

AMERICAN WATCHMAKERS –CLOCKMAKERS INSTITUTE
Minutes of the Board of Directors Conference Call
June 24, 2008

Present

Dennis Warner, CW21, President
Tamara Houk CW21, First Vice President, IAB Director
Matt Henning, CW, Secretary
Jack Kurdzionak, CW21, Treasurer
Glenn Gardner CMW, Director
Ron Iverson CMC, Director
James Zimmerman CMW, CMC, CMEW
Joe Juare, CW21 Director
Doug Stuart, Director
Lloyd Lehn CC, Director
Dan Spath, Affiliate Chapter Director
Elbert Lewis, REC Director

Paul Wadsworth, Parliamentarian

Director-elects

Manuel Yazijian, CMW21
Doug Thompson ,CW21

Staff

Jim Lubic; CMW, Executive Director
Tom Pack, Finance Director

9:06 p.m EDT Meeting Opened by President Warner.

President Warner opened the meeting by stating that because there were no objections, Manuel Yazijian has been appointed to the HT Committee, and Joe Juare has been appointed to the Education Committee. He also asked for and received unanimous consent to invite Paul Wadsworth and Jim Lubic to participate in this meeting.

Warner stated he would entertain a motion to suspend the 30 day prior notice requirement: Henning offered the Motion:

Motion 42: Made by Henning, Second by Juairé.

Move to waive the 30 day prior notice requirement for budget related motions brought forth in the 6/24/2008 conference call.

Roll call vote, Motion passed unanimously.

President Warner immediately took up the proposed budget:

Motion 43: Made by the Finance Committee, needs no second

Move that AWCI regular membership dues be raised from \$125 annually to \$137 annually.

Discussion:

Lehn expressed his disapproval of raising the dues again this year. He said that he has had plenty of comments from the members stating that they are beginning to question the value of membership. He feels that we are going to see a higher loss of membership this year than we have after past increases.

Henning asked about the math used to calculate the dues revenue listed in the proposed budget because it didn't add up with the number of members times the proposed dues. Pack and Kurdzionak thought it sounded like he was forgetting to account for all the categories of members that are included.

Kurdzionak explained that our costs keep going up, and that the increased dues are only slightly more than our increased costs. He said that if we didn't raise the dues, we'd really be going backwards, and that this increase amounts to essentially a dollar a month.

Stuart doesn't think that inflation justifies a 10% increase to the dues. He feels that we need to remember that when times are tight, people begin to prioritize their spending. They may decide that AWCI membership is one of the optional expenses – when compared to heat, food, rent, taxes etc. AWCI is optional. We should get back to looking at whether or not we are delivering the value to the members. If we don't think we are delivering the value, then we shouldn't be raising the dues.

Lehn added that we should look at what we can reasonably charge for membership, and then set the budget to fit within that. If that means we can't do as much, then we should let the members know that.

Lubic pointed out that we've been supplementing the dues for 15 years now by using the Perpetuation Fund, and we've kept the dues artificially low. According to the Strategic Plan, we should be weaning ourselves away from that.

Lehn thought that we passed Article XX of the Constitution in order to eventually increase income from the Perpetuation Fund so that we can continue to subsidize dues.

Lubic stated that the purpose of increasing income within the fund was so that we could continue to take out as much income as we have been taking, but also be able to roll the added income back into the fund in order to allow the fund's principle to increase over time and hopefully keep up with inflation. The intent was never to just keep taking all of the income.

Henning commented that any business comes with a 'cost of doing business.' In order for an organization like ours to exist, even in a barebones kind of fashion, there is a minimum cost. It's possible that what it costs to be a barebones AWCI is more than what the potential members are willing to pay in dues for that kind of service. He added that Lubic is right... we have been subsidizing the dues for a long time. The members look at the old \$40 dues of the past, and think that now we are just gouging them, but the reality is that the revenue needed to run AWCI was never \$40 per member because all along we've been using the Perpetuation fund to basically double that income. He feels there's a cost of doing business and that the members don't really appreciate what it actually costs to do this.

Stuart commented that the members aren't going to go through that kind of analysis. They are going to look at the bottom line, compare that to what they get in return, and make a decision. If they don't think they're getting value, they won't pay the dues.

Lubic pointed out that AWCI delivers a lot of opportunities for members to get their dollar's worth. AWCI offers more than just a magazine if people make the effort. There's the new Certification, access to courses at AWCI HQ, they can work with their local chapters to have those courses brought to their local area, access to health insurance, discounts at Home Depot, technical information... He feels there is a lot of opportunity for someone to get their dollar's worth, and they get all of it for less than the cost of one watch or clock repair.

Gardner supports the increase but wonders that if it can be cut in half, can we work the rest of the budget around that. His thinking being that it's better to retain the members than lose them.

