

AMERICAN WATCHMAKERS –CLOCKMAKERS INSTITUTE
Minutes of the Mid-year Board of Directors Conference call.
Saturday, February 3, 2007

NOTE: The order in which the Motions are numbered is the order in which they were taken up and voted on in this meeting.

Participating

Dennis Warner, CW, President
Mark Butterworth, First Vice President
Gene Bertram, CC, Second Vice President
Matt Henning, CW, Secretary
Jack Kurdzionak, CW, Treasurer
Glenn Gardner
Ron Iverson, CMC
Elbert Lewis, REC Director
Jim Sadilek
Mark Baker, CMW

Paul Wadsworth, Parliamentarian
Jim Door, Immediate Past President

Staff

Jim Lubic; CMW, Executive Director, Education & Technical Director
Lucy Fuleki; Assistant Executive Director
Tom Pack, CPA, Finance Director

Guests

Jerry Faier

President Warner called the meeting to order at 4:05 PM.

He commented that a summary of the Executive Committee Meeting was emailed to the Board. Having a copy of that summary might make it easier to follow during this call. All Directors will have a vote today unless a particular Motion is presented without comment or a request for a vote from the Directors.

Old Business: President Warner explained that Motion #28 was originally made by Glenn Gardner and seconded by Matt Henning on 10/10/2006. The board took this motion up at this time

MOTION 28: Made by Glenn Gardner, second by Matt Henning

I move that we advise the Education Committee to change the names of the new certifications to have a 21 after them

Rationale: To identify which certificate the person has achieved. The 21 signifies 21st century testing.

Roll Call Vote: Motion passed

Voting Yes:

Kurdzionak	Gardner
Henning	Butterworth
Sadilek	Lewis
Iverson	Bertram

Voting No:

Baker

Absent:

Cutter
Zimmerman

President Warner asked if there was any other old business. None was presented. He then asked to review the Committee reports.

ELM Trust: Jack Kurdzionak said the Trust has agreed by motion to examine the contents of the various storage rooms, the library and the museum. Any items deemed unneeded by the Trust and of value will be placed in an auction on Friday night during the Annual Meeting at AWCI headquarters.

He said that the Trust agreed by motion to present a more clearly defined mission statement for the library and the museum.

The Trust is asking the Board to approve two changes to the Trust Bylaws. Jack explained that the Trust has received a grant from a New Hampshire foundation to be distributed to students at each of the REC schools that apply. Instructors will be notified and asked for a recommendation for recipients based on things like hardship or excellence.

James K. Zimmerman entered the call at this time and received a quick recap of the motion.

Motion 29: made by Jack Kurdzionak

Move to change Article IV Section 2 of the ELM Trust Bylaws, replacing the word “loans” with the word “grant” to read as follows:

*Sec. 2. The Trustees may lend financial assistance to needy full time horological students, either in the form of stipends, tuition awards, or **grants** provided. Said financial assistance is awarded without thought to race, color, creed, religion or national origin.*

Rationale: The change is needed to enable the Trust to distribute the grants.

Discussion: Lewis wished to emphasis that the funds are to be distributed equally. Jack explained that the funds will be equally divided among the number of applicants put forward each year. The school must apply.

Roll Call Vote: Motion passed unanimously. (Cutter absent)

Jack then introduced the next motion:

Motion 30: made by Jack Kurdzionak

Move to add a new section to the Elm Trust Bylaws as follows:

Article IV Section 4. Annually each REC school may recommend one full time student to receive an equal share of the funds made available from the New Hampshire Foundation.

- A) The recommendation may be based on financial need by the instructor
- B) The recommendation may be based on exemplary student achievement as determined by the instructor
- C) Recommendations with a brief explanation of the student’s qualifications must be received by April 1st.

Rationale: This adds to the bylaws to create the mechanism to handle these grants.

Roll Call Vote: Motion passed unanimously (Cutter absent)

Jack explained some of the preliminary planning for the ELM Trust dinner at this year’s Annual Meeting: Friday Night will have an auction held at HQ. Saturday night will be a combined ELM Trust and Awards Dinner. Part of the registration fee for the dinner will go to the ELM Trust.

President Warner reiterated that the summary sent earlier is important to have because we will be working off of that for the remainder of this meeting.

State of the Association: Jim Lubic explained that everything was pretty much covered in the summary. Glenn Gardner asked about the sale of the adjacent property with regard to how it will affect the view of our building from the main road. It is likely that it will obscure the building and the tower.

