

American Association of Woodturners

Board Meeting Minutes November 9-10, 2013 – Saint Paul, MN

November 9, 2013

A brief Executive Session preceded the opening call to order.

Call to Order

A regular meeting of the AAW Board convened at 9:20 a.m. with Board President Dale Larson presiding. Attendees included Cassandra Speier, Stan Wellborn, Kurt Hertzog, Binh Pho, Tom Wirsing, Botho von Hampeln, Rob Wallace, and Lou Williams. Joining the meeting were Philip Hauser, Phil McDonald, Betty Scarpino, and Linda Ferber. Denis Delehanty participated via conference call.

Approval of Minutes

Minutes of the September meeting were approved as submitted, and will be posted to the AAW website.

Strategic Planning Report on Reserve Fund

The board revisited the Financial Stability section contained in the AAW strategic plan.

Philip Hauser (member of the Finance Committee and 2014 board member-elect) presented a summary of AAW financial reserve goals. The objective is to define an operating reserve goal and develop strategies to rebuild reserves over a five-year period. Phil recommends that AAW have a minimum of three months of reserves with an ideal of somewhere between three to six months. In a separate calculation, Philip estimated that the present cost to serve the membership is \$73.86 per member.

Fundraising Consultant Report

James Hackney, managing partner of the professional fundraising firm Alexander-Haas, joined the meeting for a presentation outlining the elements of a comprehensive fundraising plan. He reviewed the many strengths of the AAW, and the importance of increasing the proportion of contributed income. A key goal of a fundraising program is to make a case to prospective donors for leaving a legacy with the AAW, Hackney said, noting that money follows passion and engagement. The goal is to help AAW address challenges and turn them into opportunities.

Hackney briefly recounted the major findings and recommendations contained in the Alexander-Hass AAW development assessment report. This included the limitations imposed by the size of the board, which Hackney believes should be increased. Discussion ensued about ways to draw in a wider circle of key advisors or trustees into non-governing capacities to assist in soliciting donations. Hackney emphasized that AAW needs three key components of a successful funding campaign – a statement making the case for donating, a strong leadership team, and a strategic plan to carry out the work.

The discussion encompassed solicitation of major gifts including bequests, bi-annual appeals to the entire membership, and appropriate ways to recognize those who do contribute to the AAW. Dale Larson and Binh Pho volunteered to head the fundraising effort. The board agreed to have this topic on the planning agenda for the January meetings.

FY 2014 Budget and Dues Discussion

The following reports and topics were presented and discussed: the October 2013 financial report, the most recent draft of the 2014 baseline budget, 2014 dues discussion, and new spending proposals.

Sandi Speier moved to approve the October financial report; Lou Williams seconded; and motion carried unanimously.

Phil reviewed the 2014 budget development process, focusing on the baseline budget drafted by the Finance Committee. The most significant areas of concern are membership renewal rates and projected registrations for the Phoenix symposium. Seventy-five percent of the 2014 dues income is scheduled to be reported between October and December of this year from renewals. As of the end of October renewal rates are on target with projections.

Current general-level membership dues are \$53 per year. The average of all dues categories is \$55.50. Members discussed how dues factor into the overall revenue model relative to the approximately \$73-per-member expense to fulfill member services. Because dues are deferred according to prorated membership anniversary dates, any increase imposed in 2014 after the first or second quarters will only have a marginal impact on 2014 income, but will be fully realized in 2015.

Botho and others made a case for a dues increase to cover anticipated increases in costs and to generate a reserve pool. After lengthy discussion, a proposal was presented to introduce a \$6 increase effective April 1, 2014, in all categories – individual, family, youth, artist, and foreign – but not supporting, benefactor, and patron levels. The board stressed the necessity of allowing time to inform the membership of the need and the positive impact the additional funds will have on the ability to better serve the membership.

Sandi moved to raise annual dues by \$6, effective April 1, 2014. Lou Williams second the motion. The motion was approved by a vote of 6-1. Kurt voted against the motion, and there was one abstention.

A discussion ensued regarding new spending proposals outlined in the baseline budget development packet. Items were presented in the packet and the Board ranked them in the following order of priority: implementing the digital editions of the Journal; completing the Giles Gilson Masters Series video production; increasing the Journal page count to 80 pages; and allocating money to address new educational programs as the need arises during the year. No formal action was taken but the new investments will be addressed as financing becomes available.

EOG Allocation

Kurt and Rob recommended an allocation of \$35,000 to EOG for 2014 grant awards. Rob moved to include the allocation in the 2014 budget, and Sandi seconded. The motion passed unanimously.

Administrative Actions

Phil offered a proposed resolution to establish a new board-designated reserve fund, similar to the EOG fund but allowing the board more discretion on the how the funds may be allocated. Upon discussion it was decided to table the resolution and revisit it with the Finance Committee during their December 12 committee meeting.

2014 Phoenix Symposium

Phil updated plans for the two online live auctions planned at Phoenix. The provider of the remote auction software will be physically present onsite to clerk the EOG and POP auctions. This is intended to resolve the difficulties that prevented the auction from going live during the Tampa symposium.

