

AWCI Board of Directors Meeting Minutes 2007
Radisson Cincinnati Riverfront
Friday, August 3, 2007, 1:30 p.m.

Present:

Dennis Warner, President
Jack Kurdzionak, Treasurer (IAB Director)
Matt Henning, Secretary
Mark Butterworth, Vice President
Paul Wadsworth, Parliamentarian
Glenn Gardner, Director
Mark Baker, Director
Ron Iverson, Director
Elbert Lewis, REC Director
Wes Cutter, Affil. Chap. Director
Jim Zimmerman, Director
Jim Sadilek, Director

Paul Wadsworth, Parliamentarian

Staff:

James E. Lubic, Executive Director
Lucy Fuleki, Assistant Executive Director
Tom Pack, Finance Director

Guests:

Scott Gilligan, Legal Counsel

Absent:

Jim Door, Immediate Past Present

President Warner opened the meeting and asked for the invocation.

Invocation: Lead by Director Elbert Lewis

Salute to the Flag: Lead by Jack Kurdzionak

President Warner gave opening remarks. He asked all who speak to speak into a microphone because the meeting is to be recorded. He recapped the past year, highlighted a few things coming up in the meeting and introduced two people from the NAWCC who are in attendance, Chairman, Phil Gregory; Past President, Doug Cowan.

Warner then asked for approval of the following appointments:

- Paul Wadsworth appointed Parliamentarian
Voice vote passed unanimously

- Mark Butterworth, Mark Baker and Gene Bertram appointed to the Nominating Committee
Voice vote passed unanimously

State of the Association: Jim Lubic spoke briefly on the following points. He asked that the staff stand up and be recognized both for their hard work, and their enduring of the changes that have been going on at HQ. He believes that the worst is behind us, noting the Rolex letter requiring every spare parts account holder to be an AWCI member, the booth at the JCK Show in Las Vegas was a success and both contributed to 280 new members by end of June. This happened in fiscal 06-07 and is the first time since 1991 when membership dues exceeded the budget figure. People are calling HQ interested in learning about Certification. The CC21 is nearing completion, and we are working on the WT, and WS. He believes that the last two as well as the planned Clock Assistant certification will prove to be a big boost to our membership numbers.

Finance Committee Report: Jack Kurdzionak stated that 2006/2007 year financially speaking was not a success. He thanked the following people for their valuable help on the Finance Committee: Jack McCarty, Tom Jeswald, Glenn Gardner, Mark Butterworth and Dennis Warner. Last year the deficit was \$210,000. We had a downturn in Perpetuation Fund income, and there were some unexpected increases in various expenses. The Finance Committee met in June on Father's Day weekend in Harrison, and together with the staff worked out a budget that has a deficit of only \$27,000. They did their best to make sure the numbers made sense. This was one of the concerns he received informally from members of the Board and the committee did their best to integrate them into the new budget. He listed some of the changes made both at mid-year and in the new budget:

- Directors voted to take no travel money.
- Affiliate Chapter reimbursement was reduced by \$100.
- Dues were increased from \$98 to \$125.
- Finance Director reports every 2 months rather than 3 months
- Salary budget was reduced
- HT advertising rates being increased by 10%

Every step taken was done after careful thought. These decisions were not made lightly. The goal of the Finance Committee is to make every part of AWCI work with a balanced budget. In a change from last year the Committee asked the Board to approve the budget in June instead of waiting until the August meeting. The fiscal year starts on July 1st. The Committee feels that it is important to complete the budget before then in order to have a true full year budget that HQ can implement at the beginning of the fiscal year rather than one to two months later.

Constitution Committee: Paul Wadsworth said his report is on file and reported that a proposed By-Laws change would be brought up later.

Nominating Committee: Doug Thompson stated that the report has been submitted to the Board, is in the binder and he hasn't anything to add.

Perpetuation Fund: Jack Kurdzionak reported on the current status of the Perpetuation Fund. He outlined how the fund was started from the sale of a collection of watches, for a total of approximately \$7.1 million. This was set up as a sort of endowment, the income from which would be used to fund operations and extra projects. It was invested in bonds etc. and we had tons of money. As years went on, interest rates dropped, and so did our income. At the same time, AWCI relied more and more on that income, and never put money back into the principal. So the fund was not allowed to keep up with inflation. As a result, though the principal has a face value of around \$7.7 million “on paper”. The actual market value of the fund if it were liquidated today is \$6.4 Million. Our income from the fund last year was about \$350,000, and given the current operating expenses we have to spend all of that income. This is what forced us to reevaluate the strategy behind the fund.

