

**FEED THE CHILDREN, INC.**  
**BOARD OF DIRECTORS MEETING**  
**October 24, 2008**

The Board of Directors of Feed The Children, Inc. met on Friday, October 24, 2008 at 11:00 a.m. in the corporate office at 333 N. Meridian, Oklahoma City, OK.

Present: Mr. Dwight Powers, Chairman  
Mr. George Stevens, Treasurer  
Mr. Rick England  
Mr. Dan Mugg  
Dr. Larry Jones, President  
Mr. Leo Fundaro, Jr.

Via Phone Ms. Linda Schluchter

Absent Dr. C. Earnest Wyatt

In Attendance: Miss Larri Sue Jones, V.P. & General Counsel  
Mr. Travis Arnold, C.O.O.  
Ms. Christy Tharp, C.F.O.  
Mr. Mark Weimer, outside legal counsel

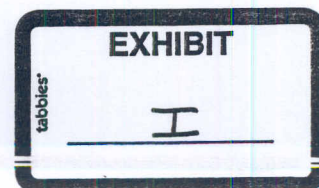
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**QUORUM**

Mr. Dwight Powers, Chairman, stated that the Directors were present, noted that a quorum was present and declared the meeting to be open for the transaction of business.

**BUSINESS TRANSACTED**

- I. Minutes of the October 2, 2008 Board Meeting were presented for approval. Dr. Jones stated that before the Minutes were approved that he wanted to make the Board aware that before Allen Jones was invoiced for the storage space in the warehouse that the Board needed to be aware that a personal computer of Allen's worth approximately \$6,000.00 had been stolen from the Elkhart facility. Mr. Fundaro asked what Dr. Jones wanted the Board to do ... Mr. Fundaro then asked if Allen had filed a police report on the allegedly stolen computer? Filed an insurance report? Dr. Jones answered "no" to both and Mr. Fundaro asked that the Board move on. Motion was made by Mr. Leo Fundaro, Jr. and seconded by Mr. Dan Mugg to approve the Minutes as presented. Motion carried unanimously.



- II. Election of New Board Member, Mr. Jim Williams. Mr. Dwight Powers then introduced Mr. Jim Williams of Edmond, Oklahoma. Mr. Williams gave a brief biography, then motion was made by Mr. Dwight Powers and seconded by Mr. Dan Mugg to elect Mr. Williams to the Board of Directors. Motion passed unanimously.
- III. Motion was made by Mrs. Linda Schluchter and seconded by Mr. Leo Fundaro to restore Mr. George Stevens to voting status as a board member. Mr. Dann Mugg and Mr. Jim Williams voted in favor of the motion. Dr. Larry Jones and Mr. Dwight Powers opposed the motion. Mr. Rick England abstained. More discussion was then had. Dr. Jones again stated that it would trigger "all kinds of red flags" if there were two paid voting board members who were staff. Mr. Weimer stated that there was no law against it. Dr. Jones again stated that it was the Better Business Bureau and other watchdogs. Mr. Weimer stated that he had not reviewed the watchdog agencies, only state law, the articles of incorporation and the by-laws. Mrs. Linda Schluchter then withdrew her original motion, then made the following motion: TO have Mr. Weimer review the BBB wise-giving alliance guidelines as well as Inter-Action and Charity Navigator guidelines. Mr. Leo Fundaro seconded the motion and the motion carried unanimously.
- IV. Dr. Jones, Ms. Jones and Mr. Stevens were then recused from the meeting. Executive Compensation Deliberations for the following then commenced: Dr. Larry Jones, tabled until next meeting; Mrs. Frances Jones, tabled until next meeting; Mr. Travis Arnold, 5% raise; Ms. Larri Sue Jones, 5% raise; Mrs. Christy Tharp, 5% raise; Mr. Mervyn Fernandes, 5% raise; Mr. George Stevens, 5% raise. During these deliberations, Mr. Jim Williams resigned his position as a Director. The resignation is attached to these Minutes.
- V. FTC and FTC Transportation Insurance Update. Mr. Arnold then presented the insurance update to the Directors. The Premium Summary is attached to these Minutes.
- VI. Financial Statement Summary and Review for FYE June 30, 2008 was then presented by Mrs. Christy Tharp. The Summary and Review are attached to these Minutes.
- VII. FTC International Operations were then presented by Mr. Travis Arnold. The Malawi situation was discussed. Ms. Rachel Zelon's employment status was then discussed at length. Motion was made by Dr. Larry Jones and seconded by Mr. Dwight Powers to offer Ms. Zelon \$140,000 per year with the regular employment package. If she doesn't accept, her independent contract will be canceled. Motion carried unanimously. Mr. Arnold then reviewed the Ian Harris situation and shared that the audit is starting imminently and that when the audit is completed, recommendations will be made regarding Mr. Harris and his staff.
- VIII. Mr. Travis Arnold then presented the update on the Enterprise Warehouse Purchase in Oklahoma City; the Houston Hurricane Relief Efforts; and the Elkhart, Indiana facility appraisal. Motion was made by Mr. Rick England and