Phil reported that the September site visit to Phoenix was productive. The team met all of the major local site service providers. CCC is working on final contracts. The board discussed changes proposed in the timeline of the event based on attendee feedback to provide more opportunities for members to network and socialize.

Jewelry Show in Phoenix

Binh provided an update on the trial collaborative jewelry exhibition. Approximately 15-20 jewelers will be invited to produce a show of about 100 pieces. Binh will assume responsibility for arranging curators for the jewelry show but the AAW will not assume any financial risk. It will be managed by Thomas Riley Galleries.

Symposium Safety Policy Proposals

Rob introduced the draft Policy on Use of Personal Protection Equipment by Demonstrators at AAW symposiums, and noted that a final version will be complete by January. The intent of this document is to present recommendations on the use of personal protection equipment by all demonstrators at symposiums. The policy includes safety contract information for all exhibitors, vendor booth safety regulations, and exhibit booth regulations.

The revised safety practices will be incorporated into all contracts with trade show exhibitors and demonstrators. Sandi suggested that the AAW include a waiver form in the safety policy. Philip Hauser suggested introducing sanctions to be applied upon anyone not adhering to AAW safety requirements.

2015 / 2016 Symposium Updates

Contracts for the 2015 symposium in Pittsburg are in preparation. The convention center contract is under review by a contract layer and Phil expects this will be finalized soon. Vetting for the 2016 site has been underway and is now shortlisted to four cities: Fort Worth, Kansas City, Grand Rapids, and Atlanta. For 2016, AAW will continue to place the highest selection criteria on proximity to member concentration and favorable financial projections. Site visits will be scheduled for Atlanta and Kansas City by the first week of December.

Publications Report

The Publications Committee report included two items. First, the monthly British *Woodturning* magazine has offered AAW one page of content in each issue. The board agreed that this is a great opportunity to promote the AAW and this will be the responsibility of the office to create content for the ad.

Second, the board discussed the announcement of the impending resignation of the journal editor, effective in October 2014. Phil noted this change presents a challenging situation, but one that also offers an opportunity to address a deficiency in management structure, lack of sufficient editorial support resources, and succession planning for the editorial staff. Phil has been working closely with publications and supports a change in responsibility for the editor to include oversight over all content. It also is an opportunity to look beyond the journal and other services like *FUNDamentals* to see how materials are submitted and decide how it is used. Filling this key position will be among the highest priorities for board and management.

The process of updating the journal editor position description will begin immediately. The Board requested that the Publications Committee present a time line and update for the board at the December meeting.

Marketing and Promotional Plan

Phil presented the outline for the new marketing and promotions plan. The plan closely mirrors the responsibilities in the position description of the new communications professional the office is hiring. The central objective of AAW marketing activities will be to systematically weave together all core operational priorities, including the new website and member database, new educational materials, outreach to chapters, membership growth, the symposium,

merchandise marketing, partnerships with vendors, and making the case for fundraising goals. Every point of contact with current members and prospective members should convey consistent messages about the AAW brand. The outline will give the new employee the context and background to help get specific activities underway as soon as possible.

New Association Software / Website Update

Phil described the implementation of the new membership association and website, which is on schedule for release in early 2014. New landing pages will be introduced in the initial phase but staff will continue to rely on content from the existing website until the office fully transitions to the new format. A key design of the home page will be to attract new members immediately. A communications plan will be developed to inform the membership of the new system.

AAW Organization Chart

Phil presented the board with an updated organization chart. There was discussion about the reporting relationship of the journal editor, presently directly reporting through the chair of the Publications Committee. It was agreed to move the editor's position under the Independent Contractors reporting to the executive director. The current editor, Betty Scarpino, agrees with this change.

Update on Disposition of Tampa Blue Lathe

The blue Powermatic lathe that was the feature item in the Tampa raffle and subsequently donated back to the AAW by the raffle winner will be used as an incentive during the membership renewal campaign. All members in good standing as of December 31 will be eligible to win the lathe in a random drawing.

Setting Up Interest-Bearing Cash Accounts

Philip Hauser presented the board with a report of various investment strategies for excess operating account balances during the year that exceed working capital requirements. He described current yields on CDs and money market options and noted that returns through no-risk investment options present only very marginal returns. By assuming more risk, rates more consistent with the performance of the AAW endowment are possible. However, given that these are operating reserves, at this point in time he would not recommend investments other than staggered purchase of CDs with maturities of up to six months. Philip will work with management to work out an investment plan and report back to the board.

Insurance Policy Review

Annually in November, the Executive Director reports on the portfolio of all AAW insurance products. Phil reported that all current policies have been kept in force. He has contacted the agents that provide commercial general liability and Directors and Officers liability. Phil expects both policies to be renewed with marginal premium increases.

Ethics Committee

Joe Fleming is the new chair of the six-member Ethics Committee. The committee has been briefed on the general concern about how to handle ethics complaints dealing with the conduct of board members and the board as a whole. An additional check-and-balance process is advisable to ensure that any future board decision will be free of ethical problems. Dale will request that the Ethics Committee develop a proposal and forward it to Bylaws, then bring this back to the full board for a vote.

