



DEATH & TAXES

a professional company

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Board Meeting Minutes: Thursday, October 26, 2006
6:00pm PST at The Oakland Art Gallery, Oakland, CA

Board Members:

Present (in-person): *Allen Spore, Carol Ladewig, Peter E. V. Allen, Diane Shields, Cheryl Meeker.*

Present (via tele-conference): *Maria Porges, Matthew Jackson.*

Absent: *Marcia Tanner, Stephan Jost, Ray Beldner, Sarah Lockhart, Lisa Melandri, Sue Mark, Beth Lisick, Richard Lee (attorney).*

Quorum present? *Yes.*

Others Present: *Chief Executive Officer, Isabel Reichert, Chief Financial Officer, Sean Fletcher, Videographers, Alan Tollefson & Whitney Deatherage, East Bay Express reporter, Will Harper.*

Proceedings:

Meeting called to order at 6:13pm PST by the Board's President, Allen Spore

Introductions

Will Harper was introduced to the board as a reporter from the East Bay Express. He did not participate in the meeting but stayed on as an observer.

President's Summary

Spore opened the meeting with a short welcome.

Company CEO, Isabel Reichert, said "thank you" to those members of the Board who made ongoing contributions to the project.

Specifically, she thanked Spore for his time and support, and thanked him for the afternoon photography shoot where he snapped the publicity photograph used in the company's press kit. Reichert thanked Carol Ladewig the use of the Oakland Art Gallery to hold the meeting -- adding that the company saved money in facilities fees (charged by Yerba Buena Center for the Arts). She thanked Sarah Lockhart (not present) for inviting Death & Taxes, Inc. to participate in the performance segment of the Oakland artists show at Yerba Buena Center for the Arts. She also mentioned a thank you to Marcia Tanner (not present) for the introduction to Karl Sonkin, a public relations director for Kaiser Permanente who offered the company advice on obtaining publicity. She thanked Diane Shields for her help with the couple's 2005 tax return (filed on September 30th) and for her understanding when the executives had to miss a tax appointment because their interview with the Contra Costa Times went over-time. She specially thanked Cheryl Meeker for proof reading the quarterly report -- and for pointing out an error on the company's website.



She thanked the Board's Vice President, Maria Porges for her ongoing help and encouragement, particularly in assisting Reichert with her search for additional teaching positions. She thanked Stephan Jost for the suggestion to conduct board evaluations, Lisa Melandri and Matthew Jackson for assistance in assembling the press kit, and the Board's Secretary, Peter Allen for offering legal advice on how the company should conduct itself when a non-board member is present at a meeting. She also thanked Allen for inviting the executives to his home for waffles one morning. Finally, she thanked everyone who attended the writer's group during the preceding quarter.

Then she issued a general thank you to everyone for their continued help and support.

Executive's Summary

CFO, Sean Fletcher reviewed the agenda for the meeting.

Update on 2nd Quarter Activities

July 20th met with Jim Philpot from SCORE who is helping the executives assemble a business plan. Jim asked for cash flow projections and was concerned that the company has no apparent product and no "break even" analysis.

Fletcher indicated that each participant at the meeting should have a portion of the business plan as part of their materials.

Reichert described the meeting as "interesting". Philpot, she explained, founded the 'Speedy Oil Change' franchise and had a totally different perspective on structuring a business. Also, she noted that the appointment ended with a conversation about Andy Warhol.

On July 27th the executives started taking golf lessons.

On July 29th, the Aspen Art Museum director, Heidi Zuckerman Jacobson, resigned from the board due to personal commitments that prevented her from participating in full. Reichert told the board that the company had sent out over 15 informational kits to new prospective board members since the resignation and that Heidi had agreed to remain on the board until a replacement was found.