seconded by Mr. Dwight Powers to update the appraisal on the facility with Blake Global for \$6,000.00. Motion carried unanimously.

- IX. Mrs. Linda Schluchter then asked Mrs. Christy Tharp to pass out the Contracts Spreadsheet (attached to these Minutes). The Directors then went over the spreadsheet and discussed these agreements at length. It was again reiterated that a resolution had been previously passed that all oral contracts would be committed to writing. This resolution was passed June 30, 2008. Mr. Leo Fundaro stated that he would like to see these committed to writing by the next meeting. The other Directors concurred. During the discussion, Dr. Jones was asked about the Jeff Audas agreement, the Affiliated Media Group/Aero Media contracts and the Team Impact agreement. The Memorandum of Understanding with Team Impact states the term through April 30, 2009, but the Board had directed the Agreement to end on December 31, 2008. Dr. Jones asked Mr. Stevens to notify Team Impact that after a financial analysis is completed, that funding from FTC may cease on December 31, 2008. FTC wishes to afford them an opportunity to find other funding prior to possible termination of the Agreement. The Mike Espy contract also came up for discussion. Motion was made by Mr. Dwight Powers and seconded by Mr. Leo Fundaro to extend Mr. Espy's contract on the same terms and conditions for an additional two years. Motion carried unanimously.
- X. Motion was made by Mrs. Linda Schluchter and seconded by Mr. Rick England to accept the Guidelines for both the Executive Finance Committee and the Executive Human Resources Committee. Motion carried unanimously. The Guidelines for each committee are attached to these Minutes.
- XI. At this point in the meeting, Mrs. Linda Schluchter had to leave and disconnected her telephone connection.
- XII. Mr. George Stevens then presented the lack of updated analysis on Daniel's support from RSM McGladrey. Mr. Weimer offered to write a letter to RSM McGladrey regarding this issue and its pressing nature. Mr. Weimer mentioned to Dr. Jones that if there were other issues that he would like addressed in the letter, to get those issues to Ms. Jones and she would get those to Mr. Weimer.
- XIII. Mr. George Stevens then reiterated that the only outstanding conflict of interest statements were those of Dr. Larry Jones and Mrs. Frances Jones. Dr. Jones stated that he was working on those and would turn them in soon.
- XIV. Mr. George Stevens then presented that in response to the excess benefit request letters to FTC's major vendors, that Affiliated Media Group had its attorney respond (letters attached); that Stratmark and its group of companies had not responded and that Team Impact had not responded. Ms. Jones then shared that a lack of response on the Form 990 would likely trigger individual audits by the IRS. Dr. Jones stated that he could not make the vendors

respond. Mr. Fundaro stated that the organization should no longer use the vendors unless and until they complied with the requests.

XV. Dr. Jones needed to leave to catch a plane, and Mr. Powers stated that we needed to be mindful of the time. Mr. Dwight Powers then shared that the next board meeting would be Monday, December 8, 2008, with the FTC Christmas Luncheon following.

XVI. Motion was made by Mr. Dwight Powers and seconded by Dr. Larry Jones to adjourn the meeting. Motion carried unanimously.

Respectfully submitted,

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Ms. Larri Sue Jones, V.P & General Counsel

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Mr. Dwight Powers, Chairman