

MINUTES OF MEETING

OF

BOARD OF DIRECTORS

OF

AIR AMERICA, INC.

February 18, 1976

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A meeting of the Board of Directors of Air America, Inc. was held at Suite 309, 1725 K Street, N.W., Washington, D.C., on February 18, 1976 at 11:00 a.m.

PRESENT: Messrs. Velte, Doole and Carter

Also present at the invitation of the Board was Mr. Bevans, Secretary.

Mr. Velte served as Chairman and Mr. Bevans as Secretary.

The Chairman called the meeting to order and announced the presence of a quorum.

The minutes of the meeting of the Board of Directors of November 21, 1975 were approved.

The Chairman reviewed the cash position of the Company based upon a report of February 13, 1976. Total assets held in bank accounts and U. S. Treasury securities at face value at that date amounted to approximately seven million eight hundred forty thousand dollars.

In his capacity as Managing Director, Mr. Velte reported as follows:

(a) Sale of Company Property - Substantially all of the Company property, exclusive of the furnishings in the offices in

Washington, has been sold to Omni Aircraft Sales, Inc. for \$3,925,000, of which \$1,000,000 is represented by a one year, 8 1/2 percent note, the balance in cash. Mr. Velte noted that the cash portion was reflected in the February 13th figure previously reported.

(b) Company Receivables - Mr. Velte reported that the only substantial receivables outstanding consisted of those under USAID Contract No. AID-sa-C-1029 and USAF Contract No. F04606-71-C-0002 and a number of commercial accounts generated by Air Asia prior to its sale to E-Systems, Inc. Collection of the U. S. Government receivables is in progress, and efforts are being made to dispose of the commercial accounts, possibly as a package.

(c) Liquidation of Foreign Companies - It was reported that all necessary filings had been completed to effect the liquidation of Civil Air Transport Company Limited in the Republic of China, Air America Limited in the Crown Colony of Hong Kong, and Thai Pacific Services Company Limited in the Kingdom of Thailand. It was agreed that a listing of all Company records filed with the governmental authorities in those cases would be compiled, and appropriate arrangements made for the custody thereof.

(d) Air America Retirement Plan - The Managing Director noted that, as indicated in the minutes of the meeting of the Board of Directors of November 21, 1975, staff studies have been pursued concerning the situation of the Air America Retirement Plan in light of the progressive decline in Company activity since mid-1974. As a part of these studies an advisory determination had been sought and received from the Office of the District

Director of the Internal Revenue Service in Baltimore stating that the implementation of a partial termination of the Plan from May 30, 1974 forward would not adversely affect the qualified status of the Plan for tax purposes. The Chairman further noted that when and if this partial termination is implemented there will remain less than ten active participants in the Plan and that a substantial administrative burden would be involved in continuing the Plan, including major steps to bring the Plan in conformity with the Pension Reform Act of 1974 prior to May 1976. After discussion the following resolutions were adopted:

RESOLVED that in consonance with the advisory determination of the Internal Revenue Service dated October 24, 1975, the Air America Retirement Plan is partially terminated as of May 30, 1974;

FURTHER RESOLVED that the Air America Retirement Plan is totally terminated as of April 1, 1976, with a final valuation date of March 31, 1976; and

FURTHER RESOLVED that the Retirement Board created by the Air America Retirement Plan is hereby directed and empowered in collaboration with the Trustee of the Plan to take all necessary steps in accordance with applicable law and the terms of the Plan to implement such terminations.

(e) Residual Matters re: Air Asia - It was reported that by virtue of an agreement reached with E-Systems, Inc. as of October 23, 1975 concerning matters then in dispute relating to the sale of the assets of Air Asia, a payment of approximately \$23,800 had recently been received.

(f) Workmen's Compensation - The Board was advised that approximately twenty-five compensation cases not subject to assumption by the U. S. Department of Labor under the War Hazards Compensation Act are pending.

(g) Litigation - It was reported that only three significant cases involving the Company remain, i.e. Hyde v. Air America, Zurla v. Air America and Houston v. Air America, all in the U. S. District Court for the District of Columbia.

(h) The Board was advised that discussions were being held with the U.S. Army concerning government property forcibly abandoned in Vietnam.

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Mr. Velte advised the Board that in order to pursue certain personal interests he desired to resign his positions as Managing Director and President effective at the close of business March 31, 1976. The Board accepted the resignations with regret and with gratitude for his years of faithful service to the Company.

The Board also requested that Mr. Velte continue as Chairman of the Board of Directors, to which request Mr. Velte acceded.

Thereupon Mr. Doole nominated Mr. Carter as President of the Company, and Mr. Carter was duly elected to take office April 1, 1976. It was also decided that the office of Managing Director would not be filled at this time and that pending the filling of this vacancy the President will serve as the Chief Executive Officer.

There being no further business to come before the meeting it was, on motion duly made and seconded, adjourned.

Respectfully submitted,



Henry P. Bevans  
Secretary of the Meeting