

MENTOR OF ARISIA

Newsletter of Arisia, Incorporated, 1 Kendall Sq, Suite 322, Cambridge, MA 02139

EXECUTIVE BOARD MEETING 16 SEPTEMBER 1990

The meeting was called to order at 3:36 PM by president Mary Robison. Present: M. Robison, R. Bazemore, J. Ross, M. Ellis.

The Board discussed various portions of the recent progress report, some of which state policies which do not appear to have been voted by the Membership. It was also noted that there were instances last year in which voted policy was not followed. For example, it was noted that artists in the art show were paid what was collected, without taking out 10% as was the policy. This was apparently done unilaterally and is not to be done again.

It was agreed to recommend to the Membership that gophers be given a free membership in Arisia 92 for 16 hours of gopher work instead of reimbursement. This will be communicated to all prospective gophers as quickly and completely as possible.

It was agreed that, except for the policy towards gophers, the Board will recommend to the Membership that the policies stated in the Progress Report be approved.

The meeting adjourned at 3:58 PM.

A. Joseph Ross
Clerk

MEMBERSHIP MEETING 16 SEPTEMBER 1990

The meeting was called to order at the Vista Hotel at 4:15 PM by president Mary Robison.

Reports

Clerk -- The clerk announced a policy of sending two free issues of the Newsletter to non-members who attend meetings or who otherwise are thought may be interested in Arisia.

Treasurer -- We have about \$900.00 after we pay for this meeting room. Information is needed on all revised budgets. Receipts through 31 August are needed in order to close the books for the year.

Planning Committee -- submitted a written report, which will be included with this Newsletter.

Bylaws Committee -- will be sending a written report with the Newsletter, including a draft of revised bylaws. Several open committee meetings will then be held in order to receive input from members.

After a discussion concerning membership classes, it was proposed that all dues-paid members now present who are not General (voting) members be transferred to General membership effective immediately. After a pause to ascertain attendance and dues payment, it was on motion

VOTED: To transfer to General membership the following persons:

Chris Palmer
Mark Pirttiahio
Anita Raj
Deborah Smith

Mike DiGenio
Anne Code
Dan Prima

(By secret ballot, 22-4)

Executive Board -- The Board reported that there were several statements of policy in the progress report just mailed which appear not to have been approved by the Membership. It was noted that there were several meetings in the past year for which no minutes exist. If any of these policies were approved at those meetings, there is no record of them. After discussion, it was on motions

VOTED: That for Arisia 91 only, the panel rate will be deducted from the 10% commission to be charged to artists.

VOTED: That for Arisia 91 only, free memberships to Arisia 92 will be given to gophers who do at least 16 hours of work. Reimbursement of Arisia 91 membership, as stated in the progress report, will not be given. All prospective gophers will be notified of this change as quickly and completely as possible.

VOTED: That group rates for Arisia 91, as stated in the progress report, shall be:

10-14 persons	5% discount
15-19 persons	10% discount
20-29 persons	15% discount
30+ persons	20% discount

A motion was made, seconded, and then withdrawn, that a free shuttle would be provided at Arisia 91 on condition that Matthew agree to drive it.

VOTED: That Arisia 91 will provide a free shuttle to Alewife T station as stated in the progress report.

VOTED: To instruct the Con Committee to investigate and come up with a proposal for operating a shuttle.

There was discussion on the issue of the Con Committee not double-checking information involving financial matters with the corporation.

A motion was made and seconded to establish a position of corporate liaison on the con chair's staff. An amendment was made and accepted as friendly that the duty be delegated to the clerk. After further discussion, the motion was withdrawn.

Old Business

The amendments to the corporate Articles of Organization and bylaws, for which notice was given with the last Newsletter, came were taken up next. After discussion, it was then on motions

VOTED: to amend the Articles of Organization of Arisia, Incorporated by striking Articles II, III, and IV and substituting the following:

II. The purpose of the corporation is to engage in the following activities:

A. To conduct meetings, conferences, lectures, discussions, film showings, art shows, exhibits, conventions, and other presentations concerning science fiction, fantasy, and related subjects.

