

LONGVIEW RODEO, INC.
Minutes of Meeting of Directors and
Shareholders – May 22, 2007

The Officers and Directors of Longview Rodeo, Inc. met at 3400 W. Marshall Avenue, Longview, Texas on Tuesday, May 22, 2007 at 4pm pursuant to notice given by the Secretary on May 18, 2007.

The following Officers and Directors were present: David Yowell, Julio Arriola, Mark Dulweber, Bob Metzler, Joel Smith, Russ Brown, and Kent Bryson. Visitors present were Mary Ramos, Scott Hummel, Chapin Miller, and David Wright. Director Shirley Hook was absent. Five of the six directors were present, constituting a quorum.

President David Yowell presided at the opening of the meeting, designating Russ Brown to handle the official agenda attached to the Notice of Meeting.

- A. The prior year minutes and actions (since June 6, 2006) were ratified unanimously.
- B. The filing of the 2006 Federal Income Tax Return was corrected to be April 27, 2007 (rather than April 17, 2007) and the 2006 Texas Sales Tax Report was corrected to be January 22, 2007 (rather than January 20, 2007).
- C. Mary Ramos, 2007 Rodeo Committee Chair and member of Arena Improvements/County Events Center Committee reported on the status of the proposed new County Events Center to be built at Maude Cobb Activity Center and Julio Arriola reported on the status of the existing rodeo arena. This report was designed to help the Board develop the allocation of funds available for distribution from the 2007 Rodeo and the contingency fund balance (see Item D of the agenda). A separate memorandum has been developed summarizing the report and is attached as an addendum to these minutes.
- D. 1. Treasurer Kent Bryson and Secretary Russ Brown presented the 2007 rodeo interim results (balance sheet and P&L) through May 22, 2007 with comparative information from the 2006 rodeo, showing net proceeds to date from the 2007 rodeo of \$73,650. It is believed that all sponsor receivables are collectable but not all proceeds from vendors, program ads, business packages, and advanced ticket sales have been collected (not in receivables) and some payables for event costs have not been received for payment. Taking all those factors into consideration, the projected final net income will approximate \$75,000.

2. The financial information also included the history of the rodeos balance sheets and P&Ls from 1999-Interim 2007 as well as a memo of discussion points to consider for expenses chargeable to the 2007 rodeo, the 2008 rodeo, or for contingency purposes before deciding on the allocations for charitable organizations and projects and adding to the contingency reserve.

3. The entire group also discussed the need for and the amount of the contingency fund that currently exists and whether the contingency fund should be increased. Prior Boards had concluded it was desirable to have an amount in contingency that would equal either one-year's worth of charitable contributions or the raw costs of the rodeo in case of a catastrophic event in which no net proceeds were provided from a rodeo. At 12-31-06, the corporation had \$31,309 in contingency funds and the LGRC Board reported it currently has about \$7,800 designated for such an emergency. (This amount does not include the \$10,000 set aside from the 2006 rodeo specifically for Arena Improvements.) The contingency fund was used to maintain a \$40,000 level of funds available for charitable organizations and projects in 2004 and 2005 when the net proceeds from the 2004 and 2005 rodeos did not reach the \$40,000 level; the combined deficit from 2004 and 2005 of \$4,809 was replenished from the 2006 rodeo net proceeds by retaining \$7,177 of the \$57,177 net proceeds from the 2006 rodeo.

4. The entire group discussed the level of funding from the 2007 Rodeo to be made available to other 501 (c) (3) charities and charitable projects, specifically whether the funding level should remain at \$40,000 or be increased because of the publicity developed recently that the 2007 rodeo had raised more funds than in the past and because of the need to build the contingency fund to handle probable costs of arena maintenance before the new events center is built and to handle loss of net revenue when the new events center is operational.

