

American Watchmakers-Clockmakers Institute

MINUTES OF THE ANNUAL BOARD OF DIRECTORS MEETING

August 4-6, 2006

Seattle, WA

Meeting called to order, by President Door on Friday the 4th at 1:32 p.m.

Invocation: by President Door

Salute to the flag: led by President Door.

Present:

Jim Door; President

Mark Butterworth; First Vice President

Dennis Warner, CW; Second Vice President

Alice B Carpenter, CMW, CMEW, FAWI; Secretary

James K Zimmerman, CMW, CMC, CMEW; Treasurer

Gene Bertram; CC

Matt Henning; CW

Roland Iverson; CMC

Gerald Kincaid; Affiliate Chapter Chairman

Doug Thompson; CW, CEWT; Research & Education Director

Willem Van Kempen, Industry Advisory Board Director

*absent—Mark Baker, CMW

Jack Kurdzionak CW, Immediate Past President

Paul D. Wadsworth, Parliamentarian

Jim Lubic; CMW, Executive Director, Education & Technical Director

Tom Pack, CPA, Finance Director

Lucy Fuleki; Assistant Executive Director

Introduction and Recognition: Jim Door, AWCI President

Everyone stood and introduced him/her self, beginning with the Board of Directors, and extended to the attending representatives in the audience.

Opening remarks: Jim Door, AWCI President

Welcomed everyone, and stated that AWCI is on track, we have a bright future, and we are working on major changes and programs coming to fruition.

Procedures and Rules:

Only Board members can make or second a motion. The only exceptions are official recommendations from appointed committees. Motions from REC and IAB will need a second. For the audience, please go to a microphone and wait to be recognized from the chair. Then state your name, speak only on the subject at hand. There will be a 2 minute limit, and you can only speak once on a subject, unless there is enough time, or to answer a question from someone on the Board. Then we will try to present alternate views. As a common courtesy, make no reference to anyone's motives. First Board members, then some one in audience who has not spoken before, then as time remains to one who has spoken before.

The rules for the Board are: the limit does not apply to one who is making a motion, such as a committee chair or to Board members, but may be limited by the chair, if need be. A subject may be

discussed informally before the motion is made. The person making the motion will be responsible for giving the secretary a written copy of the motion.

Today, there will be some voice voting when we vote on procedural matters, secret voting when we have the elections, and roll call voting for the rest. If there is an objection on any voice vote, we will go to a roll call vote.

Appointments: President Door explained that Paul Wadsworth has been appointed Parliamentarian for the year.

State of the Association: Jim Lubic, CMW; Executive Director reported:

Thank goodness for the Perpetuation Fund. If it wasn't for the Perpetuation Fund, we would have been out of business a long time ago. It has allowed AWCI to sell its services below cost for years. Without it the dues today would range from \$150 to \$200 higher than they are now. The other side of this is not so positive. Operating at a loss has proven unsustainable. Past leadership never saved money, never worked to build a rainy day fund. AWCI must make a 180° change in its operational philosophy. We must find ways to recruit more members and eliminate the deficit spending of the last few years. The survey of 2001 indicated that Horological Times is our main benefit, and we learned that if we wish to become a professional organization, we will have to strengthen our products in other areas such as the Certifications.

Here in August 2006, our CW Exams are now recognized by industry, especially Rolex and Omega. These certifications give an avenue to pursue the purchase of spare parts.

Project CW is a break even situation now but will be in a profit situation next year.

The Clock Certification program is entering the pilot stage, working without help from the industry such as the watch program had. We are now working on two new certification programs, the certified Watch Specialist, and the Watch Technician..

Jim gave figures for the pool available to take the certification exams leading him to believe that AWCI has an exciting future.

CONSTITUTIONAL COMMITTEE REPORT

Finance Committee: Jim Zimmerman, chairman,

Jim gave the report on the year just finished, Tom Pack handed out copies of the last year's budget. The final total was a deficit of \$71,000 under what was budgeted.

Jim thanked the office staff and the board members who helped over the past year.

The new budget figures will be presented under the New Business section.

Constitution and By-Laws Committee: Paul Wadsworth, Parliamentarian

This committee was called upon twice the past year to rule on things, and those are in the written report

Nominating Committee for Board of Directors: Alice Carpenter, Chairman,

The work of the nominating committee was completed, and the new Directors will be sworn in later during this meeting.

James M Dodson Perpetuation Fund: Report given by President Jim Door.

Ross- Sinclair oversees our investments. At the end of last year, we had approximately \$7.5 million in that fund. At the end of June this year it had increased to \$7.7 million. The funds from the sale of the Packard collection is restricted to being invested in Government backed funds. The return was approximately 5 to 6.7 percent. Other funds also invested, such as the life membership dues, which were not restricted, earned approximately 8 percent last year.

STANDING COMMITTEE REPORTS

Education Committee, Jerry Faier and Dr Vincent Schrader reporting.

