

Organizational meeting of the board of directors

PREVIEW

1. After drafting and filing the Certificate of Formation and preparing the Bylaws, the next step in the formation of a corporation is to hold the organizational meeting of the Board of Directors.

2. The following are typical subjects covered in an organizational meeting or consent:

a. acceptance of the Certificate and Certificate of Incorporation;

b. adoption of the Bylaws;

c. election of officers and setting of compensation;

d. approval of the corporate seal;

e. adoption of form(s) of certificate(s) to represent the various classes of shares (note that "uncertified" shares are now permissible ;

f. adoption of an Internal Revenue Code Section 1244 stock plan;

g. issuance of shares;

h. adoption of a banking resolution;

i. reimbursement of any organizational expense to individuals;

j. ratification of any pre-incorporation agreements;

k. election of Subchapter S tax treatment, if desired; and

l. approval of any assumed names to be used by the corporation.

3. The organization of the corporation can be carried out by either:

a. an actual meeting of the directors named in the Certificate (in which case, either proper notice or a written waiver of notice signed by all directors is required); or

b. a written consent signed by all directors, adopting resolutions covering all of the subjects that would otherwise be covered at a meeting and reflected in the minutes. Such a consent in lieu of a meeting is proper

4. Either proper notice must be given for the meeting or a waiver of notice of the meeting must be signed by all parties who are allowed to attend the meeting. See the forms entitled

Notice and Call of Organizational Meeting of Board of Directors and Waiver of Notice of Organizational Meeting of Board of Directors.

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Form: Minutes of the organization meeting of board of directors

PREVIEW
**MINUTES OF THE ORGANIZATION MEETING
OF THE BOARD OF DIRECTORS**

1. TIME AND PLACE OF MEETING

1.1 The organizational meeting of the Board of Directors of _____ Corporation, a Texas Corporation (Corporation), was held at [address], on the _____ day of _____ at [time] pursuant to the call of the majority of the Directors named in the Certificate of Formation. Each person named as an Initial Director in the Certificate of Formation was present, accepted [his or her] office, and commenced [his or her] duties assigned to him by the Corporation or the person resigned as a Director prior to the date and time of this Organizational Meeting.

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1.2 Present were _____, constituting a full membership of the Board.

2. TEMPORARY OFFICERS

2.1 [name] was unanimously chosen temporary Chairman, and [name] was unanimously chosen temporary Secretary of the meeting.

3. NOTICE AND CALL OF MEETING

3.1 Each Director waived notice of the time, place and purpose of the meeting as evidenced by [his or her] signature to the Waiver of Notice which is appended to the Corporate Minute Books. Thereafter the Secretary presented and read a Notice and Call of the Meeting signed by all of the directors named in the Certificate of Formation, which was ordered filed in the Corporate Minute Book.

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4. CERTIFICATE OF INCORPORATION

4.1 The Chairman then advised that the Certificate of Formation of the Corporation had been filed in the office of the Secretary of State of the State of Texas on _____, and a Certificate of Incorporation was issued on the same day. The Certificate had been mailed to the Organizer's address and was presented at the meeting. Thereafter the Certificate were then reviewed by the Directors and upon Motion duly made, seconded and unanimously adopted, the Certificate of Formation of the Corporation were accepted and approved.

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On Motion made, seconded and unanimously adopted it was:

Resolved that the Certificate of Formation which have been filed or approved by the Secretary of State's office of the State of Texas be adopted and approved and the Secretary of the Corporation shall insert the Certificate in the Corporate Minute Book.

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5.1 The Chairman presented Bylaws which had been drafted and prepared by [name], the Corporation's Legal Counsel, for the regulation and management of the affairs of the Corporation. The Bylaws were reviewed and adopted by the Directors on Motion duly made, seconded and unanimously adopted, it was:

Resolved that the Bylaws submitted to and reviewed at this meeting be adopted as the Bylaws of the Corporation and the Secretary shall insert the Bylaws in the Corporate Minute Book.

6. ELECTION OF OFFICERS

6.1 The following persons were nominated as officers of the Corporation to serve until their respective successors are chosen and qualified:

President:

Vice-President:

Treasurer:

Secretary:

6.2 Ballots being duly cast by the directors, the Chairman announced that the named persons had been unanimously elected to the offices set before the respective names and were to assume the duties and responsibilities imposed by the Bylaws. The Officers shall hold office until the first Annual Meeting of the Shareholders or until such special meeting of the Shareholders or Board of Directors shall supersede this election.

