

American Watchmakers – Clockmakers Institute
Board of Directors Mid-Term Meeting
Minutes
February 19 & 20, 2010

Board Present:

- Mark Butterworth, President
- Manuel Yazijian, CMW21, Vice President
- Jack Kurdzionak, CW21, Treasurer
- Anthony Riggio, CMW21, Secretary
- Michael Gainey, CC21, Director
- John Safranek, Director
- Doug Thompson, CW21, Director
- Ernest Tope, CMW21, Director
- Henry Kessler, IAB Director
- Herman Mayer, CW21, REC Director
- Paul Wadsworth, Parliamentarian

Not in attendance:

- Gene Bertram, CC, Affiliate Chapter Director, Participated via electronic video
- Ron Iverson, CMC, Director, Absent

Staff:

- James Lubic, CMW21, Executive Director
- Tom Pack, CPA, Finance Director

Guests:

- Larry Boschert, CPA – Rudler & Associates
- Scott Gilligan, ESQ, AWCI legal council
- Dale Coates, CFA, Johnson Advisory
- Dennis Warner CW21, AWCI Past President
- Jerry Faier, CMC21, AWCI Education Chairperson

Board Meeting called to order 2-19-10 at 8:30 AM by President Mark Butterworth.

- Meeting opened with invocation by President Mark Butterworth
- Introduction of guests by Mark Butterworth.

Guest Comments

- First order of the meeting was comments by Larry Boschert, representing our auditing firm, relative to the audit of AWCI for the period ending June 30, 2009.
- Physical examples of the Balance sheet were provided and a review of misc income and expenses and financial condition were provided.
- Questions from the floor were addressed; what constitute the Accounts Receivables?
- How were dues illustrated?
- Jack Kurdzionak, Finance Chair, indicated there had been a \$47,000.00 surplus after expenses and that this was to be used to reduce the long-term debt and not applied to operating funds.

- Tom Pack indicated AWCI's banks were working with him to apply this in accordance to best options relative to cash flow.
- Joe Juare questioned whether the CPA discussion was necessary, as it had never been done in the past.
- Mark Butterworth and Jack Kurdzionak felt it was relevant from an informational stand to have the organizations CPA on hand to discuss and review as issues might arise during this discussion.
- Jim Lubic and Tom Pack indicated the auditor is welcome at any time.
- Henry Kessler believed the auditor should be included and it was unusual that he not be involved.
- Conversation continued and questions were answered.

Executive Session

- President Mark Butterworth moved discussions to the Executive Session.
- Guests, with the exception of legal council, were excused and the session continued until adjournment.

Guest Comments

- Mark Butterworth introduced Dale Coates, CFA with Johnson Investment Council who manages the Perpetuation Fund for AWCI.
- The company has been in business since 1965.
- Currently they have \$4.7 Billion in management with clients in 39 states.
- 40% of their clients are similar to AWCI and 60% are families and small businesses.
- Documents were provided that illustrate the diversification of resources to grow the funds to support the needs of the organization.
- Through diversification the portfolio has earned \$515, 943.00 and over the recent 2 year period is in the top 1% of all funds.
- Even the difficult 2008 witnessed the fund providing a positive return.

Issue #1

Dennis Warner presented his review of the Fleury v Richemont suit.

- The document stating his involvement and subsequent actions was read and questions were addressed.
- The document specifically address six questions as to his (Dennis Warner) involvement:
 1. *Why would I get involved?*
 2. *Who removed Mr. Fleury from the case & why?*
 3. *Was there a conflict of interest on my part?*
 4. *What changes were made to the original document by existing and updated sub-class members?*
 5. *Did I receive any monetary reward or preferential treatment from Richemont or Cartier from my involvement?*
 6. *Where does the settlement stand at this present time?*

Motion #1 by Henry Kessler:

“AWCI will support Dennis Warner in his position relative to his involvement in the Federal case with Richemont NA, a Delaware Corporation and successor to Cartier. I would like to see AWCi publish these 6 questions and Dennis’s response in the HT and on our web site.”

Second by John Safranek

Voice Vote

Motion passes, unanimous

Supplement to Issue #1

- Tom Pack will add a link to the web site to allow access to read Dennis Warner’s full report.

Committee discussion #1; *Ethics Committee*

- Gene Bertram opened discussion of current Ethics Committee activities.
- Only present action is with regard to Mark Butterworth publishing a letter to the board on the AWCi web site from two members.
- One of the members was unavailable for comment and upon consultation, review and approval to publish by the AWCi legal council the letter was publish.
- Ethics chair Gene Bertram asked that Fred White and Robert Porter investigate for the Ethics Committee to insure objectivity.
- The review is still in process.

Open Discussion

- The parliamentarian, Paul Wadsworth, reviewed voting procedures to confirm procedure as Gene Bertram was in attendance electronically via Skype®.
- Minute from the annual meeting were reviewed and approved for publishing with recommended grammatical changes.
- Recording the meeting was reviewed and according to legal constraints electronically recording is an option available to documenting secretaries to aid in detailing the meeting and is not required or recommended.
- Legal council indicated specific requirements are to record actions points that are actionable and voted upon in the form of motions.