Jerry Faier, reported:

In addition to the written report in the packet, that he had given out material at the IAB meeting that explained that the WT 1 program had been renamed Watch Specialist, and that person would be more of a sales position rather than one who deals with the insides of watches.

The WT 2 has been renamed Watch Technician and will be doing the crystals, batteries, bands, etc.

There have been surveys to indicate that we are going in the right direction

There has been a vacancy on the Board of Examiners that will need to be filled. Bob Ockenden needed to resign because of family obligations. Mr. Faier commented on the tremendous involvement and help and the participation of the IAB in developing the program. They have helped us create a first class product in the CW-AWCI. We hope to do the same thing with the clock maker exam. We will be doing the first pre-pilots soon. There are 9 pieces of this exam, 5 of which will be done under observation by an AWCI endorsed mentor. Hope by September, to have some of the piloting of the entire exam. Hope by the next year to do some of the formal CC exams. Mr. Faier has been asked by clock supply companies about an endorsement from AWCI for them to develop and sell a package that the students may buy for the exam. The package may contain the movements and/or materials needed for the exam itself. This would reduce the cost to AWCI and might also reduce the cost to the candidate. He also pointed out that AWCI needs to take a close look at how we can create marketing opportunities using the certifications as a springboard. We are also working to develop test methods that minimize the need for destroying the movement. Mr. Faier commented that he can now refer customers to AWCI.com to see there the 26 points that he does on clock repair. This is a tremendous marketing tool for his business.

Dr Vincent Schrader, Chief Examiner

Dr Schrader reported:

During the past year, the members have received reports through Horological Times.

While the plan had officially given the go ahead to implement the CW-AWCI testing in 2005/2006, the real start seemed more to coincide with the Rolex letter submitted at the mid year meeting which stated that certification would be a part of their requirements to receive parts accounts.

Since then, the Swatch group followed, and in informal talks with Jaeger LeCoultre, they requested that they be supplied with a list of names of CWs which will be their guide to determine who will receive accounts with them. There has been tacit recognition of our work on the WT1 and WT2 programs by many of the major watch manufacturing groups. Richemont in particular has stated its support for the programs as well as provided monetary support to students in their effort to become certified. There have been approximately 117 individuals who have taken the exam in one form or another including those who participated in the pilot versions of these tests. This year, there have been 60 now who have taken the exams, and the estimate is there will be 100 by the end of the year with exams scheduled for August, September, and October. There has been a pass rate of 50% after the initial exam session. Those who pass 3 of the 5 components of the exam, can retest, and the overall pass rate of the exams is expected to be 60%. The test is a reflection of the Standards and Practices adopted by AWCI. The S&P sets very high standards and they now help to define AWCI itself. As for the standards being developed for the WT1 and WT2, the committee has worked out its own list of criteria and has now found that it is very similar to that suggested by manufacturers. Dr. Schrader felt that it is important to note that the manufacturers did not dictate the standards since they were developed independently. They are now in the process of developing the final version. Several motions have been referred to the Constitution & By-laws Committee, and our attorney

Horological Times Committee: Ron Iverson, Chairman

This committee is looking into trying to get better and greater content, and has reviewed all the articles that were presented to them.

Jerry Faier asked the question: What is the policy to repeated publications by the same author,

or in other words, either serialing or some guy writes an article on something and then getting published again the next month.

Ron Iverson's answer: I don't think there is a set policy. If it is good input, we are happy to have it.

Book Review Committee:

Robert D. Porter, CMW. The written report in the binder states that there are books in the process of being reviewed right now.

Membership Committee: Jerry Kincaid, Chairman

Jerry Kincaid, reported that there was nothing new to report right now.

Honor Awards Committee: Dennis Warner, Chairman

Dennis Warner recognized the members of his committee: Ewell Hartman, Dan Spath, Jerry Kincaid, Terry Kurdzionak, and Jack Kurdzionak

This committee has worked hard compiling the requirements for the fellowship award, which will be published in HT. That way if some member reads the requirements, he may have someone as a candidate. This has been put in the Policy Manual.

And the committee has come up with two new awards: the Outstanding Achievement Award, and the Meritorious Award. These requirements are in the Policy Manual.

The work of the committee will be presented tomorrow night at the Awards banquet.

Ethics Committee Gene Bertram, Chairman.

This committee has been researching and gathering information and expect to have some definite output in the next couple of months

Watch Product Review Committee: David Fahrenholz, Chairman

The written report is in the binder.

After discussion about the project of this committee, President Door entertained a motion,

MOTION #34: made by Dennis Warner, seconded by Matt Henning

To discontinue the Watch Products Committee,

Roll call vote: Motion passed unanimously.

Member Forum Committee: Mark Butterworth, Chairman

This committee has been somewhat active, expect to have some reports ready for action in the next few months. Discussion explained that there were several motions made, some not unanimous, that need to be made in the annual meeting, since a motion that is not unanimous will not pass unless made in person or by teleconference.