Kurdzionak said that the budget would have to be completely recalculated. He feels that there's no real way to calculate how many we would lose if we didn't change the dues – that there are many reasons why people leave.

Iverson said we should work more toward explaining to the members that we've been subsidizing the dues, and that we should be reminding them about the benefits they can get.

Roll Call Vote, Motion 43: Motion Passed 9 votes to 2

Voting Yes:

Henning
Spath
Kurdzionak
Juaire
Iverson
Gardner
Lewis
Houk
Zimmerman

Voting No:

Stuart
Lehn

Motion 44: Made by Finance Committee needs no second

Move to raise IAB annual dues from \$250 to \$300

Discussion

Stuart suggested it should be raised more than that.

Kurdzionak explained that many IAB members pay more than that, and also that last year the IAB members voted themselves to double their dues last year, and that adding \$50 seemed a reasonable increase. They also contribute a great deal of support to AWCI.

Stuart agreed with that.

Roll Call Vote: Motion Passed Unanimously

President Warner read Motion 45 as initially proposed from the Finance Committee and opened it for discussion.

Motion 45: Made by Finance Committee, no second needed:

Move that REC and Affiliate Chapter dues be raised from \$125 annually to \$175 annually.”

Discussion:

Lewis delivered the sad news that his school, Jones County Junior College in Ellisville, MS will close on July 31. They weren’t able to rally the needed support to keep the school open, and warned that without support other schools may suffer the same fate. He asked that Directors attend the REC meeting to offer some positive support.

Juaire said that he had made a proposal to adjust the wording of Motion 45 which would reduce the dues expense for the independent REC schools. He said that many of the instructors pay those dues out of their own pockets. He also said that the industry supported schools should be willing to support them in this way because some of their best students come from the independent schools. He didn't offer it as a Motion, because he didn't see a lot of support for his suggestion (via email)

Henning said that he does support the idea, and has a version of Juaire's motion printed up and ready should the board choose to adopt the wording.

Kurdzionak noted that we already have a Motion on the floor. He asked Juaire how many schools we have right now, the answer was about 10 including the Canadian school. He said he doesn't think that the dues are really a factor in the closing of these schools. He asked Juaire for his thoughts on that.

Juaire said that the supported schools get a great deal of benefit by being associated with AWCII, and the schools can certainly afford in increase in dues. He said that his proposed motion is not so much to help the independent schools, but more because he thinks the supported schools ought to pay more. He thought that he should go ahead and move to amend Motion 45.

Henning read the wording proposed by Juaire so that directors could decide if they would like to adopt it.

Motion 46: Made by Juaire, seconded by Stuart

Move to amend the wording of Motion 45 as follows:

Move to set REC and Affiliate Chapter dues as follows:

- 1. The industry sponsored/financed REC schools dues should be raised to \$250/year.*
- 2. The independent schools' dues be lowered to \$100/year.*
- 3. The Affiliate Chapters dues should be at the proposed \$175/year*

Rationale:

- 1. The \$2100 revenue from the proposed increase for the 12 REC schools will still be realized using this formula.*
- 2. The industry sponsored/financed schools have more available revenue to shoulder the burden of a dues increase than the State sponsored schools, which are always under the threat of closure.*
- 3. Speaking as an instructor from a former State sponsored watchmaking school, I realize the value and benefits of REC membership in terms of pedagogy, curriculum development and professional development and would like to see the*

AWCI encourage rather than discourage participation from the schools who would benefit the most from the collaborative efforts of the REC.

4. Distancing these schools from the only national organization (AWCI) that can help with professional and possibly financial resources at a time when we are trying to raise the collective standards in our industry is counterproductive to this extremely important mission.

5. Many, if not all, of the industry sponsored/financed schools have or have had students that have started their training at the State sponsored schools and have come to their programs to continue their education. These students are some of the best technicians that the industry sponsored/financed programs have and this benefit should be recognized, at the very least, by lessening the burden for the State sponsored schools wherever possible.

Discussion

Lehn asked if it would be revenue neutral (compared to the current wording). Juaire believed it would.

Kurdzionak asked if it would be acceptable to leave all of the dues as proposed at \$175, and lower the dues for the independent schools to \$100, and absorb the cost in the budget.

Juaire said that he understands that there is a political cost to raising dues, and he's willing to take it. He says the supported schools get far more back in value than they pay in dues.

Yazijian noted that the proposed \$100 dues would be less than that paid by a regular member. He felt that this was likely to cause controversy among the members.

Various directors acknowledged his point.