5. After the discussion, the Board unanimously approved that (1) \$50,000 be allocated for charities and charitable projects, (2) \$5,000 be set aside for possible arena improvements (adding to the \$10,000 set aside from the 2006 rodeo), (3) up to \$5,000 for a new Circuit Ride among smaller regional rodeos to boost the added purses and quality of contestants beginning with the 2008 rodeo, and (4) the remaining amount (at least \$15,000 depending on the final numbers) be added to the contingency fund, generally to provide funds for additional arena maintenance in the interim and investment in the new events center. The now \$15,000 (item 2 above) is to remain segregated in the contingency fund until the mutual decision is reached among the City, County, LRI, and any other user of the arena on how to proceed with the project (repairs or replacement) and the amount of funds available from all sources. LRI is to advise Judge Stoudt that LRI has set aside that amount for the County to match such funds for that purpose. Should the project not be done, then subsequent LRI Boards shall decide how to use the \$15,000 of segregated funds (adding to the general contingency reserve, funding additional charities, or using it for arena

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maintenance and investment in the new events center in whatever combination those future Boards see fit.)

6. Because of the tight time frame needed related to the new events center and for the County budget cycle, the Board appointed Mary Ramos, Bob Metzler, and Julio Arriola to represent the LRI Board (with other LRI Board members and Officers involved as desired) in meetings with the City and County officials as soon as possible, with LRI's representatives taking a proactive role in representing LRI and the LGRC Rodeo Committee's interest in the new events center.
- E. The Board of Directors considered nominations for new Directors. The Board acknowledged the service of David Yowell and Julio Arriola whose terms as Directors end June 30, 2007. The Board unanimously elected Scott Hummel and Mary Ramos as new Directors whose terms run from July 1, 2007 through June 30, 2010, in accordance with the by-laws for staggered three-year terms for Directors. David Yowell and Julio Arriola have agreed to be involved with LRI as members of the Long-Range Planning and Arena Improvements/Events Center committees.
- F. The Board unanimously elected Officers for the term from July 1, 2007 through June 30, 2008 as follows: Mark Dulweber, President; Shirley Hook, Vice-President; Russ Brown, Secretary; and Chapin Miller, Treasurer. The Board acknowledged Kent Bryson's long service as Treasurer as he leaves LRI to be the 2008 LGRC Rodeo Chair.
- G. The Board unanimously adopted the attached resolution for signature authority on the bank account at Springhill State Bank effective July 1, 2007 (Dulweber, Hook, and Miller.)
- H. The resolution concerning the specific projects and organizations to be funded, adding to the contingency fund, segregating funds for arena improvements, funding a new Circuit Ride, designating LGRC as disbursing agent, requiring annual review of the contingency fund balance, and requiring any excess funds to be distributed to charitable projects and organizations in the future was tabled until LGRC's Board recommends to this Board which projects and charities are to be funded in 2007. That resolution will be handled by email vote as soon as the information is available.

- I. The following individuals are authorized by this Board to execute contracts related to the 2008 PRCA Rodeo:
1. Andrews Rodeo Company (for 2009) – Mary Ramos, Mark Dulweber, Shirley Hook, or Russ Brown. (Mary Ramos is designated as the person to negotiate the contract; others may execute the negotiated contract.) The 2008 Rodeo contract was negotiated and signed last year (as a two year-contract for 2007 and 2008).
 2. PRCA Fee Contract – Mary Ramos, Kent Bryson, Mark Dulweber, Shirley Hook, or Russ Brown.
 3. Maude Cobb Activity Center – Kent Bryson, Mary Ramos, Mark Dulweber, Shirley Hook, or Russ Brown.
 4. Others not yet known – Mark Dulweber, Shirley Hook, Russ Brown or Chapin Miller.
- J. No report was made by the Long-range planning committee. Joel Smith was appointed Chair of the committee with authority to add members to the committee from both the Officer-Director group of LRI and non-LRI members. The committee will provide the LRI Board a report after the 2007 PRCA Annual Convention.
- K. Mary Ramos was appointed Chair of the Arena Improvements/Events Center committee and will add such other members as appropriate for dealing with the progress of the events center project and needed expenditures for arena maintenance in the interim. The committee will keep the LRI Board apprised of the progress on the events center and may call for a special meeting of the LRI Board to consider options for LRI's involvement in funding for the event center project.
- L. No other business came before the meeting and the meeting was adjourned at 6pm.