Reichert explained that the prospective new board members were all from New York galleries. Paula Cooper Gallery, Leo Castelli, Ronald Feldman, and Mary Boone to name a few. She also explained that some of the recipients, Castelli, Feldman, and Cooper among them, responded positively to the solicitation. The associate director of the Ronald Feldman Fine Arts Gallery, Martina Batan, intended on joining the conference call, but declined due to scheduling conflicts.

Reichert concluded by saying that despite the fact that a replacement board member hasn't been found, the experience was still positive for the company.

On August 12th, the Marketing Sub-Committee met to discuss disseminating the press kits. This project dominated the company's activities throughout the month of August. Of note, the company cut production costs for the kit by shopping at the East Bay Depot for Creative Re-Use (on Sue Mark's recommendation).



On August 25th, the company hosted a writer's group to bring together several local and prominent art critics: Allegra Fortunati, Jonathon Keats, Jordon Essoe, Meredith Tromble, along with company board members Maria Porges, Diane Shields, and Cheryl Meeker.

August 28th marked staff member Lucy Fletcher's first day of kindergarten.

September 11th the company secured "patent pending" status on the Dust Reorganizer and Redistributor. Using the Nolo Press book, Patent Pending in 24 Hours, the executives sought to make a short video over the span of 24 hours to complete "patent pending" status on an invention heretofore not conceived.

September 14th was the evening of performances by Oakland Artists, curated by the Board's Treasurer, Sarah Lockhart at Yerba Buena Center for the Arts.

Throughout the month of September, the company concentrated on recruiting a new board member.

Finally, the 'Management Discussion' with Helen Meyer Harrison and Newton Harrison was also held during the third quarter. Isabel explained that redefining currency was a dominant subject of that discussion and this was partly a motivation for recruiting another board member and defining "new relationships" as a form of currency. The new relationship with Martina Batan, from Ronald Feldman fine arts, she submitted, could be construed as a form of payment to the company.

The conversation diverted briefly as Reichert commented on the Harrisons distaste for the company's name, Death & Taxes, Inc.. She explained that the Harrisons felt the project had nothing to do with Death or Taxes, and that the title misled people. Allen (Peter) suggested using the company's initials to continue or change the brand (in response to the Harrison interview) and play down the references to "death" and "taxes".

Fletcher disclosed that the two executives have talked peripherally about forming a subsidiary.

September 27th marked the release of the Contra Cost Times article. And, September 28th was the first interview with Will Harper.

Allen Spore asked about the timetable for continuing the project and Fletcher responded that this was a part of the agenda that would definitely be addressed during the meeting. Spore outlined a concern about changing the "currency" and/or developing a subsidiary company with an alternate goal from the current goal of finding financial gain through the conceptual artwork of Sean Fletcher and Isabel Reichert -- the company's current stated objective.

Fletcher responded that "companies need to be dynamic and flexible." He brought back a question from the first quarterly board meeting, which was "what have the two executives learned by doing this project?" Fletcher said that his answer to the question has changed radically from that April board meeting.



Reichert added that the Harrision interview was also helpful for pointing out that “in our heads we have an idea of what we want to accomplish, but we are overlooking what we have actually accomplished.” Fletcher said that the Harrisions were emphasizing the manufacture of labor as the art-form.

Spore again reviewed the objective of the company as finding financial gain through the art/life work of Fletcher and Reichert. Spore is concerned that this goal is now changing and he is skeptical that the company can't meet its objective and is now changing the objective instead of changing the strategy.

Fletcher attempted to justify to Spore that the goal actually is being met, though the way it is being met is different from how the artists originally thought. Fletcher went on to describe that financial gain means increasing the couple's net-worth (i.e. making the company more valuable to the shareholders), and that this is being accomplished by reducing the couple's debts and not by increasing their liquid assets. Fletcher said that one of the things he has learned (in response to Allen's first quarter question) was how much of the couple's cash flow is servicing some kind of debt (i.e. a mortgage, a student loan, or a credit card).