Discussion is whether or not it should be tabled.

MOTION #35: made by Willem Van Kempen, seconded by Jerry Kincaid

To postpone motion #27 until the committee reports back on motion #25..

Roll Call Vote: motion passed unanimously

Doug Thompson, withdrew his motion, which was motion #33, made on July 27, and was never voted on.

Which was: to restrict AWI Matters to strictly a technical and educational forum and to create a forum on the AWI website for policy, political and issue bulletin board subject to rules created to govern those two sites.

SPECIAL REPORTS

ELM Trust report postponed until tomorrow.

Affiliate Chapters: Jerry Kincaid, Affiliate Chapter Director
Jerry announced that they had a good session and elected the new officers, Wes Cutter, Director, and Dan Spath, Vice Chairman.

Research and Education Council: Doug Thompson, Director
His written report is in the binder, and he has nothing to add at this time.

Industry Advisory Board: Willem Van Kempen, Director
Mr. Van Kempen, who is stepping down, said he was happy at being a part of the organization and wished us continued good luck. The new director will be Jack Kurdzionak.

MOTION #36:

President Door asked for the approval of the new Director of the Affiliate Chapter Chairman, Wes Cutter; the Director of the Research and Education Council, Elbert Lewis; and the Industry Advisory Board, Jack Kurdzionak.

This motion needs no second, coming from the President.

Roll Call Vote, motion passed unanimously.

Meeting recessed for 15 minutes.

Respectfully submitted,
Alice Carpenter, outgoing Secretary

NEW BUSINESS Friday, August 4th 3:20 pm

Installation of New Directors:

The following Directors were sworn in by Jim Door.

Elected Directors: Glenn Gardner, James Sadilek, and James Zimmerman

Affiliate Chapter Director: Wes Cutter

Research and Education Council Director: Elbert Lewis

Industry Advisory Board Director: Jack Kurdzionak

Election of Officers;

Chairman of the Nominations of Officers Committee, Alice Carpenter presided over the election of the following officers by secret ballot. The newly elected officers were then sworn in by Alice Carpenter.

President: Dennis Warner

1st Vice President: Mark Butterworth

2nd Vice President: Gene Bertram

Treasurer: Jack Kurdzionak

Secretary: Matt Henning

Motion #1 made by President Warner:

To confirm the appointment of Alice Carpenter as a trustee of the James M. Dodson Perpetuation Fund.

Rationale: The Board of Trustees consists of the President, the Treasurer, the Executive Director, and three appointees. The current appointees are Charles Cleves, Alice Carpenter, and Mark Butterworth. Alice's term ends this year. To be qualified for the position, a candidate must be a past President, or a past Treasurer.

Hand vote. Motion passed unanimously.

Finance Committee Report:

Jim Zimmerman summarized the proposed budget. He touched on highlights such as the separation of the Certification programs from the Education category under both the revenues and expenses, which places them into their own category. This explains the large changes in the line items from last year. He also discussed some of the major changes to the budget, such as the increase in real estate tax and interest expense for the building in Harrison, OH, as well as changes to line items such as Horological Times writer's fees, and also publicity expenses. The total budget for 2006-2007 is \$1,483,264. (05/06 was 1,329, 049) AWCI would be carrying a deficit of \$258,614.63 in 06/07 (in 05/06 it was \$133,094)

Treasurer Kurdzionak began the process of approval of the new budget by introducing the motions put forth by the finance committee one at a time. Coming from the Finance Committee, the motions need no second.

Motion #2 Made by Finance Committee

Move that regular member dues be increased from \$83 annually to \$98 annually, effective upon passage of the 2006-2007 AWCI fiscal year budget.

Rationale: The Committee recognizes that general inflation requires that regular increases to the dues structure must be made. It is the Finance Committee's informal policy to always review the dues structure, and to generally recommend at least a small increase in dues just to cover inflation. It is important for dues to start covering more of the day-to-day operating costs of AWCI, as well as the regular expense increases we experience in operating AWCI. This larger than normal dues increase is a solution to both of those problems.

Discussion: A question arose regarding the projected decrease in dues revenue despite the increase in regular dues. The previous reduction of membership from this time last year as well as the expected reduction in future membership were given as the reason. It was further explained that all other categories such as senior, student, and lifetime dues would be affected accordingly.

Roll Call Vote. Motion passed Unanimously.

Motion #3 Made by Finance Committee

Move that the Home Study Course for Clocks fees be increased from \$750 for members to \$800 for members and from \$835 for non-members to \$900 for non-members, effective upon passage of the 2006-2007 fiscal year budget.

Rationale: The fees for the home study course have not been raised for a few years. During that time, expenses for staff time, shipping costs and materials have all gone up. The Committee felt it was time to raise the fees for these courses in order to keep up with general inflation.