- B. To Promote the enhancement and furtherance of science fiction, fantasy, and related subjects in literature, artwork, films, theater, radio, television, sound and video recordings, computer software, and all other media existing now or in the future.
 - C. To hold, sponsor, and promote the development of organized science fiction and fantasy fan activities.
 - D. To make grants for the foregoing purposes to organizations and activities that qualify under Section 501(c)(3) of the Internal Revenue Code.
 - E. To act exclusively for educational and literary purposes under Sections 170(c) and 501(c)(3) of the Internal Revenue Code.
 - F. To carry on any other lawful activities in furtherance of the foregoing and consistent with the requirements and constraints of Section 501(c)(3) of the Internal Revenue Code.
- III. The designation of classes of membership, the manner of election or appointment, the duration of membership, and the qualification and rights, including voting rights, of the members of each class are to be set forth in the bylaws.
- IV. Other lawful provisions for the conduct and regulation of the business and affairs of the corporation, for its voluntary dissolution, or for limiting, defining, or regulating the powers of the corporation, or of its directors or members, or of any class of members, are as follows:
- A. Except as otherwise provided in the bylaws, meetings of the corporation may be held anywhere in the United States.
 - B. The corporation shall have the powers specified in sections 9A and 9B of Chapter 156B of the Massachusetts General Laws.
 - C. The officers and directors of the corporation shall not be personally liable to the corporation or to its members for monetary damages for breach of fiduciary duty as an officer or director notwithstanding any provision of law imposing such liability; provided, however, that this provision does not eliminate or limit the liability of an officer or director (i) for any breach of the officer's or director's duty of loyalty to the corporation or its members, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, or (iii) for any transaction from which the officer or director derived an improper personal benefit.
 - D. Notwithstanding any other provision of these Articles, the corporation shall not carry on any activities not permitted to be carried on by a corporation exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code or by a corporation contributions to which are deductible under Section 170 (c)(2) of the Internal Revenue Code.
 - E. No part of the assets or net earnings of the corporation shall be divided among or inure to the benefit of any officer, director, member, or private individual, and no person shall receive or be entitled to receive any pecuniary profit of any kind therefrom except as reasonable compensation for services rendered, reimbursement for expenses incurred on behalf of the corporation, or for the making of distributions to exempt organizations in furtherance of the purposes of the corporation as set forth in these Articles.

- F. No substantial part of the activities of the corporation shall be the carrying on of propaganda or otherwise attempting to influence legislation, and the corporation shall not participate in or intervene in (including the publishing or distribution of statements) any political campaign on behalf of any candidate for public office. The corporation shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of its purposes.
- G. Upon dissolution of the corporation, after payment of all of the liabilities of the corporation or due provision therefor, the directors or officers having the powers of directors shall distribute all remaining assets of the corporation exclusively in accordance with the educational and literary purposes of the corporation, in such manner or to such organization or organizations as qualify at the time under Section 501(c)(3) of the Internal Revenue Code, as said directors or officers shall determine. Any assets not so disposed of shall be disposed of by the appropriate Massachusetts court having jurisdiction exclusively for such purposes stated above, or to such organization or organizations qualifying as stated above, or for such other purposes as qualify under Section 501(c)(3) of the Internal Revenue Code, as said court shall determine.
- H. All references in these Articles to the Internal Revenue Code are to the Internal Revenue Code of 1954 as amended and to the corresponding provisions of any future United States internal revenue law.

(30-0)

VOTED: to amend the bylaws by adding, after Article II, Section A, the following new Section:

AA. There shall be three classes of membership in Arisia, Incorporated.

1. General members, who have the right to vote, make motions engage in discussion at business meetings, and run for organizational office. General members must attend business meetings regularly.
2. Honorary members shall not have the right to vote, make motions, or run for office, but may engage in discussion at meetings. They are not counted towards quorum.
3. Subordinate members, also called red shirts, do not have the right to vote, make motions, or run for office, but may engage in debate at meetings. They are not counted towards quorum.
 - a. The maximum requirement for becoming a general member is being a red shirt for one year and attending business meetings regularly. Lesser requirements are listed elsewhere.

(28-0)

VOTED: to amend the bylaws by adding, after Article VII, the following new Article:

VIII. Miscellaneous Provisions

- A. Removal (Impeachment) of Board of Directors or the Chairman of the Arisia Conference is as follows:
- a. A petition signed by 25% of active membership must be submitted at a business meeting.
 - b. The matter is tabled until the next regular business meeting.

- c. The matter is brought up as the first order of business. The director in question may not chair the meeting.
 - d. It will require that 50% of the entire general (voting) members vote to remove a person from office. The motion fails on a tie.
- B. No person shall be disqualified from holding any office by reason of any interest.
- a. If a person holding an Arisia Office holds more than a five percent (5%) interest in a concern, this concern may not receive payment for any goods or services rendered except where it is the low bid of at least three (3) written bids.
 - b. The term "interest" including personal interest and interest as a director, officer, stockholder, shareholder, trustee, member or beneficiary of any concern.
 - c. The "concern" meaning any corporation, association, trust, partnership, firm, person, or any other entity other than this Corporation.
4. Only one person may hold any given office on the Board of Directors at any given time. No person hold two positions on the Board of Directors.
5. The chain of command for the Arisia, Incorporated Board of Directors is as follows: President, Vice President, Treasurer, Clerk.
- C. Bylaws are modified as follows: A motion must be submitted at a regular business meeting. It is tabled until the next regular business meeting, and a communique must be sent out to the membership. The amendment will be passed if there is a 2/3 majority with 25% of general membership voting.