The Fund Committee met earlier in the year and proposed the Constitutional change which the AWCI membership approved during the last election. The language will allow the fund to be invested in investment grade securities rather than being limited to government back bonds. Yesterday [Aug. 2nd, 07], the committee met with a total of six independent fund advisors who each gave a one hour presentation. All were good, but they needed to narrow it down. So they have reduced that list to three and will continue to talk to them in order to come to a final choice. The manager will help us write a set of guidelines that reflect our expectations and needs, as well as the amount of risk we can accept. They will not begin managing the fund until that process is complete. Because we can't just sell our current holdings at a loss, we will gradually phase out of the Ginnie Mae Bonds etc. into the new investment strategy. It will be slow process. There will also be a way for each member to monitor the status of the fund via the internet. All individual members of the Committee are interested in protecting the fund. This is not our money; it belongs to the members. He opened up for questions from the floor.

Jim Sadilek commented that all of these fund managers are responsible for investing hundreds of millions of dollars, and are not small time operations. Jack added that they made a conscious effort to find companies that had no previous relationship with members of the committee, or AWCI (with the exception of the current manager which also made presentation)

Tom Payne asked for further information on bond swapping, and how did that cause the value of the fund principal to go down. Jack explained that the fund is made up of several individual bonds. Due to the complexity of the market, a given bond's value may actually exceed its face value. That bond could be sold at a profit, then a new bond of the same face value would be purchased, and we would still have some left over profit. Therefore the face value of the fund was unchanged, and the profit was being spent on the operation of AWCI. At the same time, the new bond, though it has the same face value, usually yields less income. This reduces your ability to draw income in the future.

Doug Stuart asked if these activities were acceptable under the terms of the Constitution. Kurdzionak explained that the Perpetuation Fund has not done anything wrong, and that everything was done ‘according to the book.’ That is why they must be very careful how they write the new investment policy so that it is more difficult to screw up while still remaining within those guidelines. Stuart asked if a bond is dangerous if you intend to

hold it until maturity. Kurdzionak replied that they certainly can be, and gave an example to illustrate the risk of inflation and how that affects long-term bonds.

Education Committee: Jerry Faier said the report is complete as submitted, but added that a recent change in the point system for the CC21 will cause some changes to be needed in the Standards and Practices, and those changes will be brought to the Board later on in the year. He then offered the following motions.

Motion #57: Made by Education Committee

Move to change the names of the new watch certification currently in development from WT1 and WT2 to AWCI Watch Specialist and AWCI Watch Technician respectively.

Rationale: It is the feeling of the BOE, associated interest groups and industry leaders that these designations better reflect the knowledgebase and character of these new certifications.

Voice Vote: Motion passed unanimously

Motion 58: Made by Education Committee

Move that the Board approve the appointment of Tom Schomaker, and Wes Grau to the Board of Examiners.

Rationale: Since the S&P is only barely descriptive in its requirements for the BOE nominations, it seems the best candidates would possess the following as a minimum.

1. Have taken and passed the CW21 (or CC21) assessment.
2. Be current and active bench practitioners whose income is derived from this practice full time.
3. Possess a strong aptitude towards education both for themselves, and their constituents.

Both of these men exceed these requirements.

Voice Vote: Motion passed unanimously

Jerry then spoke for the Board of Examiners. He said that Vince Schrader set the bar pretty high and the BOE is ready to take on that challenge and proceed. Glenn Gardner asked about the selection of the Chairman of the BOE. He feels that the 5 examiners need to be allowed to pick their chairman, and he wonders if a Motion will be needed. Jerry explained that the way it was set up is that the Board of Directors selects the Examiners, and should choose them with the consideration that they all be qualified act as the Chief Examiner, and then allow the BOE to choose for themselves.

Jim Sadilek asked about the requirements for becoming a CMW21, if they had been changed, and if so, why was the Board not notified. Jerry said that no changes have been officially made because of the changing of the leadership within the BOE, and because the changes are not simple. Sadilek pointed out that there are people using the title "CMW21" and wondered where they got the authority to do that. Jim Lubic explained that from the beginning it was decided that people who passed the upgrade exam would

have their previous certification upgraded whether they were CW or CMW. They would be upgraded to CW21 and CMW 21 respectively, and that this is also printed in the S&P for watchmakers.

Horological Times Committee – Director Iverson said they are basically down to two participating members but that the report covered most of the years activities. He asked Jim Lubic to explain the changes made to the physical publishing of the magazine. Lubic explained that they were able to upgrade the paper used in the magazine with little to no increase cost. Iverson went on to explain the difficulty of finding quality content for the magazine.