Russell E. Brown, Secretary of the Corporation May 24, 2007

Addendum (1) to Minutes of May 22, 2007 Meeting

Arena Improvements/County Events Center

New Events Center

Mary Ramos reported on discussions she had with Anne Hugman, Architectural Consultant and John Green concerning the County Events Center. The key points presented were:

1. The County will build an enclosed, climate-controlled events center in the Maude Cobb area (close to the rear of the convention center for covered access between the buildings) for an unofficial estimate of \$15 to \$17 million. It will be cash funded by the County and the City will operate/manage the facility.
2. The facility will seat around 4400 for rodeo events and up to 7200 for other events that utilize the floor of the center. Dirt will be available (stored on site) to haul in and haul out. Chutes, pens, and the like will be portable – placed on pins for a show and removed to storage after. There could be permanent advertising (say from the rafters). There will be permanent electrical hookups, rest rooms, concession stands, and some storage.
3. Ann Hugman is working as a consultant presently. The architectural contract will be put up for bids. The City is funding the architectural studies. The County will encourage participation in the planning by those who have an interest in using the facility. There are four entities that currently use the rodeo arena – LRI/LGRC, CBR, Juneteenth rodeo, and a Mexican rodeo.
4. Timing is planned for having a facility opened around July 1, 2009. Thus the 2008 and 2009 rodeos will still be in the existing rodeo arena.
5. The existing rodeo arena, concession stand, ticket booth, etc. will be discarded and parking added.
6. The City will contract out both the concessions and the “ticketmaster” operations. Rental rates will be set to generate profit for the City.
7. Possible impacts to our rodeo:
 - a. Loss of concession revenue (both from rentals and concession sales) – as much as \$10,000 per rodeo.
 - b. Loss of ticket revenue (ticket brokerage handled by City for a fee.) – as much as \$10,000 per rodeo.
 - c. Increase in rental fees (enclosed, climate controlled) – as much as \$5,000 per rodeo.
 - d. Cost of haul in and haul out of dirt (flooring) – as much as \$6,000 per rodeo.
 - e. Cost of setting chutes, pens, etc. in facility – unknown impact per rodeo.

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8. Possible ways to “partner” with City/County to mitigate impacts to our rodeo:

a. Be involved on the Facilities Building Committee with the County and City to indicate our desires for design, including chutes, storage, parking, access by 18-wheelers to facility, pens for stock, etc.

b. Invest financially by building concession stand or buying chutes and pens in exchange for reduction of rent or handling concessions or controlling ticket sales.

c. Coordinate purchases, if needed, of chutes for existing arena so that such new equipment can be used in the new facility.

Existing Arena

Julio Arriola indicated that the existing arena, particularly the chute area, will be able to handle one more year of rodeo but he has doubts about 2009. The chutes need significant repair or replacement and LRI needs to be ready to finance some significant costs in the interim as the new facility is being built.

Addendum (2) to Minutes of May 22, 2007 Meeting

The following items were discussed in the meeting. Basic type was the item presented. Italics show conclusions reached:

1. We will have some sort of report on the status of the County Events Center, but it may not answer our questions on what the financial impact will be on us if it is built. We have set aside \$10,000 from the 2006 Rodeo for either Arena Improvements (needed before any new facility is built), which then might be earmarked for our investment (fund raising) in any capital drive for a new Arena. From this, we will need to determine what to do with the existing \$10,000 "earmark" and whether to add to it from the 2007 Rodeo. *Because of unanswered questions and the potentially significant economic impact on our rodeo when the new events center is built, \$5,000 was "earmarked" from the 2007 rodeo and added to the \$10,000 "earmarked" from the 2006 rodeo for Arena Improvements that might needed in the interim. This would provide \$15,000 for such improvements with a challenge to the County to match the \$15,000. To the extent the \$15,000-\$30,000 if matched was not used, any overage could go toward investment in or "partnering with" the City and County on the new events center. (See Addendum 1 above.)*
2. Consideration of whether to pay Sammy a bonus for the 2007 Rodeo. The past two years, the Rodeo chair unilaterally paid Sammy a bonus (additional fuel allowance); it was decided last year that if a bonus was to be given, it had to be approved by the LRI Board rather than unilaterally by the Rodeo chair. This consideration will also tie to the next point. *Concluded that no bonus will be paid – (1) the 2007 and 2008 contracts with Sammy were raised to \$25,000 so we both had a set number to budget with and (2) we paid \$500 for steers and got \$500 in trade for hay and steers from America's Country Store which are items that Sammy did not have to pay for out of his \$25,000 contract.*
3. Sammy has impressed on us that we need to up the added purse from \$1,200 per event to something higher. The Rodeo committee has discussed the possibility of going to \$1,500 per event (or some combination whereby some events get more (say \$1,400) and one or two of the major events get say \$1,750). The point is to get better contestants. We might consider "earmarking" some of the 2007 Rodeo proceeds to be used for the 2008 added purse. How it connects with #2 may be a discussion with Sammy on whether he would forego any "bonus" voted for him if we would commit those funds toward added purse in 08. *First, at Sammy's suggestion, we should "highlight" up to two events each year to significantly increase the added purse and marginally increase the others to gradually get our prize money to the point of attracting better contestants. Presently we add \$1,200 to each event; for 2008, the plan is to increase two to \$2,500 each, and the remaining five to \$1,250 each. This would increase our prize money cost from \$8,400 to \$11,250. It was concluded that the 2008 increase should come out of the 2008 rodeo budget and not from the 2007 rodeo net proceeds, Second, there is a plan in place to have a "mini-Circuit Ride" among 4-5 other smaller rodeos in the area in which each rodeo committee would put up \$500 of advertising money and \$2,500 purse money; the contestants would ride the "circuit" to earn points toward winning the additional prize money after the last rodeo. It was concluded that up to \$5,000 of the 2007 rodeo proceeds would be held back to fund the start up of the Circuit Ride. If it is successful, then the quality of contestant will improve; if it is not, then the prize money (net of expenses such as advertising) would revert back to the rodeo committees that participated and, in our case, the money then would be used to "highlight" the 2009 rodeo events-increasing two from \$1250 to say \$2500.*

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4. Consider, for the future, for Rodeo, Inc. to fund part of the PRCA Convention costs that the Club is currently paying for. LRI has not paid for any convention expenses, even though the convention has provided us with some excellent benefits and contacts, because we had received City Grant Money, subjecting our books and records to scrutiny from the Grantor. It was decided in prior Boards that the appearance of a convention expense in Las Vegas was not in our best interests - while explainable, it was unclear how any Grantor auditor would react to such as expense. Five years has now passed since the last grant was received from the City. Discussion would include how much LRI might share in the cost (1 person of the 3 or 4 or 1/2 of the expense or what). *This generated significant discussion about the positive benefits of sending Rodeo committee members to the National Convention versus the perception of outsiders of seeing expenses for a convention in Las Vegas reducing our sponsor or contributor base. It was concluded that LRI would budget and pay for up to \$3,500 to send LGRC Rodeo committee members to the National PRCA Convention. The LGRC Rodeo committee will submit the proposed budget for costs and the LRI Board will then approve the expenditure as an expense of the rodeo. This would begin with the 2007 PRCA Convention in late 2007 and be part of the 2008 rodeo expenses.*

5. As an additional discussion item added during the meeting – Consider finding a centralized storage building to house the banners and other items that are useable year after year for the rodeo. *It was concluded that LRI should rent a storage building (of between 300-400 square feet) for an estimated annual cost of \$1,200-\$1,500 to house the items currently scattered in various locations.*

Summary of Use of 2007 Rodeo Net Proceeds:

Using \$75,000 as a beginning net proceeds number:

1. \$50,000 for charitable organizations and projects
2. \$ 5,000 added to "Arena Improvements" to reach \$15,000 accumulated, with challenge matching grant from County/City funds, for interim arena maintenance and improvements
3. \$ 5,000 – Up to \$5,000 for advertising and prize money for new "Circuit Ride", to extent money is not used, then goes toward added prize money increases for 2009 rodeo
4. \$15,000 added to contingency fund, with general designation to be used for investment in new events center equipment or construction (for trade out of costs) and bridge potential increases in budgeted rodeo costs when new events center is used for rodeo.
5. Any additional net proceeds over \$75,000 added to contingency fund, generally to initially fund 2007 PRCA National Convention Costs and centralized rental storage unit.

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LONGVIEW RODEO, INC.
A Texas Non-Profit Corporation

Resolution from May 22, 2007 Board Meeting
As revised for email vote on June 13, 2007

The Leadership Group and Board of Directors of the Longview Greggton Rotary Club have provided this Board with a list of proposed projects and qualified charitable organizations to be benefited from the net proceeds of the 17th Annual (2007) Longview PRCA Rodeo. In the past, they also have recommended that a portion of the proceeds from such Rodeo be retained in Longview Rodeo, Inc. as a contingency fund should a future rodeo be cancelled. They continue to recommend that the contingency fund be reviewed annually so there are adequate funds available to cover costs of a cancellation and still have funds available to provide significant charitable funding in such a year.

The Longview Rodeo, Inc. Board, in its meeting on May 22, 2007 agreed to (1) distribute \$50,000 to qualified beneficiaries and projects from the estimated \$75,000 raised from the 2007 PRCA Rodeo, (2) segregate and retain an additional \$5,000 for a proposed arena improvement project, (3) segregate up to \$5,000 to fund a Circuit Ride among smaller regional rodeos and (4) add the difference to the contingency fund (currently at \$31,309), generally to provide for investment in and economic impact costs associated with the proposed construction of a new County Events Center.

Financial reports on the 17th Annual PRCA Rodeo (held April 20-21, 2007) indicate, after collection of final receivables that net proceeds raised from the event were \$73,650, with some possible increase in collections of additional revenue.

Be it resolved, as follows, that:

1. *\$50,000 of the available net proceeds be returned to the Longview Greggton Rotary Club, as Longview Rodeo Inc.'s agent, to be distributed to community projects and qualified charitable organizations per the attached schedule.*
2. *\$5,000 of the available net proceeds be segregated and retained for a proposed joint City and County funded arena improvement project, adding to the \$10,000 so segregated from the 2006 Rodeo funds. (Should the project not be done, then subsequent LRI Boards shall determine how the \$15,000 will be used for return to the community, for adding to the contingency fund, or for other arena improvements, in any combination.)*
3. *Up to \$5,000 of the net available proceeds be segregated and used for funding the initial Circuit Ride among smaller regional rodeos to enhance the quality of contestants at the Longview PRCA rodeo. (Should the Circuit Ride not be developed as anticipated, then such money should be used to increase the added purse for future Longview PRCA rodeos).*

4. *\$15,000 of the available net proceeds be added to the existing contingency fund, generally to be used for investment in the proposed County Events Center and for reducing the potential economic impact on future rodeo costs when the Longview PRCA rodeo is moved to such new facility.*
5. *To the extent the net proceeds from the 2007 Rodeo exceed the \$75,000 level, the difference shall be added to the existing contingency fund (which was \$31,309 as of December 31, 2006) and be available to fund costs associated with the National PRCA convention in 2007 and costs of renting a centralized storage unit.*
6. *In 2008 and the future, the Board shall review the level of the contingency fund annually to determine whether some of the proceeds from future rodeos should be added to the contingency fund.*
7. *All contingency funds, whenever designated for distribution, shall be made to qualified charitable organizations per the by-laws of the Corporation.*