Constitution and Bylaws Committee:

President Warner introduced Motion 31:

MOTION 31: made by Jack Kurdzionak and seconded by Mark Butterworth
Move to add the following to the Policy Manual.

“3.2007.01: A JIDA representative who also is an AWCI member is to be invited to and placed on the agenda of AWCI’s annual Meeting.”

Rationale: This is to formally allocate space on the meeting agenda for a JIDA representative to speak with the Board.

No comments from the Board

President Warner asked for any comments regarding Scott Gilligan’s Consent Decree Report. None were made.

James M Dodson Perpetuation Fund: Jack Kurdzionak explained that the members perpetuation fund met and agreed to ask the members for a change to Article XX of the Constitution. He said that we are locked into only using US Government guaranteed instruments, and that no longer meets our financing needs.

Motion 32: by the Perpetuation Fund Committee, needs no second.

Move to replace Article XX of the AWCI Constitution.

Current form:

ARTICLE XX - THE JAMES M. DODSON PERPETUATION FUND (current)
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. 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. Income received on investment of Fund principal may be paid over and distributed to the Institute’s general fund.

The replacement language would be:

ARTICLE XX - THE JAMES M. DODSON PERPETUATION FUND

*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. **The Fund principal shall be invested and reinvested in investment grade securities. The fund trustees with the guidance of a professional investment advisor shall direct the fund strategies per the Bylaws.** Income received on investment of Fund principal may be paid over and distributed to the Institute's general fund.*

Rationale: The intent is to broaden AWCI's investment opportunities within the confines of the Perpetuation Fund. The fund principal will remain in the fund, and will not be made available for spending. The change marginally increases the investment risk while greatly increasing our earnings capability. This will allow AWCI to begin growing the Perpetuation fund, and strengthen AWCI's financial position.

Discussion: Jim Sadilek asked about the percentage system that was put forward during the Annual Meeting. Jack explained that the committee agreed to allow 100% to be invested in investment grade securities with the advice of a professional advisor. He also explained that we are very behind on the growth of the Fund.

Paul Wadsworth explained that passage of this allows this proposal to be placed on the spring election ballot for approval by the membership, as per guidelines established in the AWCI Constitution. This saves us on having to do an entirely separate ballot. He also explained that passage by the members will require approval from 2/3rds of the votes cast – providing that a minimum of 10% of the total membership votes. For example if there were 3000 members, 300 will need to respond, and we will need 200 of them to vote yes for this to pass.

Ron Iverson asked for a definition of "Investment Grade Securities." Tom Pack explained that there are two primary classifications of investments. "Investment Grade" and "Junk Grade" These classifications are provided by large trading companies, and are based on the actual financial condition of the company in question. Investment Grade basically means that you are fairly certain to at least get your principal back, but will probably make a profit. Ron asked what our current rate of return is now. Jack said it is currently in the low 5% range. The rate of return as a result of the change is not known at this time because we have been unable to explore this in detail with an investment advisor, but that we will still be able to invest in the bonds we have now, so the rate of return would not be worse than what we would have with no change. Henning requested a roll call vote on this motion.

Roll Call Vote: Motion 32 passed unanimously (Cutter Absent)

Horological Times Committee no comment

Book Review committee: President Warner introduced Motion 33

Wes Cutter entered meeting at this time.

Motion 33: Made by Mark Butterworth second by Matt Henning

I move to disband the Book Review Committee and transfer its duties to the HT Committee, effective July 1, 2007.

Rationale: This will be a more appropriate structure for the needs of the magazine.

No comments on Motion 33 from the Board

Membership Committee No Comments

Convention Committee: Jim Lubic said presenters are Manuel Yazijian, Tom Shoemaker, Tamara Houk, and on the clock side Laurie Penman, Lloyd Lehn and Mark Butterworth. Pat Cassidy from Cas-Ker may review one of the Chinese Timing machine. Should be a good educational program.

Publicity Committee: No Comments

Honor Awards Committee: Glenn Gardner invited everyone to submit names of award recipients.

Watch Product Review Committee: No Comments

Case Mark Committee: No Comments

Member Forum Committee: Butterworth and Henning had nothing to add to the previous report.

Ethics: Gene Bertram said the intent is to have this a Standing Committee and he now believes that to be the case.