Membership Committee – Terry Kurdzionak said the report is in the binder. She outlined some statistics: We had 4539 members in 2001, and as of May 2007 it had dropped to 2917, however by June it had increased to 3203. She reported on the follow-up calls made to the members who dropped. It was found that many had died, and some had forgotten to send the payment. Previously they had sent postcards to Lifetime members but received less than 10 responses. The committee strongly suggests a review of AWCI's use of the IMIS computer system used by HQ, because it really isn't providing adequate data. Terry said she would like to see more cooperation between REC, IAB, and the Affiliate Chapters. They also have a problem with student members because often they complete school and move. We lose track of them, but the schools won't provide forwarding information due to privacy concerns. So we need to make arrangements with the students before they leave.

Convention Committee Report: Wes Cutter wanted to thank Lucy Fuleki, and the staff at HQ for all their help. He took note of all the great people who jumped in to help, including Terry Kurdzionak, who had worked to get the vendors involved. The next meeting will be in St. Louis, and Gene Bertram will be helping with the organization of it. The committee suggested that a budget figure be set. Lubic explained that it is already in the budget, but he said that things like travel expenses or speaker fees are hard to predict. Cutter explained that they just felt that the budget numbers and instructions have just been a little vague, and feels that the more information the committee receives the better they can serve. Jack Kurdzionak suggested that the chairman should try to give the Finance Committee an estimated cost so that the Finance Committee can be advised of this during budget development. Tom Payne also expressed his feeling that communication between the Convention Committee and HQ could really use some improvement.

Publicity Committee: Lubic reported that AWCI had a booth at the JCK show in Las Vegas. He said they've had a good response from advertisers, and that the booth really helped raise general industry awareness of AWCI. He expressed thanks to all involved, and believes that we should look into making an appearance at other shows.

Lloyd Lehn asked, "What was the purpose of AWCI being there?" President Warner said one of the main goals was to get our name out to jewelers and even watch manufacturers. Lubic said it is a marketing tool and AWCI really needs to work much harder at marketing itself and its services. He noted that it would help to make certification a success. Sadilek asked about the costs. Lubic explained that the majority of the costs

were covered by Rolex, and by Henry Kessler from Renata, as well as many others. He noted that there were easily \$20,000 of in kind donations.

Mark Butterworth commented that publicity is extremely important and this was a golden opportunity because we had an opportunity to receive significant support from several important people.

President Warner called for a 20 minute break.

Meeting reconvened at 3:20 PM

Honor Awards Committee: Glenn Gardner said the final report will be Sunday morning.

Member Forum Committee: Matt Henning read the report for the meeting because it was not distributed in the meetings binders. The report outlined that the committee was started to investigate the creation of forums on AWCI.com. They found that this is not currently practical. They then turned to examining AWImatters and also to examine whether a market actually exists for this program. They studied this by conducting a poll using the HT mailing envelope. They found that many members do have internet access, but many who responded either hadn't heard of AWImatters, or were not interested in joining it. They also studied the message traffic of AWImatters itself and found that the vast majority of the messages were sent by a very small group of people, which amounted to less than 1% of AWCI's total membership. They concluded that the members themselves do not see AWImatters as a valuable benefit, and that is it not an effective method of communication between AWCI leadership and the members. They believe that there is potential for such a forum, but at this time they recommend that the Forum Committee be disbanded and that AWCI end its support of AWImatters and pass control to the forum members themselves.

Motion 59: Made by Member Forum Committee

Move that the Member Forum Committee be disbanded, and that AWCI end its support of the AWImatters forum, and pass control of the forum to the members themselves.

Rationale: The committee has found that developing new forums is not a practical undertaking at this time.

Voice Vote: Motion passed unanimously

Case Mark Committee: Jon Horton reported that AWCI has a good Case Mark program and that it could be built into an international program. He also noted that the program has been in a coma since 1987. The committee's goal is to revive it, and bring it into the 21st century. There are 6000 case mark numbers on file now and it is still available, but even though it has been around 40 years, there were too many people who had never heard of it. He said that those he spoke with in the jewelry industry and in law enforcement all thought it was a great idea. He noted that only law enforcement or medical examiners should have access to this information. He said that there should be a

standardized format for the mark, but we should leave the owner to decide how that mark is applied to the watch. He said the Publicity Committee and Case Mark Committee should work together to promote AWCI's case mark program. He offered the following four point Motion.

Motion 60: Made by Case Mark Committee

Move that AWCI:

- a) Confirm support of the program as is except limit it to AWCI members only.
- b) Design a page on the website for Law Enforcement to log into
- c) Educate case mark holders in how to promote AWCI and themselves by using their registered AWCI case mark.
- d) Authorize the Publicity Committee to work with the Case Mark Committee to disseminate information.