(27-0-2)

Announcements

Frank Anastasio of the Boston Star Trek Association announced that the BSTA is planning to throw a party for all area SF groups on 2 November at the VFW Post in Watertown. A meeting will be held on 11 October to plan the party. Each group will be invited to make a five-minute presentation on their organization. Each group is invited to send a representative to the planning meeting. LuAnn Vitalis volunteered to be the Arisia liaison. It was agreed that a free membership to Arisia 90 would be donated as a door prize.

Reports (resumed)

Con Committee

Next committee meeting is 7 October at 2:00 pm in the Vista lounge.

It has been arranged that artwork and sales material will come to the mailbox address.

Deb Smith has volunteered to take over the job of PR and marketing.

An agreement with SCUM was reported concerning art show lights. At present, we and NotJustAnotherCon own half of the lighting and half of the panels. After discussion it was on motion

VOTED: To approve the agreement with NotJustAnotherCon concerning the sharing of art show lights and panels.

Promissory Notes -- Postponed to next meeting.

November Meeting -- set for Sunday 4 November 1990. An open Bylaws Committee meeting will take place at 2:00 p.m., with the corporate meeting beginning at 3:00 p.m. The location will be arranged.

The meeting adjourned at 6:34 p.m.

Post-Meeting Notes:

1. Matthew Saroff wanted it noted that he has checked the draft of the Progress Report that was available to members at the August meeting and found that all the things that were discussed at the September meeting were in that draft.

2. Mary Robison has appointed Pat McCormack to chair meetings in the absence of the president and vice president.

3. Notice of approval of our Federal tax exemption has been received.

CHECK YOUR MAILING LABEL

In the upper right corner of your mailing label should appear a date. If it says "9/1/91," that means that you have paid dues through that date. If it says any other date, you are a non-member scheduled to receive free issues of Mentor of Arisia through that date. If you think this is in error, please call the clerk with corrections.

If there is no date, this is your last issue unless you pay corporate dues.

Arisia Officers

President: Mary Robison, 23 Dartmouth Street, So. Hadley, MA, 01075, 413/532-6230

Vice President: Robert Bazemore, 27-1/2 Glendale, Apt. B, Maynard, MA 01754, 508/897-8436

Clerk: Joseph Ross, 648 Washington Street, Brookline, MA 02146 H:617/734-7372 W:617/367-0468

Treasurer: Marshall Ellis, 21 Mohawk Trail, Suite 284, Greenfield, MA 01302-4000 413/772-2180

Treasurer's Message

As intimately aware of Arisia's financial situation as I am, I cannot stress enough the need to sell memberships vigorously, NOW. An attendance of 1100 will leave us in minimally acceptable financial shape after the convention, except that I didn't factor in the shuttle service when I figured that. Still, that's probably about right for a target number. I don't think we'll have any trouble with that; it could turn into a con of 1500 easily. The problem is timing of cash flow. We currently have around \$800.00 on hand; not much to work with. Many major expenditures must be made before the end of the year. And if we couldn't afford to be complacent before, now the hotel would like a deposit of \$5000.00 by December 15! Cash flow is everything. We can do it, but we need everyone to be concerned with marketing memberships in any reasonable fashion. We hope to have a fresh batch of one page fliers ready by the time you read these words. Debbie Smith is coordinating marketing efforts. She's the person to talk to for fliers and party supplies: (617) 776-1225. All help and suggestions will be appreciated.

I also cannot stress enough how much I need proposed budgets NOW. We are already in the fiscal year in question. Yes, we already have a budget -- such as it is. That doesn't mean we should diddle around half the year before making needed revisions. If you have any questions, ASK. If you know you spend Arisia money but aren't a department head, you'll want to determine what department you fit under and whether you've been budgeted for by the department head. If you are a department head, the buck stops with you. It's up to you to put in a budget request. I am prepared to help in any way I can; just ask. If you don't put in a request, a budget will be arbitrarily imposed on you.

If budget info is important, LAST YEAR'S RECORDS are even MORE important! If you have a receipt for an expense for which you were already reimbursed, get it to me ASAP. If you are unlucky enough to have a receipt which HASN'T been reimbursed, I need to know the amount, the department, and the nature of the expense. By "last year" I mean the fiscal year ending August 31, 1990. I would like to produce financial statements by November (which now seems laughable). There is also the matter of getting our government filings underway. If you hold unreimbursed receipts from fiscal year '90, I expect to know about them by November. If I don't, I won't pay them without a corporate meeting vote instructing me to do so.

If anyone would like to loan Arisia money, to be used to reduce the Cris Shuldiner credit card loan unless we are in truly dire need of the money for current operations, there are promissory note forms available to be issued at reasonable terms. Contact me for details.

