



APPROVED MINUTES

**Board of Trustees Meeting
2014 MFG Meeting
Phoenix, AZ**

**Saturday, March 8, 2014
8:00 a.m. – 10:00 a.m.**

Call to Order

The official Board of Trustees Meeting held during the MFG Conference in Phoenix, AZ on Saturday, March 8, 2014 was called to order by Chairman, Ted Toth at 9:05am. Those in attendance were reminded the meeting was being audio recorded.

Announcement of Quorum

Secretary, Ken Seilkop, confirmed there was a quorum of the Board present at the meeting.

Approval of Minutes *(See "2013 FC BOT Minutes -Boston & Feb. 3rd BoT Minutes")*

The Board of Trustees minutes from the Fall Conference 2013 and the Board of Trustees Conference Call on February 3, 2014, were APPROVED as read.

Chairman's Report

Chairman, Ted Toth, discussed changes to the Board of Trustees agenda. Those changes included:

- ✓ Under New Business, "Reserve Fund Approval" has been removed and will not be voted on
- ✓ Under New Business "Approval of Recommended Governance" has been removed and will not be voted on

Report of the Treasurer

Doug DeRose, CFO, presented the Treasurer's Report. Below are the results of that discussion.

December YE Financials Recap *(See "2014 MFG Treasurer's Report")*

Balance Sheet

- ✓ At the end of December, NTMA's assets totaled \$2.7M, which has increased over the prior year by 17%
- ✓ Total liabilities equal \$1,499,000, a decrease of 3% over prior year

Major Factors Contributed to the Change

- ✓ At year end, total cash and short-term investments were \$256K.
- ✓ While this balance is similar to the 2012 balance of \$241K, the 2012 amount includes an advance of \$200K from the line of credit
- ✓ With the advance factored out of the 2012 balance, the difference between 2013 and the prior year is due primarily to cash from Grainger incentive royalties received in February 2013
- ✓ Publications, advertising and other ARs totaled \$1,384,000, which is an increase over prior year of 17%
 - This is due to an increase in the Grainger Affinity revenue earned in 2013 vs. 2012
- ✓ Prepaid expenses increased by 35% or \$27K, due to timing related to the TLM & CLS, which was scheduled earlier in 2014 than in the prior year
- ✓ Long-term investments have increased by \$76K, which represents three (3) quarterly payments on the promissory note from Operations to the building/Reserve Fund of \$25K
- ✓ Fixed assets in property and equipment increased \$44K over 2012 primarily due to the capitalization of semester 5 and 6 for NTMA U and upgrades to the accounting software
- ✓ \$50K is fully depreciated assets were disposed of during the offset was to accumulated depreciation for the same amount
 - These items consisted of furniture and equipment that had not been in NTMA's possession since the move from Maryland

Liabilities & Equity

- ✓ The increase in AP of \$27,400 over prior year is primarily due to the change in AP trade, which is timing related
- ✓ Accrued expenses are up by \$134K over the prior year, due to an increase in accrued wages, which are related to:
 - Severance for two (2) separate employees terminated in 2013
 - Higher KPIs paid to management
 - Higher Grainger Affinity rebates due to the Chapters & Association partners from the increase in program and sales volumes
- ✓ The line of credit (LOC) loan was repaid in 2013, prior to year end
- ✓ This is a function of NTMA being cash flow positive in 2013, which is attributable to the Grainger bonus incentive that was earned in 2012
- ✓ NTMA will also receive a bonus incentive for 2013
- ✓ Member's equity from 2012 – 2013 increased by \$442K, which reflects the Operating surplus for 2013

Promissory Note/Reserve Fund

- ✓ As of January 31, 2014, the outstanding balance on the Promissory note related to the building proceeds is \$243K
 - The original note amount was \$318K
- ✓ Three quarterly payments of \$25K have been made from Operations into the building fund, with the most recent payment made in December
- ✓ The next payment is due in March 2014
- ✓ The note matures on June 1, 2016

Operating Statement

- ✓ Total revenue at year end was \$4,478,000, which was favorable to the budget by 12%, an increase of \$471K
- ✓ Actual expenses of \$4,035,000 was unfavorable to budget by 3%, or \$112K
- ✓ YTD operating surplus is \$442K at the end of December
 - This is favorable to budget by \$359,000, which had a surplus of \$83,000 through the same period