Education Committee: Jerry Faier pointed out an error in the summary:

The section in bold italics below should be deleted:

“(B) Possession of a 3000 hour WOSTEP program diploma and completion of the current AWCI CW21 upgrade exam.”

(C) Possession of a recognized REC diploma dated 2005 and later *(plus 20 weeks of training through AWCI training)* and completion of the current CW21 upgrade exam.”

President Warner said that this is a real plus for the REC schools, and that it is partly the result of the meeting in 2005 where the schools attended and were brought up to date on what the CW21 required and that AWCI felt that they went back to their schools and made changes to their curriculums as a result. He also explained that the current \$500 charge for the upgrade exam will be reexamined and based on the actual cost of administering the exam. It will likely increase.

Affiliate Chapters: President Warner relayed Lucy’s report that St Paul College and a group in Texas had asked for chapter materials.

Research and Education Council, REC: Elbert Lewis said the REC did not get this year’s arrangements made for a school visit and, therefore, will be meeting during the AWCI Annual Meeting & Educational Symposium.

Report of the Industry Advisory Board: Jack Kurdzionak expects the IAB to continue supporting the institute

Nominating Committee for Board of Directors: President Warner said that we did not have anyone petition this year so the slate is as follows:

MOTION 34: Made by Mark Butterworth seconded by Matt Henning

I move to accept the following slate of nominees for the 2007 election of AWCI Board of Directors.

Gene Bertram
Donald McPherson
Doug Stuart
Lloyd Lehn
Joe Juare

Daniel Spath
Ernest Tope
David Fahrenholtz
Jack Kurdzionak

Roll Call Vote: Motion passed Unanimously

President Warner explained that the following motions will be taken up one by one, if there are any comments from the board, or anyone wishes to vote on them, let him know. Otherwise at the end of the meeting the board will be asked to vote on all motions as a package.

Motion 35: made by the Education Committee, needs no second.

Move to add the form titled “Notice of Appeal” and document titled “rules for AWCI Certification Appeals Process” to the AWCI official Standards & Practices for watchmakers and for clockmakers.

Rationale: To help create a standardized appeals process.

No Comment from the Board

Motion 36: made by the Education Committee, needs no second.

Move to amend the Standards & Practices for 21st Century Watchmakers, section titled: “*21 Century Certified Watchmaker may be achieved by:*” In the following manner: Change Parts B and C to read as follows:

“(B) Possession of a 3000 hour WOSTEP program diploma and completion of the current AWCI CW21 upgrade exam.”

(C) Possession of a recognized AWCI REC school diploma from 2005 and later and completion of the current CW21 upgrade exam.”

Rationale: Inquiries and comments from various sources made it clear that we need to clarify this portion of the S&P.

Upon a question from Glenn Gardner, President Warner and Jack Kurdzionak explained that the motion was to bring both the WOSTEP and REC schools to equal standing.

Motion 37: made by Finance Committee, needs no second.

Move to ask the Executive Director to immediately begin the competitive bidding process whenever prudent.

Rationale: AWCI needs to reduce costs where ever possible.

We asked for clarification on what types of things would be put up for bid. Jack Kurdzionak explained that this would apply to larger expenses. The intent is not to micromanage HQ, and that Jim will do this when prudent. We commented that this must be demeaning to Jim Lubic, and Jim agreed. Jack explained that this was not the intent of the recommendation, it is only to make this more of a standard practice. Glenn felt that this has been done in the past, but this motion will improve the reporting of it to the board.

Motion 38: made by Finance Committee, needs no second.

Move to continue to reimburse the IAB and REC directors for all reasonable out-of-pocket expenses for required AWCI meetings. All other directors shall be awarded a stipend of \$400 for each required meeting with no reimbursement for travel, lodging or meal expense.

This Motion was not passed by the Executive Committee.

Dennis pointed out that this and the next motion failed, and that these Finance Committee recommendations are not supported by the Executive Committee.

Motion 39: made by Finance Committee, needs no second.

Move to reimburse the Affiliate Chapter delegates a maximum of \$300 per person, the amount not to exceed the actual travel expense incurred.

This Motion was not passed by the Executive Committee.

No Comment from the Board.

Motion 40: made by Finance Committee, needs no second.

Move to take steps to reduce the current salary and benefit budget by 15% for the Fiscal Year 2007/2008.

Rationale: AWCI needs to take strong action to reduce spending.

No Comment from the board

Motion 41: made by Finance Committee, needs no second.