Discussion: Question about why the differential between the member and nonmember fee is not much more than the cost of dues. The reason is that we wish to encourage non members to join, but without raising the bar too high.

Roll Call Vote. Motion passed Unanimously

Motion #4: Made by Finance Committee

Move that the Certified Watchmaker full exam fee be raised from \$1,150 to \$1,500, effective upon passage of the 2006-2007 fiscal year budget.

Rationale: The fee for the full certified watchmaker exam was set at its current level based on limited experience with putting on the exam. Now that we have some real experience under our belt, we know what the costs are to put on the exam. This increase will enable us to cover costs of the exam.

Discussion: Question as to whether the \$1500 will cover AWCI's cost to administrate the exam. Answer is yes based on having 8 examinees in the test session, and includes travel and supplies.

Roll Call Vote. Motion passed Unanimously

Motion #5: Made by Finance Committee

Move that the Certified Watchmaker upgrade exam fee be raised from \$300 to \$500, effective upon passage of the 2006-2007 fiscal year budget.

Rationale: Same as for motion #4 above.

Discussion: Question as to how this fee for an upgrade affects the cost of holding an exam in relation to the 8 person minimum stated above. Answer: The shortened exam for upgrade candidates allows opportunities to cut costs to make up the difference. If a large number of candidates are upgrades, this might allow one of the administrators to leave earlier in the week saving room and board costs, supplies costs, as well as assessor costs are reduced.

Roll Call Vote. Motion passed Unanimously

Motion #6: Made by Finance Committee

Move that the Student Certified Watchmaker exam fee be raised from \$575 to \$1,500, effective upon passage of the 2006-2007 fiscal year budget.

Rationale: Same as for motion #4 above. Students currently pay 50% of the full exam rate, per long established practice at AWCI. AWCI is unable to absorb such a large discount, and must increase the exam price to at least cover costs.

Discussion: AWCI has determined that there is no requirement in the AWCI Constitution, Bylaws or Policy Manual to provide such a discount. It was decided that AWCI simply can't afford to provide the test at such a reduced rate. This increase reflects the basic cost of the exam.

The point was made that this sends a bad signal to the students who we hope to bring into our organization, that they are already financially strapped and this will place an enormous burden upon them.

It was also pointed out that AWCI hopes to receive donations from various sources to offset the cost to the students, and in order to do so we must first officially show what the true cost is.

Roll Call Vote. Motion passed 9 votes to 1 (Mark Baker Absent)

Voting Yes: Butterworth, Bertram, Kurdzionak, Henning, Gardner, Zimmerman,
Iverson, Lewis, Sadilek.

Voting No: Cutter

Motion #7: Made by Finance Committee

Move that the Certified Watchmaker exam be made available to WOSTEP diploma holders for \$500, effective upon passage of the 2006-2007 fiscal year budget.

Rationale: Recognition of the WOSTEP diploma is necessary for us to move ahead with our plans to have our certification programs accepted in this industry. There are several areas of overlap with the two exams. It makes sense to accept the work done on the WOSTEP exam instead having the candidate redo that work for AWCI. Proper verification of the work done by a candidate on the WOSTEP exam will be done prior to allowing the candidate to take the CW exam at this rate. There will be reduced expense for AWCI to put on this exam, since there won't be as many supplies and movements needed, and there will be less grading needed. It will be similar to the upgrade exam in that respect.

Discussion: It is pointed out that the WOSTEP test is very similar to portions of the AWCI-CW exam. The BOE feels comfortable reducing the test given to successful WOSTEP graduates to a length and content similar to that of the CW up-grade exam. This motion would align the finances with that.

This would not extend to graduates of schools that do not provide the WOSTEP curriculum, where in the past all schools were treated the same.

It was pointed out, and confirmed by Vince Schrader that the exam would have to be taken within one year of passing the WOSTEP exam. When asked if this should be included in the motion, it was explained that things like that would be sorted out in the exam policy by the BOE.

The earlier pass/fail history of WOSTEP students is not an accurate measure of the ability of WOSTEP graduates to pass the entire exam since those tests were not take by full graduates. Some of those tests were also pilot exams and not a valid comparison.

Roll Call Vote. Motion passed 9 votes to 1

Voting Yes: Butterworth, Bertram, Kurdzionak, Henning, Gardner, Zimmerman,
Iverson, Cutter, Sadilek.

Voting No: Lewis

Motion #8: Made by Finance Committee

Move that Bench Course fees be increased from \$145 per day to \$160 per day, effective upon passage of the 2006-2007 fiscal year budget.

Rationale: The expenses incurred to put on a bench course continue to rise, and it is imperative that any programs put on by AWCI at least break even. Even at this increased rate, our fees for professional training are still well below industry averages for what other professional trade associations and corporations charge for continuing education.