Roll call vote on Motion 46 Motion passed 8 to 3

Voting Yes

Henning
Juaire
Iverson
Gardner
Lewis
Stuart
Lehn
Zimmerman

Voting No

Spath
Kurdzionak
Houk

Motion 45: AS AMENDED BY MOTION 46

Move to set REC and Affiliate Chapter dues as follows:

1. The industry sponsored/financed REC schools dues should be raised to \$250/year.
2. The independent schools should be lowered to \$100/year.
3. The Affiliate Chapters dues should be at the proposed \$175/year

Rationale:

1. The \$2100 revenue from the proposed increase for the 12 REC schools will still be realized using this formula.
2. The industry sponsored/financed schools have more available revenue to shoulder the burden of a dues increase than the State sponsored schools, which are always under the threat of closure.
3. Speaking as an instructor from a former State sponsored watchmaking school, I realize the value and benefits of REC membership in terms of pedagogy, curriculum development and professional development and would like to see the AWCI encourage rather than discourage participation from the schools who would benefit the most from the collaborative efforts of the REC.
4. Distancing these schools from the only national organization (AWCI) that can help with professional and possibly financial resources at a time when we are trying to raise the collective standards in our industry is counterproductive to this extremely important mission.
5. Many, if not all, of the industry sponsored/financed schools have or have had students that have started their training at the State sponsored schools and have come to their programs to continue their education. These students are some of the best technicians that the industry sponsored/financed programs have and this benefit should be recognized, at the very least, by lessening the burden for the State sponsored schools wherever possible.

Discussion:

Kurdzionak asked if we need to be concerned about the wording – If the schools will know who as who.

Juaire felt that the schools should certainly be able to figure that out. He went on to explain that his school, St. Paul Community College joined WOSTEP as an independent school and had to pay 50,000 Swiss Francs for five years worth of dues... whereas schools like Seattle, Lititz, and OSU did not have pay that because WOSTEP hadn't been charging it when they joined. He looks at such dues, particular those proposed as a small cost of doing business and feels that the sponsored schools should be willing to help support the independents in this small way.

Roll Call vote on **Motion 45** Motion passed 10 to 1

Voting Yes

Voting No

Spath
Kurdzionak
Henning
Juaire
Iverson
Gardner
Lewis
Stuart
Lehn
Zimmerman

Houk

Motion 47: Made by Finance Committee needs no second

Move to direct AWCI management to develop and/or update an appropriate fee schedule for all training and certification programs to support the expenses incurred to provide said programs.

Discussion:

Kurdzionak explained that they are simply asking the staff to make sure that we are recovering the expenses incurred in providing that service so that each one is paying its own way.

Lubic clarified that this would apply to services held at AWCI. He said that the traveling courses are offered at a loss as a benefit to the chapters.

Henning asked if more a specialized course – that might have a smaller attendance – if that those would cost more for a student to take.

Lubic said that no, the course price would be set on a given number of students - perhaps eight, and then all the classes would be priced the same.

Gardner asked whether if the board approves this, does that mean it will then have to approve the fee schedule the staff develops. Kurdzionak says no.

Lehn felt this is too open ended, and that it isn't really part of the budget because it doesn't apply to specific numbers in the budget. He also doesn't like that the staff is given a free hand without needing approval from the Board

Stuart expressed that this is moving in the right direction because it states that in principle, services have to be self sufficient. He points out that it applies to certification as well as courses.

Juaire agreed with Stuart, and thinks that leaving it open is a good idea because costs can increase without warning. This avoids operating at a deficit simply because HQ is locked in by the board.

Kurdzionak said the board can always over ride the staff, but that it is better step back and let the staff make these decisions. He feels that we need to separate the politics from the business of operating AWCI.

Stuart stated that if we are going to do this, that's great, but we need to make sure we account for the true expense of the services.

Roll Call Vote, Motion Passed 10 to 1

Voting Yes

Voting No

Spath
Henning
Kurdzionak
Juaire
Iverson
Gardner
Lewis
Houk
Stuart
Zimmerman

Lehn

Motion 48: Made by Finance Committee, needs no second.

Move to approve the proposed budget for the 2008-2009 fiscal year

Discussion:

Henning said that he thinks that by the time we get to this point, there really isn't any choice in the matter. He feels that the fact is that the 2009 budget is pretty much fixed as is 2010 and 2011. We as a board can offer our comments to the committee before they meet, but the lion's share of the costs are already fixed. If the board wants to affect the budget, it need to start looking at the systemic operations of AWCI, and making sure that they are best tailored for what AWCI needs. Though we should examine the budget and make sure that the committee has prepared a realistic and logical budget, we shouldn't be nitpicking about individual line items. If we want to have a material effect on AWCI's spending, we need to address it in terms of changing the way we operate and see how

those changes affect the budget. If we change the budget without changing the system that drives those numbers, we will simply end up going over budget. At this point the committee has done its job and we don't have a heck of a lot of choice.