Move to ask the Executive Director to include with the budget report issued every two months (end of February, April, etc.) a report outlining the progress made to reduce the budget deficit. This report will replace the current quarterly report.

Rationale: The Finance Committee thought it would be wise to have the bimonthly report to keep us more up to date on the financial situation.

No comment from board

Motion 42: made by Finance Committee, needs no second.

Move to ask the Executive Director to prepare a contingency plan for operating the Institute in the event of a significant revenue shortfall with a report to the Finance Committee by 30 June, 2007, or at a time agreed upon by the Board and the Executive Director.

Rationale: If a crisis situation arises it would be better to have some general plans for how to handle it.

Jim Sadilek asked if there is a definition of “significant.” Jack Kurdzionak explained that it would be a large change in our revenues or expenses that will greatly change the budget. We would be getting a report on it, and would act accordingly.

Motion 43: made by Mark Butterworth, seconded by Jack Kurdzionak.

Move to remove sections 3.2003.02 “Travel Reimbursement Policy” and 3.2003.03 “Affiliate Chapter Delegate Travel Subsidy” from the AWCII Policy Manual.

Rationale: The Policies must be removed preparatory to replacing them.

Wes Cutter asked for clarification on the difference between financial decisions that must be voted on by the membership, and decisions that can be handled by the Board. Paul Wadsworth explained that these motions have all been discussed and voted on by the Executive Committee during the past few days. They need to be accepted by the full board to go into effect. He explained that the policy Manual and the Bylaws can be changed by the Board, and that Constitutional changes must be referred to the members.

Jack Kurdzionak explained that in order to make changes to the Policy Manual, we have to remove the old policy before we institute the new policy. We can’t just switch them in the same motion. We will be replacing the policy in a moment.

Motion 44: made by Mark Butterworth, seconded by Jack Kurdzionak.

Move to add new policy titled 3.2007.01 “Affiliate Chapter Delegate Reimbursement” to read as follows:

“An Affiliate Chapter whose delegate attends the AWCII Annual Meeting shall be reimbursed \$300 if the Chapter has 15 AWCII members.”

Rationale: This represents a reduction of the reimbursement and will simplify the accounting.

Wes Cutter asked what if a chapter has 30 members, do they get \$600? President Warner explained that no, the 15 is only intended to match the minimum requirements to be considered a chapter. He also explained that there will be no reimbursement paperwork submitted, and there is no requirement to attend all meetings. This would be a flat \$300 given to the chapter itself, and would greatly simplify the accounting.

Motion 45: made by Mark Butterworth, Second by Jack Kurdzionak.

Move to add section 3.2007.02 “Travel Reimbursement Policy” To the AWCI Policy Manual, to read as follows: “REC and IAB Directors, when Directed by the President Shall Have... *(This line replaces first line in old section 3.2003.02, and text continues as before)* In addition, at the end of that text add the following: The President, and the Board of Directors, when Directed by the President, shall have their lodging only arranged and paid for by AWCI while attending regular or specially-called meetings.

Rationale: This represents a significant cut for the Board members. The Board will bear some of the same hardships we are imposing on the rest of the institute.

Discussion: Wes Cutter asked that we vote on this motion.

Jim Door commented that we should consider covering the expenses of the Parliamentarian, or the Education Committee and that this would be removed by this motion. The Executive Committee overlooked this, and decided to leave this as is, and then add an additional policy in a separate motion.

Wes Cutter commented that this is extremely discriminatory to people who live far from the meetings, that it will severely limit an influx of new Directors, and reinforce the “good ole boy” stigma.

Gene Bertram mentioned that in his opinion the reimbursement has always been discriminatory for the Affiliate Chapter Delegates because they travel different distances for a flat rate.

President Warner explained that this will encourage Directors to seek to get to meetings in the cheapest way possible.

Jim Door that this is a serious financial hit to the Directors, and that this could spell the difference between being able to serve or not, and also that this should have been done before the candidates were selected. Warner explained that they will be notified.

Glenn Gardner feels that this is too deep of a cut all at once, and could severely limit the list of potential candidates.

Mark Butterworth commented that yes this is a big cut, but the institute is in tough times. We need to show leadership, because eventually everyone will be asked to sacrifice.

Some of the pain and suffering must be borne by the Board. He pointed out that the meeting moves around and will be equalize the travel for people who come to meetings year after year.

Tom Pack pointed out that all of these expenses can be written off on our tax returns.

