

Schaumburg Flying Club
Monthly Meeting

December 13, 2006

Attending:

Bob Bos
Ben Galvan
Chad Christenson
Kevin Fletcher
Kevin Kazmierski
Mike Miley
John Rhymes
Angus Watson
Leslie Wadsworth
Juan Cuellar
Marc Hall
Jim Liddle
Jeffrey Puglielli
Norb Paprocki
Don Segreti

Finances

Jim Liddle / Jeff Puglielli

November aircraft usage decreased resulting in less revenue

	October 2006	Nov 2006
334SA	52.1 hrs	33.7 hrs
309SP	39.3 hrs	36.8 hrs

For a copy of the monthly financial summary handed out at the meeting, please contact Jeff Puglielli.

Discussion of Bylaw Changes

Proposed change to Rules and Regulations Section 8 Maintenance

The intent of this change is to ensure that any member that is forced, due to unseen circumstances, to have maintenance performed on Club Aircraft, be fully aware of what maintenance has already been performed and what the best solution might be for the required repairs.

The wording of the change is as follows:

Section 8, Maintenance

In the event of a mechanical problem with any club aircraft, no club member may authorize maintenance work without first speaking to the President, Vice-President, Maintenance Officer, or Treasurer. At the

discretion of the board, failure to comply with these rules may result in the club member being charged for any expenses incurred.

After discussion Motion offered to:

Make the suggested change to the Rules and Regulations section of the SFC Bylaws:

All in favor: 14
Opposed: 1
Abstained: 0

Motion passed.

Article II - Membership

In conjunction with the Section 8 Maintenance change the following change was proposed to the

Article II – Membership Section 7

A member may be expelled from the Club or penalized for violating Club Bylaws or Club Rules and Regulations. This action must be approved by a majority vote. Upon expulsion, the former member is entitled to a portion of paid in costs less all outstanding Club debts. The portion of paid in costs to be refunded is to be determined by a majority of the board of directors. Other penalties for infractions, including but not limited to fines or temporary grounding, must be suggested by the Board and approved by a majority vote of club members.

After discussion Motion offered to:

Make the suggested change to the Article II – Membership Section 7 section of the SFC Bylaws:

All in favor: 15
Opposed: 0
Abstained: 0

Motion passed.

Discussion on Dues and rates

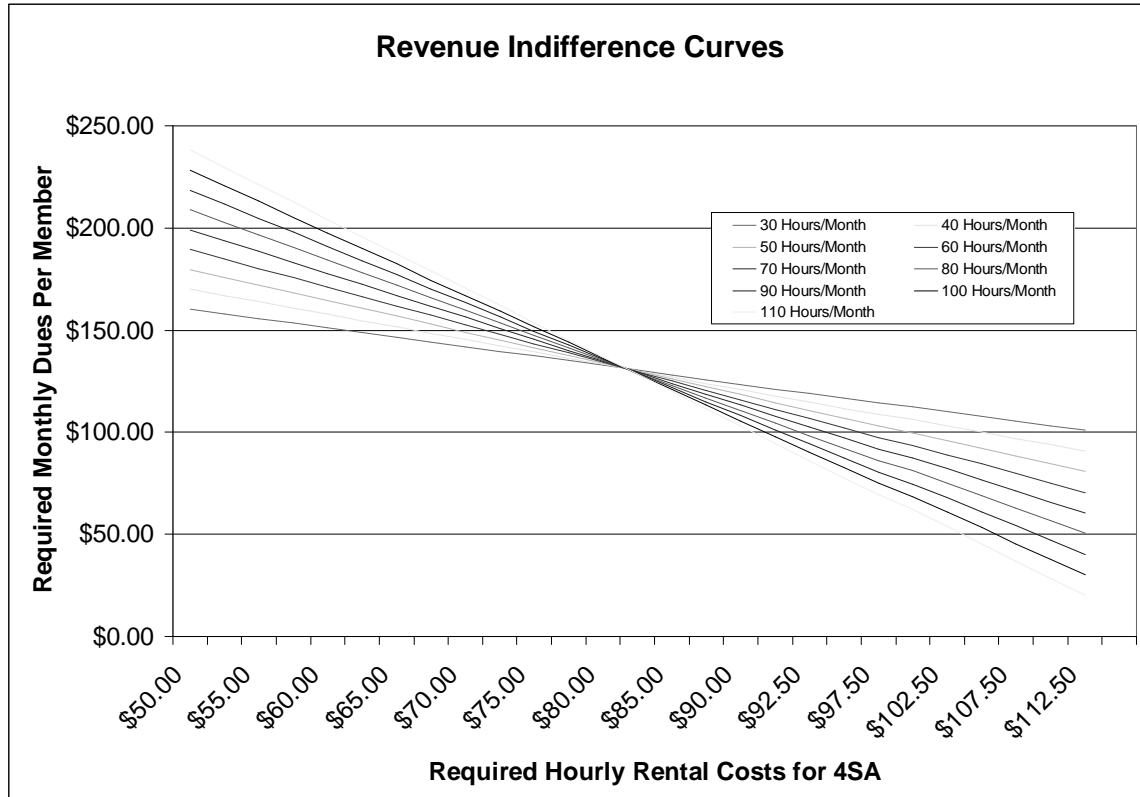
After lengthy discussion and analysis it was decided to fix club membership dues close to the actual fixed monthly cost of both aircraft. The members at the meeting felt it was necessary for the financial health of the club to ensure that all fixed costs are fully met each month. Because the membership dues have been raised, the associated Pre-paid flight time amount has been reduced to keep the total monthly cost per member the same as currently incurred.