Roll Call Vote. Motion passed Unanimously

Motion #9: Made by Finance Committee

Move that the fee charged to AWCI Affiliate Chapters to purchase a bench course be increased from \$800 per day to \$1000 per day, effective upon passage of the 2006-2007 fiscal year budget.

Rationale: Same as for Motion #8 above. Even at this increased rate, eight attendees at a course works out to \$125 per day, which is below even our current rate were that person to attend the same course on their own. It continues to provide the chapter with the motivation to set up a course for their members and still realize a profit, which helps them out as well.

Discussion: Question from Floor: Are the courses limited to eight people, or can a chapter invite more in order to make a profit. Answer: The courses are not limited to 8 people. The maximum is usually 12.

Roll Call Vote. Motion passed Unanimously

Motion #10: Made by Finance Committee

Move that the daily fee for AWCI Academy full day courses be increased from \$95 per day to \$120 per day, effective upon passage of the 2006-2007 fiscal year budget.

Rationale: Same as for Motion #8. This rate does not affect the evening courses that are offered at the AWCI Academy.

Roll Call Vote. Motion passed Unanimously

Motion #11: Made by Finance Committee

Move to increase REC school annual dues from \$100 annually to \$125 annually, effective upon passage of the 2006-2007 fiscal year budget.

Rationale: These dues have not been raised in a few years, and even then they were artificially low. With the benefits that are offered to REC schools by AWCI, and with general increases in operating AWCI and providing those benefits, it is necessary to increase the dues rate.

Discussion: A question regarding the REC dues History. Dues were last raised from \$50 to \$100 approximately 6 years ago.

It was pointed out that though the dues for every school are the same, one could question whether they are being treated the same given the action taken in Motion #7.

Roll Call Vote. Motion passed Unanimously

Motion #12: Made by Finance Committee

Move to increase Affiliate Chapter annual dues from \$100 annually to \$125 annually, effective upon passage of the 2006-2007 fiscal year budget.

Rationale: Same as for Motion #11 above Affiliate chapters are afforded many of the same benefits as REC schools, and have some benefits that are not available to REC schools.

Roll Call Vote. Motion passed Unanimously

5 MINUTE RECESS called by Treasurer Kurdzionak. Meeting resumed at 4:35 pm.

Motion #13: Made by Finance Committee

Move that the proposed budget for fiscal year 2006-2007, as previously distributed to and discussed by this committee, be presented to the AWCI Board at the annual meeting to be held August 3-6, 2006 in Seattle, WA for their vote.

Rationale: This budget allows for the support of the programs currently in place and for expansion of the certification programs. Explanations of those programs and the funding needed for them can be found in the notes that accompany the budget. Further notes concerning the various categories of the budget can be found in those same notes.

Discussion: A concern arose regarding the projected expenses for Certification, and that it would be nice to have a breakdown of those expenses. Various points were explained including that Vince Schrader's fee is included in those expenses. Most of his time is applied to the CC and WT, but part of his time is applied to the CW as well. The staff salaries are not included here. The staff plans to begin breaking those staff salaries down into line items of that type. It is concluded that the revenue for Certification shown will only cover direct expenses, and not the staff expenses, and that any change in such allocations would not change the bottom line of the overall budget.

When questioned, Tom Pack explained the nature of the interest expense. The rate is variable and jumped from as low as 1.2% to approximately 5.5%. He also explained that the real estate tax had been mitigated by an abatement provided by Hamilton County. The duration was 10 years and it has just expired. This represents an increase in cost with no matching revenue.

Question was asked regarding the contract to publish HT. The current contract has been in effect for 3 or 4 years. We have a good relationship with the publisher. He has not raised our costs in that time, but it might not be a bad idea to reexamine the situation.

Question regarding the costs of the CC and WT. Given that there is no revenue, and so no testing costs, what are the costs involved? Items mentioned: development costs including travel to CC pre-pilot exams, and committee meetings, as well as cost for materials.

Question as to the anticipated fee to take the CC exam. Unknown at this time.

Roll Call Vote. Motion passed Unanimously

Motion#14 Made by Glenn Gardner, seconded by Jim Sadilek

Move that 5/3 Bank of Ohio be continued as our financial institution for 06/07. That Ross Sinclair and Associates continue as our financial advisor. That Pershing Bank of NYC is continued as the clearing house for Ross Sinclair. That we keep the safe deposit box at West Bank of Harrison, Ohio. That 1st National Merchants Solutions, of Omaha Nebraska continue as our credit card processing bank.

Voice vote. Motion passed unanimously.

Motion #15: Made by President Warner

Move to appoint Paul Wadsworth as Parliamentarian, and to appoint Jim Door to the Constitution and Bylaws Committee.

Voice vote: Motion passed unanimously.

Meeting Recessed at 4:55 PM, Friday.

Sunday, August 6, 2006, 8:48 AM

Board of Directors Meeting reconvened in executive session.

Executive session ended at 9:20 AM.