I will be happy to coordinate a census of who worked 16+ hours last year and is entitled to a free membership this year. For accounting purposes I need to know who is entitled to a free membership but has already paid, and is thus entitled to a refund. You may recall that many closely involved people paid this summer when we needed the money badly, but it was to be considered a loan to be repaid after the con. I need to know who those people are anyway, so I may as well coordinate the whose thing.

Finally, I need to know WHEN each department head needs to make major expenditures before the con. I don't mean precisely, but approximately what month, so I can get a feel for cash flow needs. No surprises, please.

Upcoming Events

19-21 October, Friday - Sunday -- NotJustAnotherCon 6, Campus Center,
University of Massachusetts, Amherst, MA.

21 October, Sunday -- 2:00 P.M. Corporate meeting, Campus Center,
University of Massachusetts, Amherst.

2 November, Friday -- BSTA party, VFW Post 1105, 295 Arsenal Street,
Waltham.

4 November, Sunday -- 2:00 P.M. Open Bylaws Committee meeting. See
report enclosed with this Newsletter. See directions below
for Corporate meeting.

4 November, Sunday -- 3:00 P.M. Corporate meeting, Insights Bookstore,
481 Great Road (Route 2A), Acton.

From West: Route 2 East to 495 North to 2A East . The store
is on the left, about a mile before the Route 27 junction.
(Or, if you miss Route 495, stay on Route 2 and take Route
27 North into Acton.)

From East: Route 2 West to Route 2A at the Concord rotary.
The store is on the right, about a mile past the Route 27
junction.

The store is a gray-white building with green awnings. The
meeting is on the second floor. Any further questions on
directions, call Jim Belfiore, (W) 617/377-5959.

PLEASE NOTE THAT THERE WILL BE NO NEWSLETTER BETWEEN THE OCTOBER AND
NOVEMBER CORPORATE MEETINGS. THIS IS YOUR NOTICE OF THE NOVEMBER
MEETING.

Please notify the Clerk of upcoming events to go into this
calendar.

ARISIA, INCORPORATED
1 Kendall Square, Suite 322
Cambridge, MA 02139

Proposal

We, the corporate fund-raising committee, propose that Arisia offer corporate notes for sale to its membership. These notes, to be known by the frivolous name of "Galactic Patrol Bonds", would be authorized by vote of the Arisia membership as needed, and paid back when funds were available as authorized by vote of the Arisia membership. Noteholders can demand payment of the balance due them at any time, but Arisia has up to one year to comply.

Purpose The purpose of this proposal is to define a mechanism for raising cash for Arisia to pay outstanding debts and finance new projects. In particular, Arisia now owes Cris Shuldiner \$4000 plus interest which he loaned to the corporation to help close our contract with the Lafayette hotel. We do not propose something like the arrangement that Cris has with his bank. For unsecured personal loans, banks have high interest rates and expect regular payments. Arisia has a very uneven cash flow, with the greatest part of its profit or loss occurring annually near the convention. A bank would not think that the corporation had much of a track record, and our assets are mostly intangible.

Trust Entity To see how this project might be accomplished, Spencer Love borrowed copies of the NESFA Lunar Realty Trust #1 (NLRT1) documents from Donald Eastlake. This was the instrument which the New England Science Fiction Association (NESFA) used to raise money to buy their clubhouse. There were a number of useful ideas in those documents, and Donald had several additional suggestions. We probably can not use the realty trust approach. This is a mechanism set up to simplify the legal and tax requirements for a specific purpose. For our purposes, there is no real estate. Furthermore, the trust made NESFA a secured loan, in the form of a mortgage on their clubhouse, and if NESFA had been unable to pay, they could have foreclosed and paid off a substantial fraction of the trust notes. In all likelihood, Arisia will have spent the money which was loaned, and have no assets to liquidate. Thus, it is likely that an entity managing the loaned money should have no separate legal existence from the corporation. One consequence of this is that a default on the loan would effectively destroy the corporation. For this reason, we should make a default effectively impossible.

Denomination and Interest Payment NLRT1 sold notes at \$100 apiece. They paid interest regularly, so that the principal value of the notes never changed. Since the I.R.S. requires that interest payments of \$10 or more in a single year be reported, they had regular tax paperwork to do, and narrowly avoided an \$800 fine due to an I.R.S. error. Much of the membership of Arisia is younger than NESFA, and cash-poor, being students. Arisia is not yet able to make regular interest payments. Therefore, we suggest that notes be issued in a smaller denomination, such as \$50. In addition, we suggest that interest be paid only at note redemption. This protects Arisia's cash flow. We can not avoid I.R.S. reporting requirements, but this should minimize them, by requiring a report only at note redemption. It does complicate our accounting, since the notes will pay compound interest.