Meeting recessed at 4:45 p.m.

Sunday November 10, 2013

The board reconvened at 8:30 a.m.

Auction Donations

Binh presented a proposal by Tib Shaw on a fundraising strategy to procure donations from collectors to sell at the AAW auction. Phil will confer with auditors to confirm how much tax credit AAW would be able to give to collectors for their donations. He will then draft a formal letter to ask collectors for donations.

Auditor Appointment for 2013

Phil recounted the process undertaken in 2013 to select the new auditors, Olsen-Thielen. Sandi indicated that the Finance Committee was highly satisfied with the service and quality of reports delivered by Olsen-Thielen.

Sandi moved to reappoint Olsen-Thielen to continue AAW audit services for 2013. Stan seconded and the motion carried unanimously.

Update on Per Diem Payments to Foreign Demonstrators

Phil reported that a Minneapolis-based immigration attorney had been consulted on the matter of using a per diem as a basis for compensating international demonstrators. The attorney advised that using a per diem would probably be consistent with the allowable forms of compensation under the existing visa waiver process. This issue was initially reported to the board in June. Under the program, international demonstrators arriving from countries participating in the visa waiver program will be able to streamline the process of obtaining either a B-1 business visa or B-2 tourist visa.

Board Officers and Committee Chairs for 2014

Finance: Phillip Hauser, chair; Botho von Hampeln, Warren Carpenter

Contracts: Sandi Speier, chair; Botho von Hampeln, Hal Sanders, Jim Swift, Denis Delehanty

Nominating: Binh Pho, chair

Bylaws and Policy: Denis Delehanty, chair; Rob Wallace

Ethics: Joe Fleming, chair; Binh Pho, board Liaison

Exhibition: Art Liestman, chair; Binh Pho

EOG: Rob Wallace, chair; Kurt Hertzog

Communications: Denis Delehanty, chair; Stan Wellborn

Fundraising: Dale Larson, chair; Binh Pho

Chapters and Membership: Lou Williams, chair

Woodturning Fundamentals: Denis Delehanty, chair

Chapter Best Practices: Denis Delehanty, chair; Stan Wellborn

Safety: Rob Wallace, chair

Publications: Art Liestman, chair; Jean LeGwin, Stan Wellborn

Symposium Planning: Kurt Hertzog, chair; Jeff Brackett

Videographer selection: Binh Pho

Demonstrator selection: Kurt Hertzog, Art Liestman

Video: Binh Pho

Endowment Trust: John Hill, chair; Phillip Hauser, Joel Rakover

Insurance advisory: Philip Hauser, chair

Turners without Borders: Terry Martin

Permanent collection: Kevin Wallace

Professional Outreach Program: Paul Fennell, Binh Pho, Art Liestman

Youth Program: Joe Ruminski

Parliamentarian: Rob Wallace

Permanent Collection Decision

Tib Shaw, AAW curator, joined the meeting to present an overview of the current use of AAW's permanent collection of wood art and craft. Pieces from the collection are on display in the gallery space approximately five months a year. The exhibitions provide visual illustration of how woodturning has evolved over time. At any point in time the permanent collection art is on display in locations around the state. The cost of maintaining and exhibiting the permanent collection is marginal. The collection has been positioned to leverage the presence of the gallery for the purpose of obtaining operating support grants from the Minnesota State Arts Board. Stan discussed benefits of digitizing the collection to establish virtual galleries for benefit of the AAW membership. This would require an investment that might form the basis of an attractive grant proposal. Sandi Speier proposed the management of the permanent collection was a decision that the executive director was in the best position to oversee. The decision was made to leave the collection disposal decision to the ED. Phil will keep the board informed about this as plans change in the future.

Unfinished Business

The question was raised about selecting an independent financial adviser to advise us on AAW investment practices. It was agreed that it may be in AAW's best interests to look into this. Philip Hauser will conduct further research and advise the board as appropriate.

A question was presented by the nominating committee about the eligibility of an international member to run for the board. The determination is if they are an AAW member and submission requirements are met they are eligible. Stan noted that videoconferencing capabilities are readily available and may be used to facilitate the experience.

Board Officers for 2014

Officers nominated for 2014 for one-year terms: Dale, president; Kurt, vice-president; Sandi, secretary; Philip, treasurer.

Binh opened the floor for nominations but none were proposed. The above slate was then approved unanimously.

Nominating Chair for 2014

Binh was approved as the nominating chair for 2014. He emphasized the importance of each board member to assist with recruiting good candidates.

Binh will report to January meeting with the remaining committee members names for the formal board approval of the committees.

Dates for Next Board Meetings

December 12 -- Finance Committee meeting

December 18 – Board will meet via teleconference to approve 2014 budget and to review an update from the Publications Committee on the on the timeline for the editor search.

January 25-26, 2014 – Board will convene in Phoenix for winter meeting.

Closing

Dale and other members expressed gratitude for the service given AAW by departing members Tom Wirsing, Botho von Hampeln, and Stan Wellborn. Phil also expressed his deep appreciation for their contributions, support, and counsel during his initial two years in the role of executive director. Meeting adjourned at 11:30 a.m.