

# AWCI Conference Call 11/25/08

## **Board Present:**

- Joe Juaira, President
- Tamara Houk, Vice-President (IAB Director)
- Jack Kurdzionak, Treasurer
- Doug Thompson, Secretary
- Ron Iverson, Director
- Doug Stuart, Director
- Manuel Yazijian, Director
- Jim Zimmerman, Director
- Glenn Gardner, Director
- Hermann Mayer, REC Director
  
- Dennis Warner, Past President
- Paul Wadsworth, Parliamentarian

## **Staff:**

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

**Absent with notice:** Mike Gainey, Affiliate Chapter Director

## **Resigned**

- Lloyd Lehn, Director

**Call to order:** 7:05PM CDT

Juaira opening remarks: Thanked all present, noted there will be no conference call in December, but he intends to call one prior to the February mid-year meeting.

## **Resignation**

Director Lloyd Lehn resigned from the AWCI board effective 11/24/08, stated that he would not renew his AWCI membership, would inform chairpersons of the committees he is on of his intentions and wished the board well.

### *Director Replacement*

Juaira, Lubic, Stuart, Houk and Wadsworth discussed the AWCI by-law rules for Lehn's successor: The vacant position is offered to the highest vote receiving, unelected candidate (as voted on by the general membership) in the most recent AWCI election, which would be current Affiliate Chapter Chair, Mike Gainey. Gainey would accept or decline the position by 11/26/09.

If Gainey accepts the position, then Gene Bertram, the current vice-chair of the Affiliate Chapters, would be the new AC Director.

If Gainey declines, the next in line from that same election would be Gene Bertram. If both Gainey and Bertram decline, then the director seat would be offered to Earnest Tope. For whatever reason an IAB, REC or AC chair/director resigns their position, the secretary or vice-chair from that entity, assumes the duties of the former chair/director.

Whoever accepts the vacant board position(s) would still have to be approved by a vote of the BOD.

## **Minutes**

Juaira asked Thompson for minutes from the previous conference call and was informed that they were not available. Juaira asked that if those minutes would be offered for an e-mail vote in the near future and he was told that they would.

## **Budget**

Pack spoke to the budget and the notes that he had sent out prior to the meeting for the period ending 10/31/08:

Dues notices went out in mid to late October, with some revenue already received from that. Revenue should appear in November or December.

The budgeted deficit should be over \$100K, but the actual deficit is \$66K, \$34K ahead of projections. Revenues are up slightly from budgeted amounts, but the situation is more likely due to reduced expenditures.

Kurdzionak noted increased Academy revenue. Pack explained that do due to a large number of Academy classes scheduled and much tuition still outstanding for those classes, more revenue is anticipated for the Academy through the end of the fiscal year. He also noted reduced freight income and asked if diminished book/video sales were the reason. Pack concurred and noted that an increase in freight revenue is anticipated with holiday buying season. Kurdzionak thanked Pack publicly for getting the budget data out and for the scaling of budget items.

Thompson asked about investment income, that it did not appear to have been affected by the recent economy. Pack explained that AWCI is on an allowance and that that monthly amount is fixed. The value of the portfolio has dropped, but the allowance is based on previous month-end calculations based on the average value of the portfolio. Pack had contacted Dale Coates from Johnson Investment Counsel and Coates felt the timing wasn't right yet to re-evaluate the situation. Kurdzionak stated the allowance is not based on income from the fund, but on 5.5% of the average net asset value of the fund (Pack concurred). Kurdzionak continued, noting the income derivative was based on a previous 6 month review and divided by 12.

Stuart also thanked Pack for the budget report, noted the scaling on the report and asked if there had been a move to non-linear budgeting. Pack stated that at the request of the BOD he had scaled some items in the budget (items marked with \*\*\* in the report). The current report is a blend of linear and non-linear items. Stuart said he was puzzled about the ½ & ½ nature of the report. Pack stated that not all items need to be scaled and that he felt all of the scalable items were included in the report to better represent actual revenue/expenses.

Stuart asked about the Perpetuation Fund, what kind of hit it has taken in the market and wondered if there should be communication with the membership about it.

Juaire felt that if the budget is affected (member services), that would be the time to involve the membership.

Lubic noted that an update to the membership would appear in the December HT, as requested during the last conference call.