Interest Rate We wish to avoid the appearance of being a speculative investment, since that would make the corporation subject to S.E.C. rules designed to protect investors. There are several ways we can do this. First, the interest rate should be low, which also minimizes the risk to Arisia. Second, we can limit sale of notes to dues-paid corpo-

rate members, or groups which must contain at least one such member. Third, we can make the notes silly-looking, so their purpose could not be mis-construed. Fourth, we can write the sale contract to emphasize the non-standard nature of the loan, with various conditions which are mentioned below. Fifth, all transactions must take place entirely within the state of Massachusetts, so that they don't cross state lines. It is important to pay a plausible interest rate, to preserve our business-like appearance. For example, when loaning money to relatives, you must charge an interest rate at least similar to the market rates available, perhaps for a better class of loan, or the I.R.S. will consider the loan a gift, and tax it appropriately. For Arisia, what is at stake is the corporation's existence as an independent legal entity with preferred tax status. NLRT1 pegged its interest rate to a standard government security. This is just what a bank does with an adjustable mortgage. They add a margin to the interest rate of a security such as the 91-day treasury bond. They sample this rate at a regular time, such as the anniversary date of the loan. NLRT1 sampled the 91-day bond on the first day of each quarter and used a zero margin. A zero margin certainly makes Arisia notes an undesirable speculative instrument, since even mortgages typically have margins of at least 2 percent (a negative margin might be implausible). An adjustable rate provides a good hedge against inflation for the investors, and protects the notes from becoming too desirable should interest rates drop, but the accounting is more complex than a fixed interest rate. (This is what modern calculators are for.) NLRT1 also prorated the interest over the number of days the note was outstanding during the first and last interest periods. This also makes accounting more complex, but it is fairer. For example, it would be unreasonable to credit an entire year's interest to someone who bought a note in December. (The last month of the fiscal year. Arisia or a new trust might have a different fiscal year, but you get the idea.)

Management There should be a trustee to manage the accounting of the notes. This trustee should not be a corporate officer, if that can be avoided. The trustee is responsible to the Arisia treasurer for certain reports, and to the noteholders as described below. If a separate trust is used, there should be three trustees so they can monitor each other. The initial holders of this office would be named in the trust document. If there is no separate legal entity, one trustee should be sufficient, since he or she would be responsible to the Arisia executive board. The first trustee(s) should be appointed by Arisia in the usual way. Thereafter, however, the trustee(s) should be elected by the noteholders, probably from their own number. The trustee(s) would be responsible for the accounting of the notes, making reports to the Arisia treasurer on the state of the trust, providing a quarterly written report for the corporate newsletter, filing forms with the state and the I.R.S. as required, selling new notes which Arisia authorizes, and distributing repayment as authorized by Arisia. Reports must include a listing of all registered noteholders by series, their balances, and any changes during the report period. Because we want the trustee to be a corporate member, we will probably need to waive the right to bring any charges of conflict of interest or damage claims against the trustee(s), both collectively and as individual noteholders. The trustees are not being paid to do this work. Our primary form of relief against failures by the trustee(s) will be replacement, unless someone actually steals the money. The exact forms to be filed and the nature of the trust (separate or combined and number of trustees) will be covered in a report at the Arisia annual meeting, allowing us a bit more time for research. The available options will be presented and motions

made. Matters which affect a series of notes or the debt generally will be decided by the trustee(s) or by noteholders meetings which the trustee(s) may call. One such matter is the use of funds for some purpose other than the one stated when the series was issued. Voting is by the weight of the affected outstanding balances. Any noteholder can request a noteholder meeting for a purpose such as removing a trustee. Rules for conducting noteholder business depend on the nature of the trust and will be spelled out later.

Issuance of New Notes This will be entirely at the discretion of Arisia. Since incurring corporate debt is a very serious matter, we should devise regular procedures for doing so. A series of notes is all notes having to do with a particular project or asset. Permission to issue a series of notes up to a specific dollar amount can be granted by the affirmative vote of three-quarters of the entire corporate membership. An affirmative vote of three-quarters of the total of those attending and those who have submitted proxies to the secretary before the meeting is sufficient if notice of the vote was given at the previous corporate meeting, and minutes were mailed at least two weeks before the meeting at which the vote is held. Because emergencies can arise, it is not necessary to wait until a corporate meeting. The executive board can permit a series of notes to be issued without consulting anyone, with the understanding that they are personally liable for expenditures if the membership does not later ratify their action. A vote or ratification can be obtained via phone tree without waiting for a meeting. The three-quarters of entire membership affirmative vote requirement substitutes for any notification requirement; members may consult anyone they wish before casting a telephone vote. Once permission has been obtained, new notes can be sold. Buyers must be individual dues-paid corporate members of Arisia who are legally competent to contract, or qualifying groups. At least one member of any such group must be a dues-paid corporate member of Arisia who is legally competent to contract. Any new notes which are sold can be rescinded by the buyer up to ten days after the sale, unless this right is waived in writing. All buyers must execute a release statement waiving certain other rights before the sale may be final.