Rationale: There is no reason to reinvent the wheel. We should work to increase awareness of the program within the law enforcement community.

Doug Stuart asked how the communication between law enforcement and AWCI would actually work. John Horton summarized that however it works, he would limit the availability to law enforcement only, and not make it available to anyone else.

Voice Vote: Motion Passed unanimously

Strategic Action Committee: Dennis Warner noted that the report is in the binder. He added that he has been approached by Ernest Tope who is interested in becoming the chairman of the committee, and Warner feels that this would be an excellent idea.

Ethics Committee: Gene Bertram noted that there is no report in the binder. He said the committee is thinking about developing standards for the conduct of board members, office staff, and membership. They would be provided to offer people guidance in how they are to conduct themselves as they move into each position.

NAWCC Board Chairman: Phil Gregory, Chairman of NAWCC. He explained that he came with four purposes: To learn more about AWCI; to help AWCI know more about NAWCC; to explore ways that the two organizations can work together for mutual benefit, and to talk about the direction their education programs are taking and how that will relate with our programs. He outlined changes that the NAWCC has gone through recently. They have restructured their Board. They now have 7 elected members and 5 appointed members. He said that a fine watch or clockmaker would not automatically be a fine Director of a non-profit organization. The 5 appointed seats give them a method to appoint people with that expertise that otherwise might not get elected. They have worked hard to convince board members that it is not an honor but an obligation. They have dramatically overhauled their staff. They now have 24 full-time employees, 10 part-time employees, and 40-50 volunteers. NAWCC got rid of their Executive Director, Finance Director, Development Director, and School Director. They then hired a new Executive Director, Museum Director and an accountant. In the process they combined their organization and no longer have a separate museum. They feel that they have failed

to hold the interest of the younger generation in the field of horology and plan to work much harder to rectify that. They also have an excellent children's education specialist. They recognize that this is going to be a permanent concerted effort. They have about 23,000 members, and are losing about 3% per year. NAWCC has just over \$2 million in endowment. They would like to have a member of our board or educational committee serve on their school advisory council. They really want to overhaul their education programs so that they can meet AWCI standards. They are working to balance their budget. He noted that employees no longer get cost of living increases but can earn merit increases. He made it clear that these organizations have to be run as a business. If NAWCC had been, they would not be in the financial situation they are in now.

Affiliate Chapter Report: Wes Cutter noted his frustration with the scheduling problems during this meeting. There was a Board luncheon scheduled which overlapped with the Chapter meeting. This effectively forced them to cut their meeting short, and they were unable to complete their work. He went on to report that for many chapters membership is dropping. People seem less active and less enthusiastic. The Chronometer Club, and the Chapter in Texas are really having a lot of success. They suggested that it's important for a chapter to take advantage of their retired members because they can help to keep the other members involved in the organization. He noted that there were other chapters that have been reaching out to other groups in an attempt to expand and develop better programs. He thinks they had a productive meeting and they will continue to finalize their recommendations to the Board this evening.

ELM Trust: Jack Kurdzionak offered a brief overview of the Education, Library, and Museum Charitable Trust. The trust owns the library materials, museum contents, and also owns many of the items to be auctioned off tonight. Those items have been donated over the years.

He explained that Jim Door has recently resigned. They also noticed in the Bylaws that Trustees don't necessarily need to be members of AWCI. So they are suggesting to HQ that they try to find a volunteer from the local museum community to join the Trust and offer their expertise. The museum has some very good pieces and we should try to take better advantage of that. There were some appointments to the Trust to be approved.

Motion 61: Made By Dennis Warner

Move to appoint Mark Butterworth, and Jack Kurdzionak to the ELM Trust.

Voice Vote: Motion passed unanimously.

Mark Butterworth encouraged the attendees to participate and be generous at tonight's auction because it is for a good cause. Jim Lubic offered recognition of those whose donations made this meeting possible: Swatch Group for tonight's transportation, Jaeger LeCoultre for tonight's dinner, Rolex for tomorrow night's dinner, and LMVH for sponsoring the educational symposium.

Jack Kurdzionak interjected that the Officers for the Trust are: Chairman, Mark Butterworth; Treasurer, Jack Kurdzionak; and Secretary, Charles Cleves. Mark Baker is also a Trustee.

REC report: Elbert Lewis reported that they had a very cordial meeting yesterday. He too noted some scheduling conflicts, but they were able to meet later in the afternoon. Four schools were represented in person, and a report was supplied from a fifth one. The schools are concerned about enrollment, and some couldn't come due to budget concerns. He thanked the ELM Trust for the scholarship that they provided to three schools this year. He also thanked them especially on behalf of Latoya Alexander who is a student of his. He also noted that we lost a school this year.