6.3 The Chairman of the Board of Directors then took the chair, and the Secretary immediately assumed the discharge of those duties. Each of the other officers thereafter accepted [his or her] office and commenced their duties as assigned to them by the Corporation and as stated in the Corporate Bylaws.

7. ELECTION OF DIRECTORS

7.1 The Secretary then presented to the Meeting the resignation of all of the Initial Directors of the Corporation and it was ordered that the resignation be filed with the Minutes of the Meeting.

7.2 Thereafter, it was resolved that the resignation of the Initial Directors as presented to the Meeting was approved and accepted and that it was to take effect at the close of the Organizational Meeting.

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7.3 The Chairman then stated that nominations were in order for the election of Directors of the Corporation to hold such office until the first such Annual Meeting of the Shareholders and until their successors shall be elected and shall qualify.

7.4 Accordingly, the following persons were nominated as Directors of the Corporation: [specify]; and upon ballots being duly cast the Chairman announced that the named persons had been unanimously elected to Directors of the Corporation and that their respective names be placed in the Corporate Minute Book and that immediately thereafter they should assume the duties and responsibilities fixed by the Bylaws of the Corporation.

7.5 Since no further nominations were made, the nominations were closed and the votes were taken. After the votes had been counted, the Chairman declared that the named nominees were elected Directors of the Corporation. The Chairman then stated that the newly elected Directors would assume the responsibilities immediately.

8. APPROVAL OF FORM OF STOCK CERTIFICATE

8.1 A form of the Corporation's stock certificate was presented, and upon Motion duly made and adopted, was approved. On Motion duly made, seconded and unanimously adopted, it was:

Resolved that the Stock Certificate submitted to and reviewed by the Directors of this Meeting be adopted as the Official Stock Certificate of the Corporation and the Secretary shall insert the specimen copy in the Corporate Minute Book.

9. CORPORATE MINUTE BOOK

9.1 The Secretary presented a Corporate Minute Book of the Corporation containing a copy of the Certificate of Formation, Resignation of Initial Directors, if any, Notice or Waiver of Notice of Organizational Meeting, Specimen and Specimen Stock Certificate. On Motion duly made, seconded and unanimously adopted, it was:

Resolved that the Minute Book presented to the Directors of this Meeting by the Secretary be approved and adopted under the action of the Secretary in copying or inserting the Certificate of Formation and Certificate of Incorporation, Bylaws and Stock Certificate Specimen be approved and ratified. It is further resolved that the Secretary is hereinafter instructed to authenticate the Corporate Minute Book to retain care, control and custody of the Minute Book and to insert the Minutes of this Meeting and any, other and all Meetings or proceedings of the Shareholders and Directors as required by law and the Corporation's Bylaws.

Resolved that the Corporate Record Book including the Share Transfer Ledger being hereby be adopted as the Record Book and Share Transfer Ledger of the Corporation for all purposes.

10.1 The Chairman announced that a time for an Annual Meeting of the Shareholders must be selected. On a Motion duly made and seconded, it was resolved that the Annual Meeting of the Shareholders should be held during the last month of the Corporation's fiscal year at a time and place to be determined by the Board of Directors. Notice of the meeting shall be sent to Shareholders and Directors as established in the Corporation's Bylaws.

11. ISSUANCE OF SECTION 1244 STOCK

11.1 The President stated the advantages of qualifying the Corporation's stock under Section 1244 of the United States Internal Revenue Code. He explained that subject to certain limitations, Section 1244 permits ordinary, as opposed to capital, loss treatment for loss on the Corporation's stock when an individual Shareholder sells or exchanges [his or her] stock at a loss or if the stock becomes worthless.

11.2 It was unanimously agreed that the adoption of Internal Revenue Code Section 1244 Stock Plan would be advantageous to the Corporation's Shareholders and therefore make it more attractive to potential investors and purchasers.

11.3 The Chairman thereafter presented the following Section 1244 Stock Plan:

- a. The Section 1244 Stock Plan shall become effective after the same is adopted by the Board of Directors.
- b. The Corporation will be authorized to issue and offer under the Section 1244 Stock Plan no more than 1,000,000 shares of the common stock at a price as the Board of Directors shall determine.
- c. Corporation shall offer and issue shares under the Section 1244 Stock Plan only while the Plan is effective. The Plan shall be effective for a period of at least two years less one day after the effective date of the adoption of the Plan unless sooner withdrawn or terminated by the Board of Directors or disqualified by law.
- d. While the Plan is effective, the Corporation shall not offer or issue any stock except as stated under the Section 1244 Stock Plan.
- e. The stock sold under the Section 1244 Stock Plan shall only be issued for cash or other property which has been received and accounted for by the Corporation.
- f. The Corporation shall have its Counsel review the requirements for qualification under Section 1244 in order to insure that the Corporation has complied with the requirements.