Stuart agreed. We can fiddle with line items, but in reality the budget is the last step in the overall process of running AWCI. We should be looking at this in terms of goals, then set the operations accordingly, and then let the budget grow out of that.

Lubic pointed out that this is in fact what we have done. He agrees that the Strategic Plan needs to be updated, that surveys could be updated, but he wishes to make it clear that AWCI is not doing all of this work on the whim of a few people.

Stuart asked about the expected revenue from each category of the Certification testing.

Pack and Lubic explained that the current price for a full exam is \$1595, \$795 for and upgrade. Retakes were taken at an average of \$500.

Stuart added that up and came up with \$65,645, and he wondered how the budget arrived at \$100,000.

Lubic explained that the difference is because there are more tests in the pipeline than are on the schedule.

Stuart asked if the staffing can handle that much volume, along with the list of courses. Is it reasonable to expect us to double or triple the income that we've made on certification in past years?

Lubic said they could.

Stuart said he is uncomfortable with a blanket salary increase. He made it clear that he doesn't in any way oppose reversing the cuts sustained by the staff in last year's budget. He believes that it is better management practice to offer merit increases as a reward to specific employees.

Kurdzionak said that the committee held the opposing view.

Juaire sees this as more of a cost of living increase rather than a merit increase.

Stuart agreed with that. He doesn't have a problem with the dollar amount, he is simply asking that we reward employees for merit rather than giving blanket increases.

Spath said we shouldn't be micromanaging the Executive Director in that way.

Henning said that when it comes down to it, we set the overall number, and the Exec. Director decides what to do with – the same was true with last year's cuts. There is nothing in the budget that states that the Exec. Director must give an across the board

increase. It is stated in the rationale, but the rationale doesn't set policy, only the Motion itself does.

Roll Call Vote on Motion 48: Motion Passed 9 votes to 2

Voting Yes

Voting No

Zimmerman
Houk
Lewis
Gardner
Iverson
Juaire
Henning
Kurdzionak
Spath

Lehn
Stuart

Warner asked if there is any other business. Henning stated that he would like to take up Motion 40. It doesn't fall under the rule waiver in Motion #42, but it has been discussed extensively via email and in fact was voted on, but the vote was invalid because it was not unanimous.

Motion #40 Made By Henning, seconded by Kurdzionak

Move to amend the Policy Manual as follows:

Add section 4.2008.01 AWCIBoard of Directors email.

AWCIBoard@yahoo.com will be the official email system for the AWCIBoard of Directors. Participants in that forum will be as follows: Sitting Directors, Executive Director, Immediate Past President, Parliamentarian, and the AWCIBoard Attorney. The forum will be administered jointly by the Executive Director and one other of the above participants to be designated at the annual meeting, and are to be given all necessary access and instruction upon taking on this role. AWCIBoard@awci.com will be maintained by the AWCIBoard staff as a way for members etc. to contact the Board of Directors, and its distribution list should match the above.

All participants are required to make every possible effort to actively maintain the confidentiality and integrity of the awciboard@yahoo.com email system in all respects in keeping with AWCIBoard's official policy on confidentiality.

Rationale: The email forum should be analogous to a live executive session. The parliamentarian is often invited into such meetings, and provides invaluable guidance to

the board with regard to proper procedure. The attorney should be included because many things we deal with have legal ramifications that we are often unaware of.

Discussion:

Lehn asked about confidentiality, and his concern that Lubic's email is open to the rest of the staff. Lubic stated that his email is not open to the staff. He said that they don't have people sitting at the server reading emails, but it is the nature of computer systems that the system administrator might see emails when dealing with technical issues. That is unavoidable. He made it clear that his passwords are his own, and the staff doesn't know them.

Stuart asked for Lubic's assurance that he will protect access to his computer.

Lubic openly gave his assurance

Henning pointed out that maintaining confidentiality is part of the policy. We can't "pre-shoot" somebody for a violation that hasn't happened yet. If anyone violates the confidentiality then it has to be dealt with after the fact. There are dangers but we can't stop them all.

Spath asked why we can't allow Lubic to run it as he sees fit, even if he wants to designate someone to operate the forum in his place.

Henning explained that in this case, he can't be allowed to assign these duties to anyone. In order to maintain confidentiality, only people on the list itself should be asked to maintain the email list.

Warner asked how the administrator is to be appointed. Henning explained that it would suffice to appoint the person just as he would the Parliamentarian etc. It is just important that the person knows he/she has the duty, and that the rest of the directors know who the person is.

Roll call vote: Motion Passed unanimously.

Warner asked for further comments.

Lehn asked about the appointment of the officer nominating committee, and Warner said that he's in the process of doing that but isn't ready to do so yet.

Meeting adjourned at 11:17pm EDT

Respectfully submitted
Matt Henning, Secretary