The Board authorized Director Sadilek to continue operating his website, ccwatchmaker.com

Open session began at 9:30 AM.

In attendance:

Dennis Warner CW-AWCI, President
Jim Door, Immediate Past President
Mark Butterworth, 1st Vice President
Gene Bertram, CC; 2nd Vice President
Matt Henning, CW; Secretary
Jack Kurdzionak, CW-AWCI; Treasurer (IAB Director)
Wes Cutter, Affiliate Chapter Director
Glenn Gardner
Ron Iverson, CMC
Elbert Lewis, REC Director
Jim Sadilek
James K Zimmerman, CMW, CMC, CMEW
*absent—Mark Baker, CMW

Paul Wadsworth, Parliamentarian

Staff:

James E. Lubic, CMW; Executive Director, Education and Technical Director
Lucy Fuleki, Assistant Executive Director
Tom Pack, CPA; Financial Director

Affiliate Chapter Report and proposals Presented by Wes Cutter, Affiliate Chapter Director

Wes Cutter reported that the Affiliate Chapter meeting was upbeat. He mentioned highlights such as the Massachusetts Watchmakers-Clockmakers Association celebrating its 50th anniversary; the Minnesota Watch & Clockmakers Association held its 80th convention, the North Carolina Watchmaker's Association has revived its newsletter; the Capitol Area Watch and Clockmakers Guild of Texas is growing and becoming more active; and the Washington State Watchmakers & Clockmakers Association has restarted its chapter. The Horological Association of Virginia overcame the loss of their clock class, which was closed down by the state. They started their own course and have over 30 people signed up for the spring. The Chronometer Club has over 190 members and is aiming to pass 200 this year.

The Chapters voted to come forward with the following proposals:

The Affiliate Chapters propose a Constitutional Amendment to allow more flexibility in investing the AWCI Perpetuation Fund. They also point out that there is significant expertise within the chapter membership to help in establishing the exact parameters for such an amendment..

President Warner explains that this cannot be taken as a valid motion, and that more discussion of this subject will come from the Trustees of the Perpetuation Fund

Paul Wadsworth (parliamentarian) explained that there is a motion coming before the Board to begin the process of changing the Constitution, which cannot be done until the next election with the approval of the membership. The wording is put together to satisfy what the Affiliate chapter is requesting.

Gene Bertram pointed out that the Affiliate Chapters also expressed a willingness to help with advice for the actual investing of the funds.

Motion # 16: Made by Wes Cutter, seconded by Glenn Gardener

Any new AWCI project involving more than Fifty Thousand Dollars (\$50,000) to start, or over One Hundred Fifty Thousand Dollars (\$150,000) total, shall be electronically distributed to AWCI members in a needs/cost proposal, which includes clearly stated goals and clearly defined metrics with a process which will define progress toward achieving those goals. Members will have at least two weeks to comment to the AWCI organization committee on the merits of such a proposal before the Board of Directors' approve these projects.

Rationale: The Affiliate Chapters would like to have a little more involvement in the major decision making within the organization. This would also allow them to have a better understanding of what's going on.

Discussion: When issues are brought before the Finance Committee, much of the information needed to do this is normally provided.

This would encourage more thought and study of a given proposal and a clearer establishment of the intended goals.

There is a concern about what we do in emergency situations where we need to spend more than \$50,000. Such a situation is not anticipated but it is not impossible.

By putting a two month comment period(as originally proposed) this will seriously tie the hands of the Board. Anything proposed in an Annual meeting would then have to wait for two months before any action can be taken.

An amendment to switch the comment period to 2 weeks is suggested.

The definition of "project" might be questionable. If the idea is to create more openness between the Board and the members, there are other ways to go about it.

A question comes up as to whether this is retroactive. It is related that this is not the intent behind the motion.

From the floor: It has been observed that the board does things that the members have no say in. The primary purpose of this would just be to give the members information and a chance to weigh in.

One questions why we elect board members if we are going to do something like this. It seems to reduce their authority.

We should also include those who do not have access to email.

The proposal is not asking for any more than would be reasonably expected by any bank in seeking a loan. This will also help to more clearly define the member comment period.

Roll Call Vote: Motion passed 6 to 4.

Voting Yes: Butterworth, Henning, Gardner, Cutter, Sadilek, Lewis.

Voting No: Bertram, Kurdzionak, Zimmerman, Iverson.

Motion #17: Made by Cutter, seconded by Gardner

AWCI needs to communicate/broadcast the training/certification process to add value to the various certifications so that the general public will request (and know to request) certified repair persons. If AWCI needs money to finance this, we would like to have manufacturers be asked to contribute as they are the beneficiaries of having more and better certified repair people.

Rationale: AWCI has created a wonderful new program, and nobody outside of AWCI actually knows about it. The consumers are best situated to make the Certification a success, but they must know what it is about, and how it benefits them to ask for certified horologists.