Another goal of the company was to promote the artwork, which ultimately meant finding the time between earning income and actually living (i.e. raising a child) to work creatively. This goal has also been met, although this free time has been consumed by the administrative aspects of running a company instead of more traditional art methodologies.

Fletcher pointed out that there was a certain irony to this: as greater resources are being found and used more efficiently, those resources are simply being consumed by the company that found them.

Spore explained that he may not have an objection to changing the company's goals, but felt it was important to point out that he would need more information before approving such a change. Spore wanted to begin the finances portion of the meeting to illustrate some of what Fletcher just said.

Reichert said that there are more profound issues presented by the piece than the finances. Spore agreed with this comment.

Fletcher also agreed but felt the issues Reichert was referring to were already present in the process of reviewing the numbers.

Diane Shields added that she believed part of the role of the board was to lift the burden of guilt from the artists by motivating them to profit.

Finances

Fletcher began the Finance report by stating that the couple's net worth rose by 3.6% during the third quarter of the year. He also said that the company earned income in the third quarter: \$48 through the sale of a coffee can to Cordelia Chadwick (sp?). This was the exact price for a new pair of shoes for Lucy. The \$175 purchase of a year-long subscription to the quarterly report by UC



Stanford also came during the third quarter, although it was already mentioned during the second quarter board meeting.

Fletcher said that Reichert is no longer working for DVC, and therefore the family's health insurance coverage is no longer covered (at least in-part) by her employer. Fletcher described that the company purchased individual insurance for the two executives through Kaiser Permanente, and a separate (more comprehensive) policy for Lucy Fletcher through Blue Shield of California.

Fletcher said the couple received NO parking tickets in the third quarter of the year, and that other unanticipated expenses weren't really there. In short, costs dropped significantly in the third quarter -- along with income.

Spore asked how much of the Net-Worth increase came from the reassessment of the property. Fletcher answered, "none." The change in Net-Worth was almost exclusively from paying down debt, like the mortgage, the credit cards, and the student loan payments. Of note, Reichert made additional larger payments toward the Home Equity Line during the third quarter.

The corporate checking account was down to just under \$400.

Fletcher reported that upcoming expenses would include a property tax payment and a homeowner's insurance bill.

Spore asked for clarification that "Money Management International" was the debt management plan.

The budget (actual vs. approved) showed more than approved toward home loans. Fletcher said the couple put about \$2,000 more into the home equity line than they anticipated at the beginning of the year. Fletcher also noted that the food budget (despite the unexpectedly high bills in the first half of the year) would come close to the approved budget due to cost cutting measures and the menu driven shopping approach. (See 2nd Quarter minutes and Beth Lisick's grocery shopping visit.)

The entertainment expense was zero.

The money not spent on entertainment (and some other incidental costs that were originally projected) was redirected toward printing costs and professional fees related to the project.

Spore wanted to recount where the projected \$10,000 over-budget number was coming from: He indicated commercial credit card debt, student loans, and office supplies seemed to account for the over-payment. Of the \$10,000, Spore didn't feel that debt reduction should count because it increased the net-worth of the company. He felt the over-budget number seemed closer to \$5,600, as \$4,400 was an overpayment to debt.

Spore asked how the executives prioritized "savings" on the budget. Specifically, Spore wanted to know if the executives would consider eliminating this item in order to help balance the budget. Or,



he wanted to know if the executives would allow the company to remain 'over-budget' to accommodate "savings". Put another way, could the resources allocated to "savings" be spent on professional fees and project related expenses that were unanticipated at the beginning of the year or would "savings" continue to be a mandatory cost?

Fletcher answered that he felt the project could compromise the savings and he would be willing to approve NO savings in order to balance the budget. So, Spore feels the record should show an over-budget number of \$2,600 and not \$10,000 (again, offset by debt reduction and money not committed to savings).

