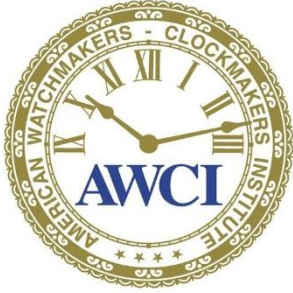



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|  | <p style="text-align: center;">American Watchmakers- Clockmakers Institute Board of Directors</p> <hr/> <p style="text-align: center;">MEETING MINUTES</p> |  |
| <p>August 9th, 2016</p> | | |

Call to order: 8:00 p.m. ET

AWCI President Fred White presiding.

Location: GotoMeeting

Roll call

Directors Present: Fred White, Drew Zimmerman, Henry Kessler, Joe Cerullo, Craig Stone, Wesley Grau, Dave Kurdzionak, Josh Kroman.

Directors Absent: Aaron Recksiek, Peter Whittle.

AWCI staff present: Jordan Ficklin

Also present: Paul Wadsworth as Parliamentarian, Jack Kurdzionak, John Bryant, Jerry Faier.

Motion 8.9.2016.1:

“To accept the minutes from July 12th, 2016.” President called for the vote, approved unanimously.

Report from the Finance Committee: Henry Kessler.

It has been very difficult to get the entire finance committee together for a meeting. He has been working closely with Jack Kurdzionak on the budget because he has a very close historical knowledge of the budget as a former Treasurer. They have asked the Perpetuation Fund trustees to increase the withdraw from the Perpetuation Fund back to the 5.5% that is currently allowed and the level that was historically used in the past. The Executive Director has been able to pay down debt and run the institute on a current withdrawal of 5.1%. With the loss of Rolex grant funding, losses in certification and education, and loss of membership.

The new budget being worked on listed a shortfall of income of around \$70,000. This includes \$50,000 of depreciation of assets. There is also concern with the possibility of losing money with the upcoming convention. These numbers alone should not cause a problem financially long term and long as all other items in the budget remain with their estimates. The new budget also includes \$10,000 for a planned clock director position as well as \$15,000 for a certification clarity conference.

The clarity conference is done annually to help bring clarity to the certification programs. The \$15,000 includes the watchmaker certification that has been done for the last two years and a clockmaker clarity conference which has not been done up to this point.

In response to questions about reducing the cost of our annual elections, our bylaws require that it be done by a CPA. This prohibits us from having them counted by another impartial 3rd party in order to save money. The largest expense of the election is the printing and postage of the ballots. Last election over 80% of members used the mail-in ballots. Postage is around \$900 and printing/setup costs are around \$2,000.

There was an employee last year who would carry out the duties of cleaning the building. This year, that employee has left and a cleaning service is being used. This reflects an extra \$6,400 in building costs, but that money was reflected in the employee salaries category in the previous budget. It is costing us about \$2,400 in addition to have the cleaning done by an outside service. However, employee salaries are reflected as more in the next budget because a new employee was hired as Certification and Education Coordinator that is costing more than Cindy.

Eterna is asking us to send Tom Schomaker over to Switzerland to become trained on their new movements. Tom will then be allowed to train watchmakers in the US on their movements. We will be the exclusive training center for Eterna movements in the US. We are working on getting that in writing before an agreement is made and money is spent on travel expenses to send Tom. Eterna has agreed to offer free training but they require us to cover the costs of travel and lodging. The feeling was expressed that Eterna has not very good at communicating and has not returned emails and phone calls in a timely manner if at all. Some board members feel that if they can't improve their communication, then we shouldn't do business with them until they can. There was also discussion about how there is a number of watchmakers that would find it a fun and interesting opportunity to be trained on a new caliber even though the particular individual may not pursue spare parts or becoming a service center. There are more reasons for Tom to go to Switzerland other than Eterna training. Merard has asked that Tom come over to get trained on new polishing equipment and supplies. There are also other opportunities that can be pursued if the decision is made to approve his trip. We have budgeted \$6,000-\$8,000 for travel expenses on this trip. There was some discussion about doing what we can to get the Swiss brands to help pay for this trip.

Motion 8.9.2016.2:

"Travel expenses for Tom Schomaker Switzerland trip." Made by: Fred White.

Drew Zimmerman: Yes, Henry Kessler: Yes, Joe Cerullo: Yes, Wesley Grau: No, Dave Kurdzionak: Yes, Craig Stone: No.

