, plus the cost of the balance sheet audit of the prior year \$7,000.

Yesterday, I spoke with Terry Frederick of Blazek and Vetterling regarding whether what he had described as a "balance sheet audit" would satisfy the bylaws requirement for an annual audit. Briefly, the answer was yes, that it would suffice. He did caution that interpreting the bylaws was more properly a legal question and that he was not a lawyer and couldn't render a legal opinion. I told him of Mr. Farb's concerns that what was being described was a "review" as opposed to an audit and as such would not suffice. Mr. Frederick said that what was being offered was more than just a review and that, in fact, a review would not be sufficient to go forward to a "full" audit next year. What was being proposed will include an opinion and form a proper basis for the audit next year. He also added that he felt that the other alternative would be a "waste of money" at this time.

I also asked Tim Burgess, HAL's legal counsel, about this matter, below is the relevant portion of his reply.

"I expect either form of audit will do if done by B & V. I'm copying Aubrey Farb on this reply, to weigh-in in case I'm off base. He will know the answer to your question better than I."

Whereas the "balance sheet" audit is the recommended course for the present year,

Be it resolved that Blazek and Vetterling be directed to proceed with

"balance sheet" form of audit at the approximate cost of \$7,000.

You may recall the matter of the property tax status of HAL-PC has been discussed in the past. As a not-for-profit corporation, HAL-PC should be, and, in the past, prior to the move to the current location, has been, exempt from this tax. The difficulty has been in determining how to proceed with this matter as the matter was neglected for years and the taxing authorities have recently become very aggressive. We have located an attorney who specializes in this type of work.

Property Tax counsel approval.

Be it resolved that Leonard C. Myers of Property Tax Advisors be engaged to restore Property Tax exemptions for HAL-PC's Headquarters and the Clear Lake Satellite Center in Webster [at a cost not to exceed \$1,500.00].

Respectfully submitted,

Wesley L. Leggett,
Treasurer