Spore then asked for information on the revenue side and Fletcher moved to the next slide in the presentation which showed earnings year-to-date. Spore then asked for a projection of what would be earned in the fourth quarter. Fletcher indicated that he felt stronger about his earnings potential in the fourth quarter.

Reichert said that she did not work for part of the third quarter and was able to claim unemployment earnings. She wanted to be sure that the unemployment earnings were reported and felt perhaps the situation wouldn't look as bad with her unemployment earnings counted. Fletcher said the unemployment earnings were already factored into the company's third quarter numbers.

Spore wanted to see the revenue piece again during a fourth quarter November Finance Sub-Committee meeting. Fletcher said that would be hard to do because his employment earnings fluctuate and are difficult to predict. Reichert's earnings are more predictable.

Fletcher showed the increase in Net-Worth from December 31st through September 30th and posed the question that the company showed financial success but "is it successful?" He said "it's hard to answer successful when we have less than \$400 in the company's checking account." However, his point was that the objective of increasing the value of the company (finding "financial gain") was being met through the increased efficiency of the couple's budget and the increase in the Net-Worth figure.

With this fact in mind, the issue of dissolving the company was agreed to be a very important subject that should be addressed this evening.

Third Quarter Priorities

Reichert said that she wanted to dissolve the company on December 31st and that Fletcher did not. Fletcher said that if the company were to continue past December 31st, there would need to be a way to reduce the administrative time spent facilitating the corporation.

Allen (Peter) suggested outsourcing labor to India, but this was perceived as more a tongue-in-cheek suggestion. Fletcher responded that he did not think this solution possible.



Carol Ladewig suggested that if the company were to dissolve on December 31st, there would be no reason to ask a new board member to join the board. She wanted to discuss dissolution of Death & Taxes, Inc. before discussing board development or the direction of the company.

Ladewig also said that the analysis of spending and what Death & Taxes, Inc. does might be helpful to others as a service. She believed that the company could offer this service of analyzing a budget and helping people understand what their spending looks like would be valuable.

Reichert said that financial planners already do that professionally. Ladewig, however, suggested that her experience with financial planning wasn't that in-depth. Fletcher responded that his other business does financial planning (as in-depth as this) and agreed that it is a valuable service for artists. However, he believed the people who need it most (on this level of budget analysis) would not be willing to pay for it.

Ladewig then suggested that the company trade for this service instead of getting money.

Fletcher said that perhaps he saw a franchise model in what the company does, but that Fletcher and Reichert would not be interested in pursuing this as a business. Reichert also added that the value in the business -- and in the continuation of the business -- was an art value that came from metaphor and not from actual practice. She wanted to focus more on the value of the business as art and not as a practical business that turned the process into a service.

Ladewig said that the educational value of the process could be both.

Allen (Peter) said perhaps the company shouldn't abandon the idea of redefining currency as a process and suggested collecting art as payment for the service of financial planning. Then the company could make money through the acquisition and sale of artwork as payment for financial planning -- something he believed had art value.

Spore said that he felt the passion the executives showed was in making art and not so much in making money. Reichert ratified this by saying "contrary to the board's advice" she was adamantly focused on understanding the process as art.

Cheryl Meeker suggested a more multi-dimensional approach to thinking about the project. She submitted that the board meetings, the reports, and all of the work that the executives have done are as valid as paintings or sculpture. Reichert agreed and said that she hoped "this whole thing" would continue to exist as a story.

Ladewig commented then that although the company had the "look of 'capitalism in process', it hadn't really shown that" for her. In other words, Ladewig didn't perceive this process as capitalistic -- although it seemed to intend to be capitalistic. Reichert didn't feel this was a deviation of their initial approach to art-making. She mentioned that the life of the project would continue to exist on the internet and through retelling long after the company is dissolved.



Diane Shields talked about a choreographer that patents and sells gestures as part of dance routines. She believed that this choreographer may be interested in buying gestures from the company as a means of making money. She also talked about a grant.