**LONGVIEW
RODEO,
INC.**

Funds from the April 2007 (17th Annual) Longview PRCA Rodeo to be distributed to Longview Greggton Rotary Club as the Company's agent for it to distribute to qualified charitable organizations and community projects:

Gregg County 4-H Clubs	\$ 2,000
Boys & Girls Club of Gregg County	\$ 1,000
Buckner Benevolences	\$ 1,000
Campfire Boys & Girls-ET Area Council	\$ 3,500
Community Partners for Children	\$ 600
Crisman Preparatory School of Texas	\$ 3,000
East Texas Literacy Council (Other than Spelling Bee)	\$ 3,000
Junior Achievement-Pinewood Park School (06-07 Year)	\$ 3,000
Longview Community Ministries	\$ 1,000
Parenting Resource Center	\$ 2,000
Windridge Therapeutic Equestrian Center	\$ 7,000
Habitat House (Joint Rotary Project 07-08)	\$ 5,100
College Scholarships (PTISD & SHISD)	\$ 8,000
Teacher of the Month Program (PTISD & SHISD)	\$ 1,600
I Like Me Book Program (PTISD & SHISD)	\$ 3,500
RYLA Camp Scholarships (PTISD & SHISD)	\$ 900
East Texas Literacy Council Spelling Bee	\$ 600
Police and Firefighter Recognition Day	\$ 1,700
RYLA Camp Pirtle Improvements (District 5830)	\$ 1,500
Non-Cash - Canned Goods to Hwy 80 Rescue Mission	\$ _____
Total	<u>\$ 50,000</u>

LONGVIEW RODEO, INC.
Corporate Resolution

In late December 2007, Rotary International District 5830 Foundation Chair John Henson requested the use of Longview Rodeo, Inc., as a Section 501(c)(3) organization, to serve as a conduit of funds from The Rotary Foundation ultimately to be used for flood relief in Rotary International District 4200 in Mexico. District 5830 has a Donor Advised Fund at The Rotary Foundation and desired to use \$5,000 from that Fund to provide disaster relief to towns in Rotary District 4200. District 5830 had formed a two-man team to hand deliver the funds to the Rotary District Governor in District 4200 in January 2008 after reviewing the towns in need of relief. In order to access the Donor Advised Fund money, District 5830 was required by the terms of the DAF to transfer the money only to another Section 501(c)(3) organization.

By email consent in early January, the LRI Board agreed to serve as the conduit for a \$5,000 check from The Rotary Foundation District 5830 Donor Advised Fund and to simultaneously transfer \$5,000 to the District 5830 Restricted Funds account so District 5830 could then write a check to District 4200, restricting the funds to flood relief.

This converts the email consent into a formal resolution:

On January 2, 2008, Longview Rodeo, Inc., as a Section 501(c)(3) organization, has agreed to serve as the recipient of \$5,000 of funds from The Rotary Foundation District 5830 Donor Advised Fund and to transmit the \$5,000 to the Restricted Funds of Rotary International District 5830 for the restricted use by Rotary International District 4200 for flood relief with the understanding that District 5830 will send a person representing District 5830 to hand deliver the check to the District Governor of District 4200.

LRI's records reflect that The Rotary Foundation District 5830 Donor Advised Fund check #1166, dated 1-15-2008, was received on January 25, 2008. It was deposited into LRI's bank account on 1-25-08 and LRI check #1368 was written to District 5830 also on 1-25-08. LRI's records also reflect an acknowledgement of receipt of the funds from The Rotary Foundation and an acknowledgement of the receipt of \$5,000 from District 5830 by the District Governor of District 4200 in Mexico.

Because of family illness, only one Rotarian (Ernie Herterich, a professional engineer) made the trip to Mexico to view the flood damage, present the check, and identify where the funds would be used. He spent a number of days in Mexico touring the towns affected – he took photos, obtained a receipt of the funds from the District Governor of District 4200, and has reported to District 5830 about the trip and transfer of funds.

Russell E. Brown, Secretary of the Corporation

June 17, 2008