Transfer of Notes Notes may be sold, provided that the new owner qualifies to buy new notes, as described above, and that no sale is binding on Arisia or the trustee(s) until it has been registered with the trustee(s). This restriction does not apply to transfers by inheritance or gifts to family members. However, voting rights (as discussed under management, above) are not transferred in this case. The usual restrictions on demands for redemption apply.

Redemption of Notes Arisia must redeem notes within one year of a noteholder's redemption demand, with the understanding that redemption will occur at the earliest feasible time. Arisia may resell or reissue the notes to obtain funds at the option of the trustee(s) or the Arisia treasurer, if a buyer can be found. The one-year redemption grace period begins on the first day the trustee(s) or Arisia's treasurer receives written notice of the demand. If the demand is subsequently cancelled in writing, a new grace period starts at the time of a new demand. Notes are redeemed for their outstanding balance, which is the face value plus accrued interest, except as modified below. Redemption requires that the redeemer supply an I.R.S. form W-9, since we don't want to have to withhold taxes. These requirements will change to reflect whatever the state and federal governments may require at the time of redemption. Notes are normally redeemed by Arisia's decision to

redeem notes up to some dollar amount. An integral number of notes is redeemed, except as described under "Partial Redemption" below. Notes are redeemed by the trustee(s) according to the preference expressed to them by noteholders (to retain or redeem), except that noteholders who have demanded redemption are always given first priority. Neither Arisia nor the trustee(s) may force the noteholder to accept redemption of any note except as part of final payoff of the entire series containing that note. For purposes of calculation, interest ceases to accumulate on the day when the appropriation for redemption is made, or at some later time as specified in the appropriation motion. Arisia has 30 days to complete the redemption of the notes by actual payment to the noteholder. Unless Arisia has made good faith efforts to redeem the notes of a terminated series, any appropriated monies which are unredeemed after 30 days will be found to have accumulated interest during that 30-day period and another appropriation will be required for their redemption. Redemption values are decreased by a pro-rated share of any fines, extra-ordinary fees, or expenses that may be incurred in connection with the notes. (Ordinary fees and expenses are paid by Arisia as part of the cost of doing business.) A full report of these must be made by the trustee(s) when they are incurred and a summary must appear on quarterly reports thereafter until all affected series of notes have been redeemed.

Partial Redemption At the option of the trustee(s), application may be made for partial redemption of some notes in the form of memberships to the next Arisia convention. The trustee(s) have this option because of the paperwork involved. This form of redemption is desirable because it seems better for Arisia to supply something at a known retail value which has a lesser marginal cost in lieu of cash. The trustee(s) will determine how many convention memberships are requested by noteholders and make this request in the form of a motion at the second corporate meeting before the published advance membership deadline. The motion must either entirely pass or entirely fail. This permits noteholders time to buy advance memberships before the deadline if the motion fails. Notes are partially redeemed by applying the entire price of advance memberships to the noteholder's balance as of the published advance membership deadline. No money changes hands, but Arisia must absorb the cost of servicing the memberships. No memberships may be partially purchased in this way, nor may any noteholder's balance go negative, but individual notes may be entirely redeemed. Noteholders are normally required to present notes for cancellation at the time of redemption, but in this case a note may be cancelled in absentia provided that appropriate records are kept. Determination of tax liability may be performed by any generally accepted accounting practice as long as it is consistently applied within each Arisia convention. The trustee(s) may require tax forms as described above for this partial redemption, although since these payouts are likely to be less than the applicable minimum reporting requirements, the forms might not be needed.

Bylaws Committee First Report

The Bylaws Committee, in this first report, presents proposed changes to the corporation's Articles of Organization (Also known, incorrectly, as "Articles of Incorporation").

The Articles of Organization is a public record, filed with the Corporate Records Division of the State Secretary's office. Amendments require the affirmative vote of two thirds of members entitled to vote, then a filing with the state, which involves a filing fee. Since they are cumbersome to amend, it follows that they should be designed to need amending infrequently.

The only things which belong in the Articles of Organization are:

1. Things that state law requires to be there: Name and purpose. Corporate purpose should be broadly stated, so as to encompass any future activities that the corporation may conceivably want to undertake.
2. The things required by the IRS for the tax status that we are seeking. These are provisions which dedicate our assets permanently to tax-exempt purposes.
3. Things which state law says may be in Articles of Organization in order to maximize the corporation's legal powers. Any limitations which we want to impose on ourselves can and should be in the bylaws, where they can be amended more readily.