Reichert asked the board if they felt the company should dissolve? She explained that the question also meant “is the board interested in continuing?”

Spore answered that he would need to know if the company would continue a focus on making money. If it can't make money then it shouldn't continue. If the company wanted to change its focus, he couldn't answer whether he would want to be a part of it until he saw the proposal for the new company.

Meeker agreed and added that the timetable should be added to any future proposal. Meeker said the whole project really needed research funding.

Allen (Peter) wanted to keep focused on the problem as a business problem and not address changing the direction of the company. He restated the questions: would the board continue without the executives? Or would the board continue with the executives? He felt that if the executives quit there is a different scenario than if the executives continue. If the executives quit, he would not be interested in continuing on the board with a different family at the helm. If the executives continue, he would be willing to participate if the business plan addressed the future of the company. Like Spore, he couldn't say whether he would want to continue without knowing where the company would be headed.

Spore ultimately felt it was up to the executives to decide if they would change the focus of the company and then come back to the board with a proposal for doing this. At that point the board would be informed enough to decide whether or not to continue. Otherwise, it would be prudent to dissolve the company.

Ladewig suggested having a full day retreat, as a non-profit would, to develop this new direction. This retreat could also outline what would be expected of the board.

Fletcher felt this would be asking too much from the board, and that the board had contributed enough already. Ladewig disagreed, and as the director of a non-profit she indicated being faced with this dilemma every day. Meeker concurred that a few bottles of wine go a long way.

The Board's Vice President, Maria Porges, wanted to contribute that the one-year time frame was tidy. She believed that the executives would not get much more out of the project by continuing it past the one-year timetable. She also offered that more can happen past the dissolution of the company, for example a documentary or further sale of the books.

Allen (Peter) agreed -- provided there would be no change in the project's goals.

Spore agreed, also. He repeated that a retreat would be prudent for a non-profit but if the company wanted to change focus it would be up to the executives to decide and propose it to the board, and



not for the board to meet and solve the problems. He reminded everyone that this was NOT a non-profit board.

Reichert said this made a lot of sense. Although she wanted to make sure the board knew that the input they provided was extremely valuable and that the project could not have survived without it.

Fletcher asked if this feeling made up a consensus? He proposed a vote on dissolution of the company. He said that the feeling he had was that if the direction of the company would change, it should involve a new company with a new board. So he felt it could be put to a vote to dissolve the company.

Allen (Peter), however, thought that it would influence his decision to know whether the company would start anew. He submitted that starting a new company had an inherent cost and it may make sense to pay the \$800 corporate tax and keep the structure in place vs. dissolving the company to start anew.

Reichert suggested using the web voting tool after Fletcher and Reichert had a chance to review this information and decide on whether they would change the direction of the company.

Reichert committed to sending everyone an email within the next two weeks.

Allen (Peter) said he would be available to help with brainstorming in the next two weeks if need be.

Fletcher wanted it on record that there would be no reason for a vote if Fletcher and Reichert decided not to continue with another different company or a proposal for a change in focus. Allen (Peter) felt, legally, that there should be a resolution.

Reichert wanted to know what would occur at the last board meeting, and when would it be held? If the board meeting should occur before December 31st, they should decide now. Fletcher said that dissolving the company was a legal issue that needed to be addressed before December 31st, but that the board meeting could be held "whenever" (i.e. past December 31st).

It was agreed that the last board meeting should be held in January or February and it should be a "party" if the company decided to dissolve.

Sub-committee Reports

none -- or taken care of through the prior discussions.

Question and Answer period

Reichert asked if there was some way to increase attendance at meetings?

Peter Allen suggested food. Especially due to the time.



Meeker also agreed that the time was difficult. Ladewig suggested a morning or weekend. There was no consensus about how the time of the meeting could be improved. Allen (Peter) believed this was a problem with every board.

Adjournment

The meeting was adjourned at 7:33pm (PST).