Upon Motion duly made, seconded, and unanimously adopted, it was:

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Resolved that the Internal Revenue Code Section 1244 Stock Plan as presented and outlined above at this meeting shall be adopted by the Corporation and the Officers of the Corporation are authorized and directed to do all things necessary to adopt and carry out the Section 1244 Stock Plan.

12. ISSUANCE OF STOCK

12.1 The President then stated that the Corporation was authorized to sell [number] shares of stock. The Secretary then presented to the Meeting the written proposal from _____, and addressed to the Corporation.

12.2 The Proposal stated that the Corporation had received offers to purchase [number] shares of its authorized shares at a cash consideration price of _____ Dollars \$[Amount] per share. [List the name of the person and amount of shares desired to purchase]

12.3 Upon Motion duly made, seconded and unanimously adopted the above stated Stock Purchase Offers were accepted, and it was:

Resolved that [number] shares of the Corporation's authorized shares shall be issued to [proposed stockholder's name] for consideration of _____ Dollars \$[Amount] per share.

Thereafter, the Corporation received payment for the stock certificates. Payment was accepted and recognized, the certificates were immediately issued, delivered and accepted.

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13. COMMENCING BUSINESS

13.1 The Corporation is now able to commence and transact business and incur indebtedness in the State of Texas as stated in the Certificate of Corporations.

14. ADOPTION OF ACCOUNTING PERIOD

14.1 The Chairman then stated that an annual accounting period should be chosen and designated by the Board. Upon Motion duly made, seconded and unanimously adopted the following resolution was adopted, it was:

Resolved, that the annual accounting period of the Corporation shall be taken under advisement by the Corporation's accountant, who will report back to the Board of Directors at a subsequent meeting, at which time the accounting period shall be determined.

15. APPOINTMENT OF GENERAL COUNSEL TO THE CORPORATION

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15.1 The President then announced that the Corporation needed to retain legal counsel to represent the Corporation in its main legal affairs. Accordingly, on Motion duly made, seconded and unanimously adopted, it was:

Resolved that the law firm of [name] be appointed General Counsel of the Corporation and be authorized in that capacity to form any and all legal representation required by the Corporation and as directed by the Officers, and Directors of the Corporation.

16. BUSINESS EXPENSES BY OFFICERS

16.1 The Chairman then advised that the officers, directors and employees of the corporation may be required to expend monies for expenses in the performance of their job duties. The expenditure of the funds may be necessary to promote the business of the corporation. Accordingly, the corporation shall prepare and adopt an employee expense reimbursement plan whereby the directors, officers and employees shall be reimbursed for the monies so expended on behalf of the corporation.

16.2 Pursuant to the plan, the directors, officers and employees shall be required personally to pay certain necessary business expenses including but not limited to the following: education expenses, entertainment and promotion expenses, automobile and transportation expenses, continuing education programs, membership in civic and/or fraternal organizations and any and all other items of reasonable and necessary business expenses which the person shall deem necessary to promote the corporation's business.

16.3 The director, officer or employee shall be reimbursed for the expenses upon proper presentation of receipts which conform to Internal Revenue Code Regulation requirements applicable to employee expense reimbursements.

Resolved that the Corporation shall prepare and adopt an Employee Expense Reimbursement plan whereby directors, officers and employees may be reimbursed for expenses incurred in the ordinary and necessary business in the performance of their duties for and on behalf of the Corporation.

17. SALARIES OF OFFICERS

17.1 The Chairman then stated that the corporation was entitled to enter into an employment contract between the Corporation as the employer and its key employees. Upon Motion duly made, seconded and carried, the following resolution was adopted:

Resolved that the Board of Directors hereby approves and adopts the above described power; the President is hereby authorized to execute the contract on behalf of the Corporation.

18. EMPLOYEE MEDICAL PLAN

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18.1 A Health and Accident Plan was presented whereby the Corporation would provide accident, health, and other medical and disability insurance coverage for key employees of the Corporation. Thereupon on Motion duly made and carried, it was:

Resolved that the Health and Accident Plan presented to this meeting be and it hereby is adopted and that the President is authorized to execute the document on behalf of the Board of Directors.