Pack noted that Dale Coates of Johnson Investments was writing a broad summary explaining the market fluctuations, market history, its effect on our funds and our intentions.

Yazijian questioned the annual meeting budget with the continued revenue after the end of the fiscal year. He also noted the year to date actual difference of over \$5000 between Oct.2007 and Oct.2008. Pack explained: The annual meeting is in August and many registrations are received prior to July 1<sup>st</sup> due to the late fee imposed on that date. Registrations are also received after that date so the revenue is split between the two fiscal years. He said he would look into the discrepancy between the two years, feeling that there were probably a large number of late registrations in 2007.

## **Survey Results**

Pack asked if everyone on the board had received the survey question, "How often do you want to be surveyed?" Some did not receive it and Pack said he would check on the situation. He asked if anyone has a server that uses a challenge question or service, as the survey may be being blocked.

Juaire suggested that those not receiving a survey, email Pack and they would be included in the next survey.

Pack stated just under 2200 e-mails were sent, 261 people started the survey and 254 complete the survey. Most popular: 94 responses (36.4%) chose "Once every 3 months," 2<sup>nd</sup> favorite: "Once per year," with 64 responses (24.8% ) and "Once per month" was 3<sup>rd</sup> with 48 responses (18.6%). There were 38 free form comments that would be shared with the committee when the survey is finished (December 21).

Stuart asked if the free form responses be shared with the whole board? Others concurred.

Pack said he could get a summary together for board review.

## **Office Update**

### *Distance learning*

Lubic has been talking to David LaBounty, who has an internet clockmaker training class, utilizing a webcam. Lubic is negotiating to make that class available to AWCI members. It may not cost AWCI anything upfront, other than percentages of the registrations. Lubic has talked to Jerry Faier, Chairman of the Education Committee, about this, and Faier is comfortable with it.

Lubic has also been talking with KRM, an internet conferencing company in Wisconsin, about a similar distance learning arrangement for watchmakers, only it would be a power point of type presentation.

Recently, pricing for this technology has come down considerably.

More news on these items in January.

### *JCK industry fund*

Lubic stated that last year AWCI had filed for a grant with the JCK industry fund and partnered with the Jewelers of America. He would be filing under the same types of terms from last year. JA may not be willing to partner, but he would still go ahead and file the grant with the JCK Fund.

### *Shipping Benefit*

Lubic explained Meridian is who we have our First National credit card discount processing feature with for our members and we also had our DHL shipping discount with them. They are 3<sup>rd</sup> party issuers of various benefits to different associations. DHL local delivery network will be eliminated and AWCI will no longer be able to offer the DHL shipping discount to our members. The only benefit they offer that AWCI is currently participating in is the credit card processing benefit. Meridian asked if we would be willing to sign a new contract agreement for our members with FedEx (the only shipping company they work with). They may be willing to accept all members that already have FedEx accounts and possibly be willing to give us 1% royalty on their usage. Meridian wants AWCI to share their membership list: Name, address, phone number, fax number, e-mail address. He asked that the board approve sharing only name and address (no phone number, no fax, no e-mail address), with Meridian twice a year for the purpose of advertising FedEx direct mail to our members. It is not known what revenue might be from this, but there is no minimum participation (unlike DHL). Over 400 organizations/companies work with Meridian and AWCI was one of the 100 that were chosen by FedEx to work with first. E-mails have to come through the office first and be approved by us before being sent out. If after the first year, members complain about it, we can stop the program.

Houk explained her experiences with FedEx: They have a special service and packaging to be used for watches and jewelry. Normally they won't accept watches or jewelry. Second day shipping goes for items under \$10,000 and over \$10K has to be overnight. She joined a jewelers group just to gain access to this service (\$500 annual) and felt the price was well worth it.

Lubic said he would check to see if it was part of the Meridian agreement.

Gardner asked if AWCI could do the mailing and was told no, due to the increased costs.

Stuart believed AWCI member information was not given out to anyone under any circumstances.

Some were concerned what would happen to the list once Meridian had it.

Lubic said that there is no rule against selling the membership list, it's a matter of whether the directors want to approve it or not.

Thompson asked how long this offer was good for and Lubic said it was usually a 30, 60 or 90 day notification to withdraw from the agreement by either organization.