Yes: 4, No: 2. Motion is approved.

There was a line on the budget for interest expenses. This includes interest on the mortgage and interest on our line of credit that we usually dip into around the end of each year.

There are also certain expenses included on the budget that include new capital expenses for energy efficient lighting, classroom tools, and computer expenses.

Motion 8.9.2016.3:

“To approve the budget presented by Henry Kessler and the Finance Committee for fiscal year 2016-2017.” Made by: Henry Kessler. Seconded by: Joe Cerullo.

Drew Zimmerman: Yes, Henry Kessler: Yes, Joe Cerullo: Yes, Wesley Grau: No, Dave Kurdzionak: Yes, Craig Stone: Yes.

Yes: 5, No: 1. Motion is approved.

Awards Committee: John Bryant.

The awards committee is fairly quiet throughout the year with some activity leading up to the annual convention. There was discussion on several different awards that had been presented to the committee. There was a nomination for a fellow award sent along to Jordan Ficklin.

The bylaws require that Fellow Awards require a secret ballot conducted by mail. Ballots must be mailed no later than 50 days, and results received not later than 30 days before the award is presented. The votes must be 80% in the affirmative to present the award.

Jordan will work on the ballots and get them sent out ASAP.

Education Committee: Jerry Faier.

The new Chief Examiner position criteria was sent to the board. The clock director position was included in the new budget, so the committee is seeking approval on that as well.

Motion 8.9.2016.4:

“Approve the Request for Position criteria for the new Chief Examiner.” Made by: Education Committee.

Drew Zimmerman: Yes, Henry Kessler: Yes, Joe Cerullo: Yes, Dave Kurdzionak: Yes, Josh Kroman: Yes, Craig Stone: Yes.

Yes: Unanimous

It was discussed that the main problem the last time the clock director position was presented was the \$15,000 to \$20,000 possible price tag. The budget was approved with \$10,000 set aside for this position so the intention is to have this person work within these parameters. With the approval of the new budget, it automatically approves this position by setting aside the necessary funds.

All the original people involved with the original CC21 are planning on still being a part of the clock certification. They will participate in the clarity conference and future assessments.

Fred White will be out of town on the first Tuesday of September. The board agreed to have the next board meeting on September 13th, 2016.

Nobody from any of the major brands have registered for the convention yet. The only IAB members attending at this point are: Henry Kessler, Terry Kurdzionak, and Josh Kroman.

There was discussion about the lack of participation from the IAB, and the frustration with AWCI many of its members have experienced. There is confusion about why some brands appear to have stopped participating, most notably, Rolex. The board is divided on who stepped away from whom and what the specific reasons were. The board is interested in learning what steps could be taken by AWCI to improve relationships.

Henry Kessler reported that there were concerns about the particular movement used in the CW21 exam, and that there was a communication disconnect about the changes AWCI was pursuing and plans that were underway.

Convention Committee: Terry Kurdzionak.

It looks like convention attendance has picked up since the last board meeting. A 15 passenger van has been reserved for the plus one activities. 4 AWCI staff members are planning on attending: Jordan, Tom, Donna, and Rob. Henry Kessler has donated gift bags and some gift items. They need some help for the hospitality suite.

So far there is 21-22 regular registrations, 7-8 plus ones, a few instructors, a few students, 13 paid vendors, and about 13 more that have committed but just not registered yet. Total number of people: around 80. If registration doesn't pick up, we could be on track to lose around \$15,000-\$20,000.

One of the concerns has been the small amount of CEU's available. The CEU's are based on 8-hour days in a class. There are 14 hours of education available which equates to 2 CEU's. If we follow the way CEU's are calculated in the Standards and Practices document, there can't be any more CEU's given for that particular amount of education.

John Sokol and Richemont have committed to bring all their students to the convention, along with 2 instructors, Stan McMahan and Russ Petty. They have not registered so far.

Fred and Jordan visited the convention in Louisville, Kentucky earlier this year. There was around 1,300 attendees and registration was only \$50. The mart was included in the registration fee, but the classes and awards dinner were both extra costs. There was considerably less attendance at the classes and awards dinner. It may be a good idea to consider moving the AWCI convention at an a la carte fee structure for next year.

Motion 8.9.2016.5:

"To adjourn, 10:00 p.m. ET" Made by: Joe Cerullo, Seconded by: Henry Kessler.

Yes: Unanimous

Respectfully Submitted,

Aaron H. Recksiek, Secretary - AWCI