Jack Kurdzionak explained that the ELM Trust had a \$5000 grant from a New Hampshire foundation which has enough money to generate \$5000 a year. They asked the Trust to distribute the money equally to any school that applies for it. We had three schools apply, and each was given one third of the money.

Dennis commented in regard to the scheduling problems that it was suggested that we shorten the meeting schedule next year to reduce costs. He does not believe that this would be a good idea at all.

IAB Report: Jack Kurdzionak reported that the IAB is made up of groups from all facets of the industry. They developed much support for the trade fair booth, and are considering offering assistance to students from non-WOSTEP schools to take the certification exam. They are also working with the material supply houses to develop a training program targeted to the WS certification. He highlighted the excellent support AWCI is receiving from the manufacturers of the IAB. He reported that they elected new officers today: Tamara Houk is the Chairman, and Henry Kessler is the Vice Chairman, and Jack offered his congratulations.

JIDA Comments: Dennis asked if we had a JIDA representative in attendance, and Jim Lubic spoke on their behalf. He reported that they felt that they have not had enough input in AWCI policy, and had asked for a seat on the Board. The Board instead voted to officially place them on the meeting agenda. He reported that they are impatient for AWCI to get the WS and WT certifications up and running, and for more education to be committed to that type of worker. There is a very large segment of the 'watchmaker population' that concentrates on just changing batteries and straps etc., and we aren't serving them.

President Warner asked if there was any other old business. There was none.

Installation of new Directors: Warner handed the meeting over to Glenn Gardner who presided over the installation of Jack Kurdzionak, Lloyd Lehn, Doug Stuart, Dan Spath (Affiliate Chapter Chair), Tamara Houk (IAB Chair), and Elbert Lewis (REC Chair)

New Business

Motion 1: Made by President Warner

Move to accept Tamara Houk, Dan Spath, and Elbert Lewis onto the Board of Directors.

Voice Vote: Motion passed unanimously

Election of Officers: Mark Butterworth presided over the nomination and election of the following officers for 2007-2008, who were then sworn in:

President, Dennis Warner
1st Vice President, Jim Sadilek
2nd Vice President, Tamara Houk
Treasurer, Jack Kurdzionak
Secretary, Matt Henning

Motion 2: Made by Jim Zimmerman

Move to change Bylaw Article XII Sec 2(d) as follows:

Remove all text after the first sentence.

The new text will read: Affiliate Chapters shall be responsible to arrange for the expenses of their delegates and alternates.

Rationale: This action must be taken to make the Bylaws match the changes made to the Policy Manual during the mid year meeting.

Roll call vote: Motion passed unanimously

President Warner called on AWCI's legal counsel, Scott Gilligan who had some information to offer regarding AWImatters and the idea of allowing the forum to keep its name without our support. Gilligan explained that allowing them to keep the name creates a problem where we would no longer have control of the forum, but because our name is on it, we would still be liable for any comments made on the forum.

There was much discussion concerning the handling of Motion 59 with regard to the technical, legal and political considerations. It became clear that more study was needed. Lloyd Lehn offered a Motion:

Motion 3: Made by Lloyd Lehn (Not seconded)

Move to suspend the implementation of motion 59 until the technical issues related to the name have been answered, and to take it up again at the Mid Year meeting.

Rationale: The passage of Motion 59 was taken with too little consideration, and it deserves to be examined in more detail.

Further discussion revealed that Motion 3 as worded may not be the most effective way to address this issue. President Warner stepped in and noted the time. The issue would have to be taken up again on Sunday when the meeting resumes.

Meeting Recessed...5:15 p.m. Friday, August 3, 2007

Sunday, August 5, 2007 – AWCI Board Meeting Reconvened

Present:

Dennis Warner, President,
Jim Sadilek, First VP
Tamara Houk, Second VP (IAB Director)
Jack Kurdzionak, Treasurer
Matt Henning, Secretary
Glenn Gardner, Director
Doug Stuart, Director
Ron Iverson, Director
Elbert Lewis, REC Director
Dan Spath, Affil. Chap. Director
Jim Zimmerman, Director
Lloyd Lehn, Director

Paul Wadsworth, Parliamentarian

Staff:

James E. Lubic, Executive Director
Lucy Fuleki, Assistant Executive Director
Tom Pack, Finance Director

Guests: Scott Gilligan, Legal Counsel

Absent: Jim Door, Immediate Past Present

President Warner reopened the meeting and the discussion of Motion 3 which is still on the floor.