Kurdzionak asked for policy clarification.

Wadsworth read from the policy manual, # 7.2003.02, noting it's up to the Executive Director's discretion who gets it (the list) and who doesn't.

Section 4: The board may provide a copy of the membership mailing list to 3<sup>rd</sup> parties when compelled by legal process or when the board deems it to be in the best interest of the institute. Not all agreed that it would be in the member's best interest.

When the previous the agreement was signed, there wasn't an option to go to the board for approval: House ads were offered (HT), e-mail that was approved first by the office, flyers provided for new members and member renewal packets. If AWCI is not amenable to the current contract requirements, Meridian will move to on the next organization.

Motion by Kurdzionak: To allow Lubic to proceed with the FedEx mailing list.  
Iverson seconded

Stuart asked for clarification.

Lubic stated the vote was for him to turn over the membership mailing address to Meridian for purposes of contacting our members twice a year regarding FedEx shipping.

Discussion followed.

Questions were asked if there were any guarantees as to how the list would be used, if the watch/jewelers service was included and whether that information could be included before a vote. Lubic explained that in the contract with Meridian, the list is to only be used for FedEx, is for their use only and the list is not to be sold. He said that he would check to see if the watch/jeweler service was available and asked for the board's trust that he would not turn the list over for a fragmentary benefit.

Juaire asked Thompson for a role call vote.

DS	No
TH	Yes
JK	Yes
MG	Absent
GG	Yes
HM	Yes
RI	Yes
MY	Yes
DT	Yes
LL	Resigned
JZ	Yes

Motion passes 8-1

Stuart stated the membership should be informed about the vote.

### **AWImatters**

Juaire explained that a motion was presented by the Executive Committee.

Motion: To close AWImatters.

Rationale: That we should close down the AWI Matters as a result of some communications that were recently occurring on that forum that violate the policy of loyalty that is stated in our policy manual.

Juaire: "The policy manual states that the board members have a fiduciary responsibility of loyalty to the organization. That they need to support the decisions that were made by the board, either prior to their involvement on the board or currently as the board is discussing these matters and there were several instances recently that violate that policy."

Stuart asked for a specific example.

Juaire stated a recent e-mail on AWImatters was unsupportive of the current certification program involving current directors.

Lively discussion followed on the merits of the motion, its intent, the image the forum portrays of the organization, consequences with or without the forum.

Further debate involved the obligation of a directors' loyalty to the organization involving its decisions, policies, strategy and whether a director had the privilege of publicly articulating personal opinion as a member, separate from his or her directorship. Legal opinion had been consulted on the issue and the judgment was that fiduciary duty goes under the duty of loyalty: Directors must support any decisions that are made by the entire board of directors. The nature of the board, its intent and methods were also discussed.

After the previous dialogue Director Stuart offered his resignation and it was accepted by Juaire.

More discussion ensued on the merits and imperfections of AWImatters, including its popularity with some members as well as problems with member e-mail identification, organization embarrassment, difficulty/expense in monitoring it and serious liability issues.

Others spoke of alternatives to AWImatters and it was noted that the AWCI website has watch, clock, tool, and parts forums. The advantages of these include the ability to control them, as viewers must visit the site as opposed to messages being sent out to those participating. It was decided to freeze the site, including past content for a period of time for those that may wish to mine it for technical information. An explanation would be posted on AWImatters, informing members of AWImatters status, informing them of the board decision, where the parts forum is and if they have concerns, e-mail the board of directors.

Juaire asked Thompson for a roll call vote.

HM:	Yes
DT:	Yes
JZ:	Yes
TH:	Yes
RI:	Yes
GG:	No
MY:	Yes
JK	Yes

The vote passes 7 – 1.

Iverson made comments concerning the late fee that was on the recent dues notice. He thought it would be more positive if those late in paying their dues were sent with a note telling them AWCI could not send out Horological Times until their dues were paid.

Lubic explained that a majority of members were paying dues after the second dues notice went out in January and the idea was to encourage members to pay early with the late fee (a practice used by many organizations). He noted they would be sympathetic if members in a difficult situation were to contact the office.

Gardner asked directors for names the Nominating Committee could consider for the upcoming election. Continued discussion revealed that some already on the list may not be available.

Meeting adjourned at 8:42PM CST