Discussion: This proposal basically supports the publicity committee asking them to do their job. There are ways to get free publicity, we just need to learn how to go about it.

Some have experienced situations where they have mentioned membership in AWCI only to find that this organization is not well known.

From the floor: This should include materials for Jewelers to advertise their use of Certified watchmaker.

This really boils down to what is commonly called branding. The marketing behind this can become very costly.

It was also pointed out that this topic came up last year and the Board promised to take action.

President Warner cited the comment about the expense of such a campaign as a reason to refer this motion to the Finance Committee without a vote. He expressed that the Board does intend to take action on this issue, but that further study of it, as well as how to pay for it is needed before we can take definitive action.

Wes Cutter said the Affiliate Chapters will start an Educational Fund (part of ELM Trust) to pay students' AWCI membership and to help defray the costs of examinations. Jerry Kincaid said Chapter 102 is currently doing this same thing. Wes Cutter pointed out that by having as part of the ELM Trust gives it tax exempt status, and provides for clearer more open handling of the money.

Report of the Research and Education Council: Presented by Elbert Lewis, REC Director

Mr. Lewis stated that the REC does not wish to bring forth any proposals at this time. He expressed that the REC considers it a privilege, and an honor to be a part of AWCI. He asks for AWCI's continued support in educational coordination and in the funds supplied in support of REC meetings. This allows the members of the REC to visit each other and to communicate with each other in its continuing efforts to standardize training. He announced that the REC will hold its next meeting in Secaucus, NJ at the Swatch facility. Director Lewis thanks AWCI for its continued support and reminds us all that we should work together as equals toward a common goal.

Report of the Industry Advisory Board presented by Jack Kurdzionak, IAB Director

Mr. Kurdzionak reported that The Industry Advisory Board has adopted Bylaws. Within the new bylaws they have created provisions for voting rights. They have also adopted a proposed membership benefit for its members. Jack Kurdzionak was named chairman. Tamara Houk was named Vice Chairman. The IAB is not presenting any Proposals this year. Their goal this year is to bring all disparate groups (manufacturers, distributors, material houses, service centers, etc.) together

to work under the IAB so that they can begin to work as a team. The IAB hopes to help provide funds to support the increased cost of Certification for the students in the various schools.

Motion #18: Made by James Zimmerman, no second needed
Director Zimmerman moved that we change the AWC Bylaws, Article XV, Sec 4 by removing the 1st and 4th sentences. (Remove lines shown in bold face)

Sec. 4:

Constitutional and Standing Committee Members and a chairman for each shall be appointed by the President within thirty (30) days after he/she has taken office, with the exception of the Nominating Committee for officers and the James M Dodson Perpetuation Fund. Committee members shall be members of the Institute in any classification which has voting rights. The committee appointees shall require the approval of the Board of Directors. **These terms of office shall be for one year.**

Rationale: This allows us to have committees stay in place until changed by the President, rather than having a specified date. The current 30 day period represents an enormous difficulty for an incoming President.

Roll Call vote. Motion Passed Unanimously

Proposed Motion Made by Gene Bertram, no second
Move to change Article XX, Sec 1, of the Constitution as follows: Begin the 4th sentence by inserting "A minimum of 85% of". Add a 5th sentence: "The remaining principle may be invested in investment grade securities". Add a 6th sentence: "The fund trustees shall direct the fund strategies as per the Bylaws."

Article XX Sec 1: Proposed additions in **Underline**.

Sec. 1 The Institute shall establish and maintain The James M. Dodson Perpetuation Fund. The money derived from the sale of any of the AWI Packard Collection watches shall become a part of the Fund and shall constitute the principal amount of the Fund. The principal shall be held as such and shall not be expended except as authorized in the Bylaws. **A minimum of 85% of** the Fund principal shall be invested and reinvested only in securities guaranteed by the full faith and credit, or insured by an agency of the United States Government. **The remaining principle may be invested in investment grade securities. The fund trustees shall direct the fund strategies as per the Bylaws.** Income received on investment of Fund principal may be paid over and distributed to the Institute's general fund.

Rationale: This would allow investment of up to 15% of the James M. Dodson Perpetuation Fund in funds that produce a higher yield, while leaving the majority of the Fund in low risk, low yield Government backed funds. The purpose is to allow an opportunity to increase income from the Perpetuation Fund, while maintaining the overall conservative strategy used to set up the Fund originally.

Point of Order: Jim Door explained that as a proposed amendment to the Constitution, the proposal is open for discussion only. No vote of the BOD can be taken at this time. After the discussion, if 30% of the Directors approve, the proposal goes to the Constitution and Bylaws

Committee to make sure there are no conflicts and that it is in the proper form. If they approve it, the proposal will be placed on the ballot in the next election for member approval.

Discussion: A question as to why 15% specifically as opposed to 20% etc. It was felt that this was a fair compromise between making it worthwhile and maintaining a conservative position, and that it would be easier to gain the approval of the membership.