Lloyd Lehn withdrew his Motion 3 which he made on Friday but had not been seconded. He then offered a new Motion:

Motion 3: Made by Lloyd Lehn, seconded by Gardner

Move to reconsider Motion 59.

Rationale: The issue deserves further thought.

Voice Vote: Motion passed unanimously

Motion 4: Made By Lloyd Lehn, seconded by Sadilek

Move that Motion 59 be tabled until the Mid Year meeting.

Rationale: The issue was acted upon rather quickly and as a result we need a little time to re-examine what we are doing with it. The additional six months will give us enough

time to collect data and generate a new plan instead of the one which was approved earlier.

Discussion: Questions were asked about how this will affect the forum if passed, about whether an additional six or so months will be adequate to the task.

Many on the Board, and from the floor spoke in support of the forum. Noting that “lurkers” may not comment on the forum, but they do participate. It was also pointed out that discussions on AWImatters often get brought to and discussed at Chapter meetings.

Mark Butterworth commented on the floor that this Motion is a good idea. He wanted to be honest and say that at the time Motion 59 was taken up, it was a bit of a surprise to him. That he and Matt Henning didn’t communicate well on the issue, and he feels that AWImatters has enormous potential and could be made into a valuable part of AWCI. Henning agreed and stated he supported this motion.

Warner asked if there were any negative comments. Seeing none, he called for the vote

Voice Vote: Motion passed unanimously.

President Warner invited Dan Spath to introduce the Motions from the Affiliate Chapters.

Motion 5: Made by Dan Spath

Move that a survey be done of all current active members to find out what percentage are clockmakers, watchmakers, professionals, hobbyist, or specialists in high end wristwatches

Rationale: We feel that AWCI does not have a clear picture of its membership and is placing too much emphasis on the CW21

Discussion: Glenn Gardner asked what the office currently has on file. Jim Lubic stated that from the pricing survey they did, they learned that 20% are hobbyists, 80% are professional, 60% are watchmakers, and 40% are clockmakers. He doesn’t have information specific to high grade watches, but believes that they might be able to derive that from the current data, and he would be glad to work on it. Gene Bertram offered that this was a combination of two motions, one was to find the percentage of those who work on high-end watches, and the second was more general. They don’t believe the polling methods like using Horological Times’ mailing envelope get enough of a response to be valid. They would prefer a professional survey be done. Doug Stuart said the idea is to have a current survey on the books and to carefully choose a method that doesn’t favor any particular group of members. Mack Shuping said that as a life member he did not receive all the surveys. Jim Lubic said life members do receive all surveys now. Jim Sadilek said the 225 new members are obviously watchmakers, and Tamara Houk feels it is important that they be recognized.

Jim Lubic said the Business and Pricing Surveys contain this information and he could report it in the magazine.

Roll Call Vote: Motion failed 6-5

Voting Yes:

Spath
Sadilek
Stuart
Lehn
Zimmerman

Voting No:

Kurdzionak
Henning
Iverson
Gardner
Houk
Lewis

Motion 6: Made by Dan Spath Seconded by Matt Henning,

Move that the Motion Summary of Board Meetings be prepared and posted to AWCI.com and by blanket email to all current members who have provided their email address, within 10 days of the close of the meeting.

Rationale: AWCI needs to make more of an effort to communicate with the membership.

Discussion: The Motion Survey consists of the list of Motions in the form of brief sentences and the result of the vote. They are not the official text of the Motions which are contained in the Minutes. Many said the intent was to create more timely and better communication with the membership. Henning commented that he spoke with the people introducing the motion and feels that this is reasonable. He said he would be preparing it anyway and will be doing this whether it passes or not, but he feels that it is worth making part of official policy. Some were concerned that making this official policy as well as setting the short deadline might be too difficult for Secretaries to meet, and then they would be in violation of AWCI policy. Ben Connor, TX, said the chapters would like to have it codified and doesn't think anyone will be upset if it's a few days late.

Voice vote: Motion passed unanimously

Motion 7: Made by Dan Spath Seconded by Matt Henning,

Move that AWCI put technical manuals of new caliber watches on line/accessible to members. This should also include the lubrication specifications.

Rationale: This would be a valuable service for the members.

Jim Lubic commented that this really is a budget issue and difficult to implement without advanced notice. Dennis asked if there are links on the website to companies like ETA and some of the other manufactures who post these manuals. Manual Yazijian said all the links to the technical guides are on the AWCI website, including ETA, Seiko, Citizen etc. Discussion centered on the scanning of our library of technical manuals, and how it is a very labor intensive undertaking. Stuart suggested doing it as an ongoing process, by scanning the manuals as they are requested and saving them to the website. This was generally viewed as an acceptable option. Since the wording didn't match this compromise, Lubic suggested we vote it down and see if we can do it in the office.