Major Changes in Revenue for 2013

- ✓ Textbooks sales are favorable to budget by 86%
- ✓ Non-textbook sales, which are related to chapter management fees, test marking services and employee selection systems, is favorable by 94%
- ✓ Royalties are favorable by 49%, due to an increase in Grainger volume by 22%
- ✓ Grants provided by NTMF for the NRL and NTMA U are favorable by \$144K, or 148%
- ✓ Tuition income is up 49% due to an increase in student enrollment
- ✓ Dues were virtually equal to the budget, down by \$18,000, or only 1% in 2013
- ✓ Meeting revenue was unfavorable by 22% due to the cancellation of the second purchasing fair in 2013
- ✓ Contributions are unfavorable to the budget by 42%
- ✓ Revenue increased in all categories in 2013 versus the prior year
- ✓ Greatest increases in dollar amounts were grants of \$226K and royalties of \$255K

Total Revenue & Expenses

- ✓ Revenues in 2013 are the highest they have been in the past 6 years at \$4.477M
 - Increased over prior year by 27%
- ✓ Expenses are up by only 17% over prior year
- ✓ For comparative purposes, expenses in 2013 are up \$131K, or 3% over the second highest year which was 2008
- ✓ Net Surplus/Deficit—has taken a nice turn upward

- For the second year in a row NTMA had an operating surplus, the aforementioned \$442K, which is by far the highest during the past six years

2014 Revenue Percentages

- ✓ Dues revenue = 46%
 - Should be noted that dues are below 50% of total revenues reflecting the efforts to reduce dependence on dues revenue to fund the activities of the NTMA
- ✓ Royalties make up 23% of revenue with Grainger accounting for 94% of the total
 - This is down from August when royalties were 26% of the total
- ✓ Meetings = 13%
- ✓ Sponsors = 5%
- ✓ Advertising = 5%
- ✓ Tuition = 2% this reflects continued steady growth of NTMA U
- ✓ Contributions = 2%
- ✓ Grants = 2%
- ✓ From a non-profit “best practices” perspective, all revenue sources should be no higher than 35%
- ✓ Only dues revenue exceeds this benchmark and as previously mentioned, there is a focus to reduce this moving forward
- ✓ All other revenues = 2% (consists of textbooks, report sales, and reimbursements from subsidiaries)

Annual Dues Revenue

- ✓ Dues revenue is unfavorable to budget by only (\$18,000) or 1% as previously mentioned
- ✓ Dues revenues were \$1,823,000, which was an 8% increase over prior year total of \$1,701,000
 - This can be attributed to the 3% dues rate increase in 2013
 - The second consecutive year there was an increase in dues revenue, increasing by 14% in 2012
- ✓ Dues revenue is favorable to the prior two years; it was slightly behind the 2008 high of \$1,882,000 from the past six years

Annual Member Retention

- ✓ NTMA has experienced a decrease in member retention in 2013
 - For the year, retention was 88%, which is down 3 percentage points since last year end
- ✓ Membership is down from 1,372 in 2012 to 1,343 in 2013
 - Slightly higher than the ending count in 2011
- ✓ The profile of most resigned members of NTMA are:
 - Companies not active in chapters or At-Large
 - Many smaller members hurt by the first 6 month slow down in 2013 due to sequestration and poor economic conditions

Royalty Revenue

- ✓ NTMA’s Affinity Programs generated \$1,350,000 in revenue for 2013, primarily from the success of the Grainger program, which is up by 22% over 2012
 - Total Grainger Affinity income was \$1,286,000 in 2013 versus \$1,041,000 in the prior year
- ✓ Monthly growth incentives totaled \$953K in 2013, while the additional volume bonus totaled \$293K
 - In 2012 monthly incentives were \$817K and the volume bonus was \$232K
- ✓ Multiview has generated \$38K in revenue, making it the second largest program within NTMA
 - Multiview provides NTMA members with an online industry directory
 - In return for access to membership, Multiview pays a royalty to NTMA
- ✓ Royalties, interest and other as a revenue stream has increased by an amazing 87% over the past two years