Committee Discussion #2; *Finance Committee*

- Jack Kurdzionak outlined his meeting with the auditors and selection process and indicated minutes of committee meetings were available on the web site.

- Jack Kurdzionak outlined and reviewed the improved methods of checks and balances relative to accountability of individual checks and electronic transfers.
- Very detailed information is available for review in the committee minutes.

Motion #2 from Ernest Tope:

“AWCI management to complete the task of presenting all required data to AWCI auditors for the annual financial statements within 60 days following the conclusion of every fiscal year.”

Second by Jack Kurdzionak

Voice Vote

Motion passes, unanimous

Committee Discussion #3; Nominating Committee

- **Committee Chair**, Alice Carpenter; **Committee members**: Tamara Houk, Joe Juairé, Jack Kurdzionak
- Slate of candidates: David Douglas, Tom Jeswald, Ron Landberg, Ernest Tope, Fred White, Peter Whittle.
- Upon presentation of candidates Mark Butterworth advised that Peter Whittle asked to be withdrawn from candidacy due to personal issues.
- Per his request, Peter Whittle was removed from candidates.
- At this time it was revealed that Gene Bertram had communicated with the committee and had volunteered to run for the board and asked to be considered.

Motion #3 from Jack Kurdzionak:

“The slate of Candidates for the Board as submitted by the Election Committee be accepted; David Douglas, Tom Jeswald, Ron Landberg, Ernest Tope, Fred White and Peter Whittle. And, with consideration of Peter Whittle’s request, his candidacy is withdrawn.”

Second by Doug Thompson

Voice Vote

Motion passes, unanimous

Motion #4 from Jack Kurdzionak

“Move that at the recommendation of the Election Committee, Gene Bertram be added to the slate of candidates running for the Board of Directors in the next election ”

Second by John Safranek

Voice Vote

Motion passes, unanimous

Committee Discussion #4; Education Committee

- Jerry Faier reviewed the progress of the committee in minute detail.
- Discussion of Educational Development Units to be a component of retaining certifications.
- As yet to be specifically defined EDU's would be a component of maintaining current proficiencies and to upgrade skill sets.
- Possible on line curriculum that would be available to all members not just certificate holders.
- EDU's could be broadly defined; write article for HT, run for board, teach a class and many others as yet to be defined. Nothing specific is in place yet, the committee is still in discussion.
- CW21 exam security and anonymity discussed and all fail-safe's to insure candidates are unknown to graders and any individuals except for the Chief Examiner.
- Exam results to date: 334 exams given, 145 have passed. A 43% passing rate. Of the 164 that failed initially 88 retook exam with 47 passing for a 53% pass rate. 9 have participated in 2nd retakes with 5 passing, 2 failing and 2 currently appealing grades.
- Including retakes 197 have passed for a 59% passing rate.

Issue #2

- Ethics Committee complaints are currently limited to a period of one year from the date of initial occurrence.
- General consensus is that this does not protect the consumer or offended party for a long enough period.
- Numerous periods were discussed and it was concluded that 5 years adequately protected the populous and the policy should be amended.

Motion #5 from Ernest Tope

“Revise the Ethics Policy by adding a sentence at the end of Section 13, page 9, “Limitations Period” relative to the time limit between action and complaint filing to read “..Notwithstanding, complaint may not be made longer than 5 (five) years after the event occurs.”

Second by John Safranek

Voice Vote

Motion passes, unanimous

Committee Discussion #5; Membership Committee; No committee Assembled

Committee Discussion #6; *Convention Committee*; Committee report on line

- Terry Kurdzionak is currently working with the event planner and is contacting vendors to participate in Trade Show on Friday. The show will run all day uninterrupted. Spouse will have programs to entertain.
- More information will be upcoming in the HT.

Committee Discussion #7; *Publicity Committee*;

- AWCI has been invited to participate in additional trade shows.
- Two additional events to be considered are JCK June 6 to 7th and InStore April 24 to 26th.
- Atlanta is interested and would assist in defraying expenses.
- Seminars for basic service could be presented.
- Discussions in progress about possible trainers and sponsors.

Committee Discussion #8; *Honor Awards Committee*; Committee just assembled, no report

Committee Discussion #9; *Strategic Action Committee*;

- Chair Ernest Tope defined the difference between “Ideas” and “Planning”
- The committee is responsible to provide suggestions to the president and board.
- Key components to identify and quantify are:
 1. Where are we?
 2. How did we get here?
 3. Where are we going?
- To answer these we must define our strategy, evaluate our position, make adjustment to stay on track.

Committee Discussion #10; *Research & Education Committee*;

- Committee is currently working on industry survey
- Major program is the installation of the new SAWTA initiative that addresses training technicians in schools to experience real world service issues.
- More detail to be presented in next session as time has run out for this session.

Session adjourned 7pm until Saturday, February 20th, 2010

February 20, 2010

President Mark Butterworth reconvened the meeting at 8:30 am.

The President confirms that we still have a quorum for important votes.

Issue #3

- Review of minutes from September 23rd conference call.
- Members of the board provided recommendations and minor corrections for sake of clarity and specific listing of names in roll call votes.