Voice vote: Motion Failed.

Dan Spath introduced another motion:

Move that AWCI provide a sign to member shops that states an AWCI member works here.

Rationale: A motion was made and passed in 2005, which mandated the same thing.

A sample was presented with the assertion that it could be provided for less than \$10. Lubic asked if that is supposed to include all the processing and shipping etc. Spath said he didn't think it really did include that. Lubic thought it was a great idea, and that the sign concept is very good, but he doesn't think it can be done for \$10. Warner stopped discussion and asked for a second. None was provided, so he ended discussion with the assurance that he would pass it to the Publicity Committee and follow up on it.

Warner asked if there were any proposals from the REC, and Elbert Lewis said no, they would just like AWCI to continue its support of all the colleges and representatives that come to the meeting.

Warner asked for any further business. Henning brought a Motion forward

Motion 8: Made by Glenn Gardner seconded by Henning

Move that the following financial institutions be approved for use in conducting AWCI's financial transactions:

Fifth Third Bank, Cincinnati, OH
Ross Sinclair & Assoc., Cincinnati, OH
Pershing Bank, New York, NY
Westbanco, Harrison OH

Rationale: These institutions are needed to conduct AWCI's business. This list may be expanded pending the outcome of the Perpetuation Fund financial management process.

Voice Vote: Motion passed unanimously

Motion 9: Made by Gardner, second by Kurdzionak

Move to set the following Meeting Dates
Feb 8th will be IAB. Feb 9th and 10th for the Mid Year Meeting. The Annual Meeting will be on July 31st thru August 3rd in St. Louis, MO.

Voice Vote: Motion passed unanimously

Warner opened a discussion for the location of the Annual Meeting in 2009. Gardner mentioned that Lancaster PA has been suggested, as well as Austin, TX. Warner said he would send it to the Convention Committee to work on.

Motion 10: Made by Lloyd Lehn, seconded by Stuart

Move that in all future AWCI budget activities, the expense, "Salaries," will be allocated to and shown as a separate sub element of each of the various line items to which they are applicable. The current category representing the total of "salaries" will also be provided but only for use as an overall reference number.

This will be implemented immediately and will be entered into the Policy Manual

Rationale: The current budget numbers are only rough guidelines because they do not include the 33 to 40+ percent of the budget for salaries. One cannot make rationale judgments about the budget under the current system.

Discussion: Extensive discussion centered around two points of view. On one hand it is currently very difficult for the Directors to accurately ascertain what any given activity is costing. The Board can't track how it is changing from year to year, and it is difficult to project what an expense might be in the future. It is also difficult to extrapolate what it might cost to implement new programs that are similar to ones that already exist. The only way to do this is for the Board to see accurate cost accounting and that includes labor costs.

The other point of view is that the added detail will make the budget more complicated. It will cost additional money to do this. The knowledge probably won't really change the decisions we make. It was also pointed out that this organization operates on a committee structure. For that to succeed we must trust each other to do the right thing for AWCI. Otherwise decision making within AWCI will become very convoluted. There is no intent to hide anything, but we need to keep this simple and streamlined.

Call to Question: Made by Kurdzionak, seconded by Henning

This requires a 2/3 vote to end debate and then vote on the Motion which is on the floor.

Roll Call Vote: Call passed unanimously

Motion 10: Roll Call Vote. Motion failed 3 to 8

Voting Yes:

Sadilek
Stuart
Lehn

Voting No:

Spath
Kurdzionak
Henning
Iverson
Gardner
Houk

Motion 11: Made by Lloyd Lehn, seconded by Stuart

AWCI budgets will be prepared in a four-step process:

- a) A draft set of goals and objectives for the new budget will be defined by the Finance Committee and submitted to the Board
- b) The Board will approve the overall budget goals and objectives or modify them as they see fit. The approved list will be send back to the Finance Committee
- c) The Finance Committee will prepare the budget based on the Board's agreed upon goals an objectives.
- d) The Board will review the budget for compliance with its guidance and approve the budget after further review and potential modification

When passed, this motion will be recorded in the AWCI Policy Manual.

Rationale: Only a very small number of people have been participating in AWCI's budget formulation process. They have been doing so without any formal guidance from the Board. The Board should set the goals and objectives at the onset of this process. From what I have seen the Board has simply been provided the results and forced to rubber stamped it. Has there ever been a change by the Board? This is my fifth Annual Meeting and I don't remember any. The notes accompanying this last budget were provided only after a "done deal" budget had been prepared. This is not a healthy way to run an organization. The Board must be in on and agree to the entire budget formulation process.