Wes Cutter commented that this idea that we're saying that 'Everyone must feel the pain and the board is feeling it too' is pointless unless we advertise that we are doing this. Because nobody is going to know about it. If we say it takes \$1000 to get a person to a meeting, let's cut 15%... That's \$150, and not enough to cover an airline ticket. It would be the same percentage as the staff budget cut, and not such a hardship to the Directors.

Warner explained that the 15% staff budget cut is close to \$100,000. We need to find more significant cuts elsewhere and not try to apply 15% across the board.

Jim Sadilek wanted clarification on how many nights lodging would be covered. Warner explained that we would be covering all nights required by the Director to attend the meetings where he is conducting AWCI business. Sadilek commented that this would be less than the earlier \$400 stipend idea. Jim Lubic commented that rooms can cost \$115 per night, and could exceed \$400, in some cases.

Jack said that this was not an easy decision. He offered some history behind the reimbursement. Chapters used to get \$200 until a real pain in the butt named Jack pushed for more money. He succeeded in getting it changed to \$400. He said they also would only give you a piece of the \$200 based on the AWCI member percentage within the chapter. He explained that the current board travel budget is equal to the dues of 200 members. By cutting this down we reduce that to about 90 members. It's easier than finding 110 more members to achieve the same thing.

Ron Iverson commented that to not cover travel expenses for people who are volunteering huge amounts of time would be wrong. Not only are we asking them to give up their time at work, we are asking them to pay to do so.

Gene Bertram agreed that this is a heavy cut, but in his opinion we are looking at the survival of the institute. He said that if things improve, we can reinstate this reimbursement.

Jim Sadilek asked why these cuts to the budget are not reflected on the 2nd quarter report. Henning pointed out that the document was prepared before these changes were made.

Roll Call Vote Motion 45: Motion Passed 6 to 5

Voting Yes

Gardner
Kurdzionak
Henning

Sadilek
Butterworth
Bertram

Voting No

Cutter
Iverson
Lewis

Baker
Zimmerman

Motion 46: made by Jack Kurdzionak, seconded by Gene Bertram.

Move to add CitiBank - South Dakota as an approved AWCI financial institution.

Rationale: allows AWCI to apply for a business VISA credit card. This is a no annual fee card with benefits and would replace our current VISA credit card that has an annual fee and does not offer benefits.

Glenn Gardner was surprised to hear that we've been paying fees all along.

Motion 47 made by Gene Bertram seconded by Jack Kurdzionak

Move To add the following to the Policy Manual:

3.2007.03 Special agents and/or members of other special committees when directed by the President shall have....” The text then is to pick up with “...their transportation..” and continue with the wording from 3.2007.02 up to and including the paragraph “**Whenever travel is for an extended period of time, and travel to a number of cities is involved, contact AWCI and work out the details of reimbursement of the expenses involved. When a per diem is established it shall be for no more than the maximum amount allowed by the IRS for that location.**

This policy is not to include the following final lines 3.2007.02: “The President, and the Board of Directors, when Directed by the President, shall have their lodging only arranged and paid for by AWCI while attending regular or specially-called meetings.

Rationale: To replace the reimbursement policy for attendees like the Parliamentarian or Committee Chairman, which were deleted previously

Roll Call Vote: Motion passed unanimously

Motion 48: made by Gene Bertram, seconded by Jack Kurdzionak.

Move to approve the Motions above that were not individually voted upon by the Board.

Rationale: This Motion ratifies those presented at this meeting that were not specifically voted on by the entire board. This includes 31, 33, 35-44, & 46.

Roll Call Vote Motion Passed unanimously

President Warner thanked the Board and asked if there was anything else that anyone would like to discuss.

An extensive discussion began. The major points were that we cannot expect to cut ourselves out of this financial situation. We need to work to increase membership. Much has been done in the past, and many things just have not succeeded. AWCI has all of the substantive pieces of a trade organization in place – training, a museum, a library, a magazine, a relationship with the schools, a relationship with the manufacturers. With all of that in place, and still no real profitability, it has become apparent that we simply lack the expertise in putting it all together in the right combination and marketing it properly. It was strongly suggested that we find and hire such an expert to help us out with this.

President Warner recognized that this was a very difficult meeting for all and required some hard decisions to be made. He thanked all, and adjourned the meeting at 5:45 PM

Respectfully Submitted,

Matt Henning
Secretary