The committee, in reviewing the present Articles of Organization, found some material which belongs in the bylaws and other material which either does not apply to a corporation of our type or redundantly re-states what is already the law. Other passages contained incorrect cross-references or, in one instance, a reference to the Court of Common Pleas, when there is no such court by that name in Massachusetts. In addition, a review of the state nonprofit corporation law suggests certain things which it is desirable to state in the Articles in order to maximize the corporation's future freedom of action or to protect officers from personal liability for corporate actions.

We also are submitting proposed temporary amendments to the bylaws, inserting those portions of the present Articles of Organization which we felt ought to be in the bylaws. For the moment, we have made no changes in the text presently found in the Articles of Organization, not even to correct apparent typos. This is a temporary measure, so that there will be no gap in our having some rules covering the matters in question. We hope that the Membership will vote these provisions into the bylaws without taking the time, at this point, to try to make amendments. We expect shortly to present a revised set of bylaws which will address any changes which we may find desirable in these provisions.

Specific comments on the present Articles of Organization follow:

I. Name. No change proposed.

II. Purpose. The purposes of the corporation are stated more broadly. In so doing, we have reviewed and adapted some language from the Articles of Organization of NESFA and MCFI.

III. Membership. We propose to transfer this provision, verbatim, to the bylaws. Changes in language, though not in substance, will be proposed in our revised bylaws.

IV. The lengthy statement of corporate powers, such as to have perpetual succession in its corporate name, so sue and be sued, to have a corporate seal, etc. are provided for all corporations in the state corporations law and need not be stated. Stating such matters in the Articles may prevent the corporation from having the immediate benefit of changes which may be enacted in the future.

Certain provisions regarding officers are already contained in some fashion in the bylaws. We propose to transfer the provisions for removal of officers, provisions regarding officers holding an interest in a concern with which the corporation does business, the provision limiting anyone from holding more than one office at a time, the provision stating the corporate "chain of command," and provisions on how bylaws may be amended to the bylaws. Again, future modifications of some of these provisions are planned to be included in our proposed new bylaws.

Provisions for indemnifying officers for liability will be included in the new bylaws. We are adding a provision, permitted by state law and following the language of the statute, limiting the liability of officers for their actions.

We are retaining the provision giving the corporation the power to hold corporate meetings anywhere in the United States. Without this provision, a meeting held outside Massachusetts would be invalid. However, we are adding language which would allow us to establish restrictions in the bylaws.

We are adding two minor corporate powers, which a corporation has if it so states in its Articles of Organization. One is the power to be a partner with other corporations or individuals in a joint venture to conduct any enterprise which the corporation could conduct by itself. The other is the power to make contracts guaranteeing obligations of other corporations which are either parents or subsidiaries of this corporation. While we can't envision Arisia ever wanting to do such things, our purpose is to maximize, in the Articles, the legal powers of the corporation.

Provisions for amending the Articles of Organization which are more restrictive than or which duplicate state law are deleted, as are provisions for dissolution. The Provision which prohibits distributions

to groups with restrictive membership covenants is deleted, since it does not fit into any of the three categories mentioned above, and the entire subject is treated in much greater detail in the bylaws (and will be in the proposed new bylaws).

Provisions required for our tax-exempt status are re-stated, correcting the errors previously mentioned. Certain provisions referring to sections of the Internal Revenue Code which apply to private foundations are removed, since we are not a private foundation.

We hope to be able to submit a proposed draft of new bylaws within the next month. It is our intention to seek input from all members before submitting our final proposals for adoption.

Proposed Amendments to Articles of Organization

Moved to amend the Articles of Organization of Arisia, Incorporated by striking Articles II, III, and IV and substituting the following:

- II. The purpose of the corporation is to engage in the following activities:
 - A. To conduct meetings, conferences, lectures, discussions, film showings, art shows, exhibits, conventions, and other presentations concerning science fiction, fantasy, and related subjects.
 - B. To Promote the enhancement and furtherance of science fiction, fantasy, and related subjects in literature, artwork, films, theater, radio, television, sound and video recordings, computer software, and all other media existing now or in the future.
 - C. To hold, sponsor, and promote the development of organized science fiction and fantasy fan activities.
 - D. To make grants for the foregoing purposes to organizations and activities that qualify under Section 501(c)(3) of the Internal Revenue Code.
 - E. To act exclusively for educational and literary purposes under Sections 170(c) and 501(c)(3) of the Internal Revenue Code.
 - F. To carry on any other lawful activities in furtherance of the foregoing and consistent with the requirements and constraints of Section 501(c)(3) of the Internal Revenue Code.

- III. The designation of classes of membership, the manner of election or appointment, the duration of membership, and the qualification and rights, including voting rights, of the members of each class are to be set forth in the bylaws.

