

USA ALLIANCE
ANNUAL MEETING
DECEMBER 7 THROUGH 10, 1989
CARLSBAD, CALIFORNIA

The Annual Meeting was called to order on Friday, December 8, 1989 at 8:15 A.M. by President, John Griffin, at the La Costa Hotel & Spa located in Carlsbad, California. Those in attendance included Bob Johnson, Dick Thomas, Barry Sullock, Teck Saenuraiporn, Sandy Jackson, Ed Elliott, Ed Judge, Glasgow Hicks, Mike Adams, Bob Libby, Louis Williams, Bill Davis, Greg Murrey, Colleen and Bernie Concannon, Bill Jackson, Joe Morford, Earle Dillard, Bob Katz, John Griffin, and Stuart Bankhardt, Jr. The absent members from the Annual Meeting were Ralph L'Allier and Herb Kaufman.

The President called for the reading of the Annual Meeting Minutes of December 2, 1988, and after they were read, a motion was made by Joe Morford and seconded by Bill Jackson to accept the minutes as read without correction.

Louis Williams, Treasurer, gave his annual report (copy of which is attached herewith); and after due discussion, a motion was made to accept the Treasurer's Report by Bernie Concannon and seconded by Bill Jackson. As an aside to the Treasurer's Report, the members agreed to return the \$200 registration fee which was collected last July for use at this Annual Meeting. A motion was made and seconded that the Treasurer's office follow through and return registration fees to all of those members in attendance as well as Herb Kaufman who was unable to attend.

Chairman, John Griffin, conducted a lengthy discussion among the membership relative to Herb Kaufman and the fact that his firm, Burns & Wilcox, went public in early 1989. It was felt by the general membership that as a result of going public the goals and aims of Burns & Wilcox were totally different from the "mainstream" office which is represented by the individual members of the Alliance. In view of this fact, reference was made to and properly read to the members the "Shareholder Redemption" section of the Shareholder's Agreement so that the membership would be familiar with the scope of this section of the Agreement. John Griffin then read a letter dated 11-29-89 which had been written to Herb Kaufman, and after he finished reading his letter, Louis Williams read a letter dated 12-4-89 which he had received from Herb Kaufman on this very subject. At the conclusion of the discussion period, a vote was taken to advise Member, Herb Kaufman, of the redemption of his share of the USA Alliance effective immediately and that proper reimbursement be computed by the Treasurer and a check forwarded to Mr. Kaufman along with the express appreciation of the members of the Alliance for all of the efforts that Mr. Kaufman had rendered to the Alliance during his past association with this organization. A further motion was made by Louis Williams and seconded by Glasgow Hicks to return the \$200 registration fee to Mr. Kaufman. The date of this entire transaction was to occur as of November 30, 1989. In addition to the reimbursement to Mr. Kaufman, the members were advised that the states of New York, Michigan, and Florida were now available in addition to the states of Delaware, Hawaii, Connecticut, New Jersey, Maryland, and D.C.

*"Public"
Companies
must resign*

President, John Griffin, reviewed the various committee assignments and called on each of the following for short reports:

Grey Murrey, Advertising Committee
Bill Davis, Chapman Printing Company Program

Mike Adams & Dick Thomas, Programs for Use by the Alliance and a Follow-up Regarding Interstate Indemnity Offer to Perhaps Write our Public Official & Pollution Programs

Ed Judge, Membership

Bob Katz, Perpetuation Committee

Earle Dillard, Company Contact Committee.

Discussion was also held on a Errors & Omissions Program for the membership and the continuing climb in Medical Premiums and a possible program for the Alliance membership.

*Pollution
Liab.
Program*

Glasgow Hicks advised the membership that he had put together a Pollution Liability Program and that he would make the contents of said program available to the individual members of the Alliance. He had contacted the Agricultural Insurance Company, and a minimum premium for a program of this type would have to amount of 7 million dollars annually. There was a lot of conversation regarding the interest on the part of the membership and a program of this type, and Glasgow was asked along with several other members to thoroughly examine the program and see if it could not be made available in an active state to the membership.

After a coffee break, the meeting was reconvened at approximately 10 o'clock; and at that time, John Griffin introduced Val Jones and Don Pace, Vice Presidents of American Bonding Insurance Company, to the membership. At this time, Val Jones gave a brief description of the bond programs available through American Bonding Insurance Company to the members and some of the problems relative to entering various states which would have to be overcome by the company prior to a member writing bonds in that state. Don Pace additionally added comments concerning their programs and the direction of the company, and it appeared that the membership was interested, and further conversation would be undertaken on an individual basis with these gentlemen in the not too distant future.

Discussion was held by the membership relative to returning the \$200 registration fee, and a motion was made by Glasgow Hicks and seconded by Dick Thomas that the Treasurer proceed.

A discussion was held relative to the site of the Annual Meeting for next year, and the town of Portland, Maine was selected, Mike Adams was selected as host, and the dates chosen were October 4 through October 7, 1990. A motion was made by Louis Williams and seconded by Earle Dillard that this site and date be approved, and this motion was unanimously carried.

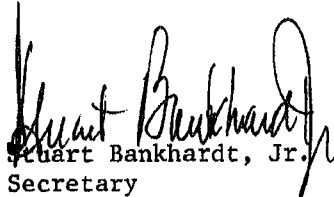
President, John Griffin, selected Earle Dillard and Bob Katz as the Nominating Committee for election of the new officers and directors. After a short meeting, these two gentlemen reported to the membership that the present officers, i.e., President, John Griffin; Vice President, Ed Judge; Secretary, Stuart Bankhardt, Jr.; and Treasurer, Louis Williams would be reinstated for another year and that the holdover directors were Bob Libby and Bob Johnson. They further nominated two new directors, and these nominations were in behalf of Mike Adams and Bob Katz. A motion was made by Earle Dillard and seconded by Joe Morford to reelect the officers and holdover directors and add to that team the Directors, Mike Adams and Bob Katz. The motion unanimously carried. The meeting was adjourned for lunch at 11:55 A.M.

The meeting reconvened at approximately 1 P.M. with a roundtable discussion chaired by Bob Katz and John Griffin. A number of very interesting subjects were discussed. Amongst them were health insurance and more particularly Section 125 entitled "Cafeteria Plan" and how it actually works, the subject of Christmas parties for various offices, and holiday closings of various offices was also discussed. The topic of policy fees and/or inspection fees was discussed at some length.

At the end of the roundtable discussion period, a motion was made by Bob Katz and seconded by Bill Davis that the dues of \$600 per six month period be suspended for the next six months due to the heavy amount of cash which the Alliance has on hand. This motion was unanimously approved.

There being no further business to come before the membership, a motion was made by Ed Elliott and seconded by Bill Jackson to adjourn until next October, and said meeting was then adjourned at 4 P.M.

Respectfully submitted,


Stuart Bankhardt, Jr.
Secretary