Motion #6 Jack Kurdzionak

“Accept and approve the minutes of the September 23, 2009 conference call with corrections and additions.”

Second by Doug Thompson

Voice Vote

Motion passes, unanimous

Issue #4

- The Horological Times needs to be accessible from the Internet per requests of membership and in keeping with modern organizational technology.
- Considerations must be made to those older issues that are not stored electronically, specifically 1977 to 1999.
- Web based HT would be another member benefit.
- Jerry Faire feels it should be accessible by annual index to articles.
- Gene Bertram feels we should have information via a word search for varied topics.
- Should the site be open to all or restricted to members?
- Older issues would need to be hand scanned.

Motion #7 Henry Kessler

#1) I propose that the years ranging from 1999 – 2009 which already exist in electronic format, be placed on the AWCI website in the members only section.

#2) Secondly, I propose that the table of contents pages be tagged so that the articles can be quickly located by search window.

#3) Third, I would like #1 to be completed by the end of March, and #2 by the end of April of this year.

#4) I would like a counter and tracker to be installed so that we can learn (a) how many people have accessed this area of our website, and (b) what words were searched, and (c) upon exiting, a quick comment field be inserted, to allow members to share comments about this feature.

#5) At the first meeting in 2011 of the BOD, the comments and counts will be shared with the BOD to determine if further postings of older issues should be pursued.

Second by Manuel Yazijian

Voice Vote

Motion passes, unanimous

Issue #5

- John Safranek opened discussions regarding a new affiliate chapter he has been working to organize.
- Presently, the chapter is not ready to be voted on as the Constitution is not yet ready.
- According to Jim Lubic, the chapter must send its constitution and bylaws to the Constitution and Bylaws Committee along with all necessary finances and documentation.
- This would be a purely "electronic" chapter in keeping with technology and providing an outlet for those that cannot connect due to geography or other restrictions.
- Manuel Yazijian emphasized that this is the Next Generation of organizations and its value to the organization could be critical.
- As a work in progress the board will be update with information as it develops.

Issue #6

- Relative to the previous days discussion of the Strategic Action Plans discussions continued.
- To effectively assess our issues and to address what are the true root issues AWCI needs to employ the service of a professional that specializes in the process of analyzing, surveying and directional assistance in the Planning process.
- Funding would be used for initial assessments.

Motion #8 Ernest Tope

"The Strategic Action Committee requests funding from AWCI, up to \$3,000.00 to develop estimates and ideas for developing the Strategic Acton Plan."

Second by John Safranek

Voice Vote

Motion passes, unanimous

Issue #7

- REC Chair Herman Mayer outlined the new SAWTA / AWCI education and certification initiative for watchmaking students in WOSTEP schools in North America.
- Students must pass very specific modules in class curriculums to qualify for the opportunity to take the CW21 “Upgrade” exam. Without passing grades they cannot take the “Upgrade”.
- Rolex will supply the necessary movements, AWCI will provide the exam and the schools provide the “hardware”, ie, the benches and necessary technology and equipment to facilitate the exam process.
- Non – school technicians will also be able to take exams at the same time.
- More detail will be provided with a more detailed proposal and motion.

Issue #8

- Marketing the organization and promoting the trade in general is an absolute necessity per Henry Kessler.
- AWCI needs to explore opportunities as the “Retail & Industry” trainer of choice. Would industry finance a program? Would AWCI be able to develop a program that served the needs of the trade? Retail and / or wholesale?
- Do we create seminars? Could the JIDA sell training packages?
- There are so many possibilities that Henry recommends we include this project & program in the strategic planning surveys.
- More details to be explored in the strategic plan.

Issue #9

Jack Kurdzionak announced that Affiliate chapter #102 is officially disbanded.

Issue #10

- The Horological Times has become somewhat out of date and a redesign should be bid out to producers.
- As an illustration, Henry Kessler and his staff created a mock up of a possible new look that added more general interest articles and upgraded the editorial opportunities.
- Other possibilities exist where we might partner with other periodicals.
- It was generally agreed that the magazine needed an overhaul that should be provided by a professional producer. It was also recommended that the magazine be designed as an electronic template that could be edited in the AWCI offices once the design was templated.

Motion #9 Michael Gainey

“AWCI will secure up to 3 (three) bids for the “Horological Times” redesign mock up with samples to review by 3-31-10. The Board will consider only those bids received by that date”

Second by Jack Kurdzionak

During discussion, it was understood that each bid must include a speculative redesign draft and include new section topic ideas and multiple cover design ideas.

Voice Vote

Motion passes, unanimous

Issue #11

- ELM Trust: the Trust has selected Jack Kurdzionak Chairman, Paul Wadsworth Treasurer, Dennis Warner Secretary, Joe Juare and Charles Cleves members of the board.

Final motion from Michael Gainey:

“Seeing no further business this meeting should be considered complete and should be adjourned”.

Second by John Safranek

Meeting adjourned at 4:30 PM, February 20, 2010

Respectfully drafted by Anthony Riggio, CMW21,
Submitted by Henry Kessler, as Secretary Pro Tem