Other Noteworthy Revenue

- ✓ For 2013 textbook sales of \$82K is favorable to budget by \$38K, this is due to the steady increase in NTMA U enrollment
- ✓ Textbooks are also favorable versus 2012 by 24%
- ✓ Non-textbook sales have increased by 94% over the budget due to an increase in on-line aptitude testing in 2013 versus 2012
- ✓ NTMA received grant income of \$241K for the year from NTMF, which is favorable to the budget by \$144K
 - \$100K was for NTMA U
 - \$141K was for NRL
 - Of the NRL grant money, \$85K was a grant to support the NRL and \$56K was derived from member contributions made at the fall conference through the 50/50 raffle and a portion of the auction
 - Those donations were originally budgeted as contributions for 2013. However they came through the foundation, who acted as a fiscal agent on behalf of NTMA so donor contributions to NRL could be tax deductible
 - This was necessary since NTMA is not set up as a 501(c)3
 - Both grants and contributions are favorable to the prior year by \$226,000 and \$23,000 respectively
- ✓ NTMA U tuition is \$108K, which is favorable to the budget by 49%, or \$36K
- ✓ NTMA U tuition was also favorable to 2012 by 87%
 - Student enrollment increased from 115 in 2012 to 139 in 2013, an increase of 21%.

Salaries

- ✓ Salaries are favorable to budget by \$93K and fringe benefits by \$122K due to the elimination of the COO position, capitalization of NTMA U costs and lower than planned benefit costs year-to-date
- ✓ Also favorable are travel costs by 29% and awards dues and other expense by 50%
- ✓ Areas with an unfavorable variance to budget include:
 - Postage of 106%, which was due to the growth in the circulation of the record
 - Supplies and printing of 110%, which was also a result of the growth in size and circulation of the record
 - Bad debt by 84%, which is related to the increase in the past due aging of membership receivables
 - Equipment costs of 53% due to it equipment purchased in 2013
 - Textbooks and other by 48% related to the increase in textbooks sales from NTMA U
 - Meeting costs by 27% or \$130K
- ✓ Meeting costs absorbed travel expenses for the ET and other Association meetings that were previously included in the travel expense category but are now budgeted and tracked separately for better budget control under meetings
- ✓ Meeting costs also increased due to the growth of NRL competition

Total Expenses (2008-2013)

- ✓ Expense categories that have unfavorable variances to the prior year include salaries of 32% and benefits of 72%, which is a result of:
 - NTMA's mid-2012 hiring of MSI staff
 - Supplies and printing of 58%
 - Surveys and projects of 15%, again a result of the increase in the Grainger rebate program
 - Textbook sales of 21% due to NTMA U classes.
- ✓ Offset by favorable variances in travel of 4%, due to the reallocation of travel costs previously mentioned
- ✓ Professional fees of 24%, which is also related to the change of the NTMA staffing model in 2012
- ✓ Awards and dues of 38%
- ✓ Decrease of rent expense related to the office move of 21%

Annual Operating Surplus

- ✓ As previously noted, 2013 reflects an Operating surplus of \$442K
- ✓ Second consecutive year a surplus has been earned by NTMA and the first time since 2008-2009 that this has occurred
- ✓ Since 2010, NTMA's bottom line has improved by an astounding \$1.058M

Consolidated Investments

- ✓ The Investment balances consisted of the following accounts as of December 31, 2013:
 - NTMA Insurance Reserves: \$1,779,032
 - TMES: \$2,787,782
 - TMHC: \$189,557
 - NTMA Operations: \$255,563
 - NTMA building/Reserve Fund: \$461,035
- ✓ NTMAS is the parent company of TMHC
- ✓ TMHC is the parent company of TMES and WMIL

Q&A

Shannon Sweatman

Q: We have a budget handout that doesn't match the slides. Can you confirm which one is correct?

Doug DeRose

A: Before we had all of our information in, we had to make some adjustments. At that time, this is what we thought we would be presenting.

Mike Retzer

Q: I'd like to go back to Slide 9 (2014 Revenue Percentages). It's not 2014 revenue; it should be "2013. It's not actual, but budgeted and dues line should be 41 or 42% of total revenue. So, dues are a lot less than what we are looking at?

Doug DeRose

A: You are correct

Gary McAfee

Q: What was the exact total Grainger did put in?