19. DIRECTOR'S FEES

19.1 On Motion duly made, seconded and unanimously adopted it was resolved that each Director in attendance at any meeting of the Board shall receive a fee for [his or her] attendance. The fee shall be determined by the Board and shall be commensurate with Director's fees paid by other corporations in the same or similar business as the Corporation.

20. RESOLUTION AUTHORIZING OFFICERS TO ENTER INTO AGREEMENTS ON BEHALF OF THE CORPORATION

20.1 The President thereafter informed the Directors the Corporations may from time to time need to enter into Lease Agreements, Contracts, Service Agreements or other binding obligations on behalf of the Corporation for the use of office space, storage space, equipment, furniture, fixtures, office machinery, computer, word processing equipment or other business items that the Corporation may need. The President then proposed to the Board that the President and Vice-President be allowed to negotiate and enter into the agreements and binding obligations on behalf of the Corporation subject to the same being consistent and reasonable and of the type ordinarily entered into by corporations in the same or similar business as the Corporation. After consideration and discussion and upon Motion duly made, seconded and unanimously adopted, it was:

Resolved that the President of the Corporation and/or Vice-President of the Corporation be and are hereby authorized and directed to negotiate and enter into Contracts, Leases or other binding obligations on behalf of the Corporation as long as the agreements are reasonable and of the type ordinarily entered into by companies of the same or similar business as the Corporation.

12. OPENING OF BANK ACCOUNTS

21.1 The Chairman then stated that it was necessary to provide a depository for the funds of the Corporation and authorize those who may withdraw them on behalf of the Corporation and otherwise act in connection with such bank account. Thereupon, on Motion duly made, seconded and carried, the following resolution was adopted:

Resolved that certain officers are authorized and directed to locate a suitable banking institution and to execute such signature cards and other documents in connection with such bank account as may be necessary or advisable and certify to the adoption of any

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resolutions required by the bank, such resolutions being attached as part of these minutes and hereby adopted.

PREVIEW

22. ADOPTION OF A SEAL

22.1 The Secretary presented at the Meeting the Corporate Seal, which has been ordered and obtained, the Seal being designed in accordance with the Corporation's Bylaws. On Motion duly made, seconded and unanimously adopted, it was:

Resolved that the Corporate Seal, an impression of which is affixed hereto, be approved and adopted as the Corporate Seal of _____ Corporation.

[Affix corporate seal]

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23. MEETING OF THE DIRECTORS

23.1 Upon Motion duly made, seconded and carried, it was:

Resolved that an office of the Corporation be established and maintained at [address], and that meetings of the Board of Directors from time to time may be held either at such office in the City of _____ or elsewhere, as the Board of Directors shall from time to time order.

24. ORGANIZATION FEES

24.1 The Chairman has considered a resolution authorizing payment of organizational expenses on the corporate income tax return. The following motion was made and carried:

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Whereas, the Internal Revenue Code authorizes an election to amortize certain organization expenditures ratably over a period of 60 months or more; and

Whereas, the Corporation has agreed to pay such organizational expenses and will expend sums in so doing; be it

Resolved that the Treasurer of the Corporation is hereby authorized and directed to pay the expenses incident to and necessary for the organization of this Corporation; and be it further

THANK YOU

Resolved that, effective for the Corporation's first taxable year, the Corporation adopt a system of amortizing ratably over a period of 60 months all organizational expenditures which can be so treated under the Internal Revenue Code.

25. SERVICE OF PROCESS

25.1 Upon Motion duly made, seconded and carried, it was:

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Resolved that for the purpose of authorizing the corporation to do business in any state, territory or dependency of the United States or any foreign country in which it is necessary or expedient for this corporation to transact business, the proper officers of this corporation are hereby authorized to appoint and substitute all necessary agents or attorneys for service of process, to designate and change the location of all necessary statutory offices and, under the corporate seal, to make and file all necessary certificates, reports, powers of attorney and other instruments as may be required by the laws of such state, territory, dependency or country to authorize the corporation to transact business therein.

26. ADJOURNMENT OF MEETING

26.1 Upon Motion duly made, seconded and unanimously carried, the meeting was adjourned.
Adopted by the Board of Directors on _____.

President

Secretary

Director

THIS DOCUMENT
Director

[Affix corporate seal]

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