Mandatory meetings were set for February and May 2007 to discuss any further changes required for membership dues and monthly pre-paid flight time.

If all fixed costs excluding any maintenance such as debt service, insurance payments, GPS updates, and advertising are taken into account, fixed costs amount to approximately \$115 per member per month. If annual maintenance costs incurred in 2006 are added into the fixed operating costs of the aircraft, then fixed costs amount to approximately \$130 per member per month. Many of the members in attendance suggested that we consider ramping up monthly dues to \$130/month in mid-2007 if these projections are accurate. If that were to occur, we expect that pre-paid flight time would be eliminated.

A number of handouts detailing several budgeting scenarios were distributed at the meeting. For copies, please contact Jeff Puglielli. One telling graph is included here. Each line on the graph represents a different number of hours flown per month. At any point on a line, the y-axis shows the monthly dues that result in a balanced budget while the x-axis represents the hourly charges

on 4SA that result in a balanced budget. Rental rates for 9SP are about 80% of the rental rates for 4SA. The intersection point of the lines clearly shows that a dues rate of about \$130/mo covers all fixed costs (annual maintenance costs are included in fixed costs on this graph). When dues are less than \$130/month, every flight hour is used to subsidize fixed costs; this is where we have always operated – those who fly subsidize the ownership costs of those who do not. When dues exceed \$130/month, then we can pay below actual costs for each flight hour.



The following change was proposed to the Financial Responsibility section of the SFC Bylaws:

Section 4 – Financial Responsibility

Dues are established as follows:

- \$ 115 per month for active membership, effective January 1, 2007.
- Pre-paid flight time of \$ 60 will be billed each month. If that pre-paid flight time is not used within twelve months, the pre-payment is forfeit to the club. Pre-paid flight time will not be reimbursed when a member resigns from the club.

(This next line should not be incorporated into the by-laws, but should be listed in the meeting minutes.)

Special Mandatory Review

A mandatory review of the monthly membership dues and the amount of required pre-paid flight time is scheduled for the February 2007 meeting and the May 2007 meeting.

After discussion Motion offered to:

Make the suggested change to the Section 4 ... Financial Responsibility section of the SFC Bylaws:

All in favor: 14
 Opposed: 1
 Abstained: 1
 Motion passed.

I thought Benito voted against and Juan abstained? I might be confusing this vote with the next one.

Maintenance

Jim, Jeff and Norb

Priority Issue at this point:

Overhaul of 9SP in first quarter of 2007 – Probably January

Expense estimated at \$20,000

Reserves will not cover the expense

- Options:
1. Re-finance the aircraft but lose the attractive current interest rate of 5.95%
Aircraft estimated value – Approximately \$100,000 (before the overhaul)
Amount financed \$77,000 @5.95% on 5 year Balloon due 3/2009
Re-finance rate – 7%
 2. Acquire additional loan for overhaul
Loan amount - \$22,000 for 5 years @ 8%
Additional fixed cost to club - \$400/month
 3. Assessment of each club member to pay for overhaul
\$22,000 overhaul cost divided by 28 members (New member Gene Woods not required to contribute)
Cost per member \$785 one time assessment
 4. Assessment of club member of \$500 per member to pay for overhaul
with several members voluntarily making up cost difference out of pocket
to be reimbursed with free flight time

All current members are responsible for assessment. New members would be exempt.

We opted for a variant of option number 3.

After lengthy discussion Motion offered to:

**Assess all current members amount of \$800 to be paid to the club on the schedule of: \$500 due January 1, 2007
\$300 due on March 1, 2007**

All in favor: 12
Opposed: 1
Abstained: 2

Motion passed.

General Information

Subjects of next meeting

What can be done to encourage all club members to actively participate in all activities.

Mike Miley will get a locker at Schaumburg Airport for the general storage of club equipment. – continued from last meeting

ScheduleMaster – continued from last meeting

1. Include destination with each aircraft reservation so the club can start tracking usage more accurately

2. E-mail Jeff and Norb for update of GPS database when a member has a trip requiring the latest GPS information

Motion to adjourn: Jeff Puglielli
Seconded: Jim Liddle