- IV. Other lawful provisions for the conduct and regulation of the business and affairs of the corporation, for its voluntary dissolution, or for limiting, defining, or regulating the powers of the corporation, or of its directors or members, or of any class of members, are as follows:
- A. Except as otherwise provided in the bylaws, meetings of the corporation may be held anywhere in the United States.
 - B. The corporation shall have the powers specified in sections 9A and 9B of Chapter 156B of the Massachusetts General Laws.
 - C. The officers and directors of the corporation shall not be personally liable to the corporation or to its members for monetary damages for breach of fiduciary duty as an officer or director notwithstanding any provision of law imposing such liability; provided, however, that this provision does not eliminate or limit the liability of an officer or director (i) for any breach of the officer's or director's duty of loyalty to the corporation or its members, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, or (iii) for any transaction from which the officer or director derived an improper personal benefit.
 - D. Notwithstanding any other provision of these Articles, the corporation shall not carry on any activities not permitted to be carried on by a corporation exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code or by a corporation contributions to which are deductible under Section 170 (c)(2) of the Internal Revenue Code.
 - E. No part of the assets or net earnings of the corporation shall be divided among or inure to the benefit of any officer, director, member, or private individual, and no person shall receive or be entitled to receive any pecuniary profit of any kind therefrom except as reasonable compensation for services rendered, reimbursement for expenses incurred on behalf of the corporation, or for the making of distributions to exempt organizations in furtherance of the purposes of the corporation as set forth in these Articles.
 - F. No substantial part of the activities of the corporation shall be the carrying on of propaganda or otherwise attempting to influence legislation, and the corporation shall not participate in or intervene in (including the publishing or distribution of statements) any political campaign on behalf of any candidate for public office. The corporation shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of its purposes.
 - G. Upon dissolution of the corporation, after payment of all of the liabilities of the corporation or due provision therefor, the directors or officers having the powers of directors shall distribute all

remaining assets of the corporation exclusively in accordance with the educational and literary purposes of the corporation, in such manner or to such organization or organizations as qualify at the time under Section 501(c)(3) of the Internal Revenue Code, as said directors or officers shall determine. Any assets not so disposed of shall be disposed of by the appropriate Massachusetts court having jurisdiction exclusively for such purposes stated above, or to such organization or organizations qualifying as stated above, or for such other purposes as qualify under Section 501(c)(3) of the Internal Revenue Code, as said court shall determine.

- H. All references in these Articles to the Internal Revenue Code are to the Internal Revenue Code of 1954 as amended and to the corresponding provisions of any future United States internal revenue law.

Proposed Amendments to the Bylaws

Moved to amend the bylaws by adding, after Article II, Section A, the following new Section:

AA. There shall be three classes of membership in Arisia, Incorporated.

1. General members, who have the right to vote, make motions engage in discussion at business meetings, and run for organizational office. General members must attend business meetings regularly.
2. Honorary members shall not have the right to vote, make motions, or run for office, but may engage in discussion at meetings. They are not counted towards quorum.
3. Subordinate members, also called red shirts, do not have the right to vote, make motions, or run for office, but may engage in debate at meetings. They are not counted towards quorum.
 - a. The maximum requirement for becoming a general member is being a red shirt for one year and attending business meetings regularly. Lesser requirements are listed elsewhere.

Moved to amend the bylaws by adding, after Article VII, the following new Article:

VIII. Miscellaneous Provisions

A. Removal (Impeachment) of Board of Directors or the Chairman of the Arisia Conference is as follows:

- a. A petition signed by 25% of active membership must be submitted at a business meeting.

- b. The matter is tabled until the next regular business meeting.
 - c. The matter is brought up as the first order of business. The director in question may not chair the meeting.
 - d. It will require that 50% of the entire general (voting) members vote to remove a person from office. The motion fails on a tie.
- B. No person shall be disqualified from holding any office by reason of any interest.
- a. If a person holding an Arisia Office holds more than a five percent (5%) interest in a concern, this concern may not receive payment for any goods or services rendered except where it is the low bid of at least three (3) written bids.
 - b. The term "interest" including personal interest and interest as a director, officer, stockholder, shareholder, trustee, member or beneficiary of any concern.
 - c. The "concern" meaning any corporation, association, trust, partnership, firm, person, or any other entity other than this Corporation.
4. Only one person may hold any given office on the Board of Directors at any given time. No person hold two positions on the Board of Directors.
5. The chain of command for the Arisia, Incorporated Board of Directors is as follows: President, Vice President, Treasurer, Clerk.
- C. Bylaws are modified as follows: A motion must be submitted at a regular business meeting. It is tabled until the next regular business meeting, and a communique must be sent out to the membership. The amendment will be passed if there is a 2/3 majority with 25% of general membership voting.