Discussion: Extensive. Most expressed a need for the Board to get more involved in the budgetary process. The discussion centered on the best way to do that. Some want the Finance Committee to initiate the process as this Motion outlines. Others feel that the process could be handled entirely within the Board and should simply be brought forward by the President. Many also feel that the process should start much sooner. A list of goals would be prepared and approved by the Board. They would pass that to the committee who would do their best to implement the goals. The Board would then examine the proposed budget and evaluate whether or not the goals were reasonably met. If so, they would pass it. The basic concept was very similar on both sides of the discussion. One side wanted it to be a codified step-by-step process that had a second meeting of the Finance Committee built into it. The other felt that a second meeting would be too costly, difficult to schedule, and if the Board does its work properly in the first place, a second meeting should not be needed. All agree that a better budget would result from such a process. The question boils down to should it be formal policy, or just worked into the Board's yearly activities.

Call to Question made by Stuart, seconded by Kurdzionak

Roll call vote on Call: Passed unanimously

Roll Call Vote On Motion 11: Motion failed 2 to 9

Voting Yes

Stuart
Lehn

Voting No

Spath
Kurdzionak
Henning
Iverson
Gardner
Houk
Lewis
Zimmerman
Sadilek

Motion 12: Made by Lehn Seconded by Stuart

All future AWCI budgets will be prepared/presented/displayed in both spreadsheet and graphical form.

Budget information displayed will include the proposed budget year, the most recent actual year, the most recent year periodic actuals and a minimum of two prior year end-of-year totals.

Rationale: The current system of only providing spreadsheet information is inadequate and does not lend itself to a realistic analysis of the budget. A graphical presentation is needed to permit reviewers to more clearly understand what the numbers may show. In addition, current budget information includes only one year of data. It is like looking at a single dot on a graph. One cannot begin to tell anything about the reasonableness of that dot unless there are other dots around it to provide some context to it. Including a minimum of two prior years will provide the Board some idea of financial trends.

Discussion: Kurdzionak asked Tom if this was possible given with his current technology. Tom said that it was. Kurdzionak asked what type of graphical method would be used. Lloyd said they should use the reports he prepared as a model. They used several formats to show the same information. Stuart feels this is important because we need to start looking at this information in terms of trends and not in terms of a single point.

Voice Vote: Motion passed unanimously

Motion 13: Made by Stuart Seconded by Lehn

Move that the AWCI shall not operate with a deficit budget – expenses exceeding revenues – for any consecutive two-year period. For purposes of this motion, the 2007-2008 fiscal year will be considered the first year of the current deficit budget period.

When passed this Motion will be recorded in the AWCI Policy Manual.

Rationale: The AWCI is a business. Like any business, we cannot continue to spend more than we take in or else we will not stay in business. To ensure the future viability of the AWCI, our goal should be to balance the budget and keep it balanced. This motion allows for a deficit budget during times of key investment or other financial emergency, but requires that we not get “hooked” on deficit spending for an extended period of time. This motion requires that achieving a balanced budget be a top priority in each budget cycle.

Discussion: Sadilek said he doubted that we would find any disagreement with the concept, but said putting it in the Policy Manual won’t hold up because it can be changed “in a heartbeat” by the Board.

Roll call vote: Motion failed 2 to 9

Voting Yes

Stuart
Lehn

Voting No

Spath
Kurdzionak
Henning
Iverson
Gardner
Houk
Lewis
Zimmerman
Sadilek

Motion 14: Made By Stuart, seconded by Gardner

In order to ensure that the Board of Directors candidate nominating process is objective and free of personal bias (or even the appearance of personal bias), and to promote the selection of the best and most qualified candidates, the AWCI Nominating Committee will develop objective criteria which will subsequently be used in the selection of Board of Directors candidates. These criteria will be distributed to the Board of Directors who may agree to change or modify them prior to approval. Upon approval by the Board, these criteria will then be incorporated in the AWCI Policy Manual. These criteria will only be used for candidates who are placed on the ballot by the nominating committee, and will have no bearing on candidates placed on the ballot through the petition process. To be enacted immediately upon approval.

Rationale: It is vitally important to remove any appearance of bias from the candidate selection process.

Discussion: Warner said that he already has three people in mind for the Nominating Committee and Doug Stuart is one of them. There were brief comments in support.

Voice vote: Motion passed unanimously

President Warner asked if there was any other business to be brought before the Board. None was offered, so he thanked everyone for attending and working through what at times was a difficult meeting.

Elbert Lewis delivered a brief benediction.

Meeting adjourned at 11:15 a.m. Sunday, August 5th 2007

Respectfully submitted,

Matt Henning, Secretary