Concerns were raised about maintaining the original principal, that in its final form, the proposed amendment must not allow any transfer of money from the principal of the Perpetuation Fund to the AWCI general fund. That this should be made clear for future leaders. Bertram explains that such transfer of funds is not the intent.

This represents the first time that we will be putting principle at risk, and that provisions should be put in place in the event that this money is lost during the course of investment. Also, the Amendment etc. should be careful to specify exactly what types of investments are allowed. Jim Door explains that some of those topics will be handled in a Bylaws change that would be passed if the members approve the amendment.

The Perpetuation Fund was originally set up to be “bullet proof.” Though this has protected the principle, it has also severely limited our income potential over the years. As a result, the Fund has not grown with inflation, and its market value is not so large as it once was. This has been exacerbated by spending the interest over the years.

Tom Pack asked for and received clarification that the 15% is based on the \$7.1 million definition of the fund amount.

President Warner said this will be discussed and reworded several times before going to the AWCI membership for a vote.

Motion #19 Made by President Warner
Move to appoint Jon Horton as chairman of the Case Mark Committee

Roll Call vote: Motion Passed Unanimously

Motion #20 Made by President Warner
Move to appoint Henry Kessler, of Sy Kessler & Association to Chairman Trade Fair Booth Committee.

This was tabled pending confirmation of Henry Kessler’s status as a “Regular” AWCI member.

General Discussion:

Opened by President Warner.

Wes Cutter asked about the status of Student voting rights. Jim Door explained that there is some confusion as to the status, that he will have to check some information when he returns home, and added that if they do not currently have voting rights, a motion will be brought forward.

Glenn Gardner voiced the need to set the location of next year’s annual meeting and further pointed out that it would be wise to begin designating the location 2 years in advance. Many agreed.

Much discussion regarding the location of the Annual Meeting. Suggestions included Maryland, Cincinnati, Texas, St Louis.

It was suggested that the staff take the time to write up guidelines regarding the Annual meeting to aid the local committee.

Motion #21 Made by Glenn Gardner Second by Henning
Move to set the location of the August 2-5, 2007 Annual Meeting in Cincinnati

Discussion: A question from the floor about why the meeting is in August and not later in the year when travel expenses might be lower. It is explained that the early August date is more in line with the fiscal year, and in fact it would be better if it were earlier, and that it's better to be consistent with the schedule for vendors, etc. It is also better aligned with the school year – both for the REC members and for public schools.

Roll Call vote: Motion passed Unanimously

Motion #22 Made by Gardner, second by Bertram

Move to set the Policy mandated conference call dates be set as follows: Wednesday, October 18, 2006 and the Mid-Year Meeting for February 2-4, 2007. The third quarter conference call will be Wednesday, April 18, 2007, at 8 pm EST.

Voice vote: Motion passed unanimously

Motion #23 Made by Bertram, Second by Gardner

Move to set the location for the August 7-10th 2008 Annual Meeting in St. Louis, MO

Voice vote: Motion passed unanimously

General Discussion:

Sadilek commented that we should think about having the full Board present at the mid year meeting. Concerns were voiced about the cost, and that this would have to be studied. Doing so would require us to call for a “special meeting” otherwise though the Directors could all attend the Executive Committee meeting, they would not have a vote. It was pointed out that perhaps we should consider revamping the midyear meeting to be more like the Annual Meeting so that we give more members an opportunity to be involved in the organization.

There was discussion about this year's Vendor Fair, and the actions taken by a few of the Vendors in protest of the Boards Decision on the Consent Decree (Motion #24 – April 06). Discussion centered around how the Board should react to this. It was decided to let it pass, and that we should make more effort to recognize the Vendors for their positive contributions to AWCI.

Executive Director Lubic suggested that, pursuant to Attorney Scott Gilligan's recommendation, a rate be set for nonmembers to take the certification examination. As discussed in the Strategic Planning Committee's report. President Warner said this suggestion would go to the Finance Committee and the Constitution committee for consideration. There are several issues that need to be considered.

Sadilek relayed the experience of a member who was told that when he signed up to take the CW upgrade exam, he invalidated his earlier CW regardless of whether he passed or failed the upgrade. Lubic did not think that this was true, and would follow up on it. He explained that the Education Committee and the Attorney did the wording on those types of documents and he doesn't have the exact wording memorized. Dennis pointed out that the people to ask would be the Education Committee, and since none were in attendance he would follow up as well. He also did not think it was true and thought if it were, we would be changing that.

President Warner took a moment to thank the hosts of this year's meeting, The Washington State Watchmakers and Clockmakers, as well as all the folks who contributed to setting up this years meeting including Terry Kurdzionak, and Lucy Fuleki.

No further business was brought before the board, and the meeting Adjourned at 11:32 a.m.

Respectfully submitted,

Matt Henning, Secretary