Doug DeRose

A: We received in 2013 (\$1,286,000)

Review of the NTMA Strategic Plan (See "2014 Strategic Plan")

Chairman, Ted Toth, reviewed the SWOT Analysis that was discussed at the CLS and TL Meetings in Tampa, FL. Below are the results of that discussion.

- ✓ Plan of the SWOT Analysis is to:
 - Merge the list
 - Priorities the list
 - Turn the Weakness in Strengths
 - Turn the Threats into Opportunities
 - Use as part of team and staff planning

Team Reports

- ✓ The Team Leaders will submit Capsule Reports
- ✓ The BoT will receive a copy of the capsule report with the minutes from this meeting.

Governance Leadership Team Reports

Budget & Finance Team

Ron Overton reviewed the Reserve Fund with the BoT and below are the results and Q&A from that discussion.

- ✓ Reserve Fund was first discussed about a year ago
- ✓ Team decided it would be voted upon during the BoT at MFG 2013
- ✓ Advised by creating a restricted fund there may be tax and bylaw issues
- ✓ The Reserve Fund will be voted on at the Fall Conference 2014

Emergency Reserve Fund (See *“Emergency Reserve Fund”*)

- ✓ The NTMA Reserve Fund is to be comprised of three separate funds with defined purposes, goals and sources
- ✓ These funds, which are listed in order of priority in which they are to be established:
 - Emergency Reserve Fund (ERF) - \$2,000,000
 - Operating Line of Credit (LOC) - 10% of annual budgeted revenue
 - Special Projects/Opportunity Fund (SPO) - \$1,000,000
- ✓ These funds are recommendations from the Budget & Finance Team and have been reviewed by the Executive Team, NTMA President and CFO

Q&A

Kimberly Arrigoni

Q: I would like the B&F Team to consider having the Trustees notified before funds are accessed.

Ron Overton

A: We will consider it before it gets voted on at Fall Conference. Where the \$1,000,000 came from is if we look at our Affinity programs and if that went away overnight, it could have a huge impact on the budget and to the operations of the Association. But we can definitely reconsider before it goes to vote.

Nils Kjell

Q: The 10% shortfall and we have to access the \$1,000,000 immediately; I would like to see the Trustees notified immediately. I'm not asking for approval, but someone needs to get the word out to the Chapters and that's the role of the Trustee. I don't think we should keep all of this locked up at the Executive Team and staff level, we have to let the Chapters know and that would come through the Trustees.

Ron Overton

Q: We will look at this. I don't think the ET will have an issue adding that language to be sure the Trustees are notified. That doesn't mean if we have a 10% revenue shortfall that we are going to immediately the \$1,000,000. That's a maximum number. But we can add the language that the Trustees are notified at any time we access that fund.

Joe Tennebrea

Q: If the projected budget goes up 5%, would you increase the reserve fund amount by 5%?

Ron Overton

A: The way it's set up right now, the Emergency Reserve Fund will have a maximum \$2,000,000 balance. This is not adjustable the way it's written now.

Joe Tennebrea

Q: I think that it would be a good idea to continue to take it up with inflation.

Ron Overton

A: Thanks Joe, we will look at that as well

Operating Line of Credit (See “Emergency Reserve Fund”)

- ✓ Fund that provides internal cash borrowing on a short term basis to cover NTMA Operating Costs during slow cash generating periods
- ✓ The goal is to set aside 10% of the annual budgeted revenue
- ✓ Should be fully funded by YE 2014
- ✓ Source of funds are from the offshore insurance entity
- ✓ Accessing funds is from the approval of the CFO
- ✓ Reviewed annually by the Executive Team to be sure money isn't being used as a long term loan
- ✓ Notification upon accessing the funds are to be sent to the President and Executive Team

Q&A

Mike Retzer

Q: Have we considered sending statements out in December?

Ron Overton

A: I believe we start seeing this in November. Statements do go out in early December.

Mike Retzer

Q: Scratch that comment

Ron Overton

A: Scratched

Special Project/Opportunities Fund (SPO) (See “Emergency Reserve Fund”)

- ✓ Provide a source of cash to start a new program or fund a project because it was not in the budget and didn't have funding
- ✓ The goal is to set aside \$1,000,000
- ✓ Source of the fund is they are taken from annual Operating surplus – no more than 10%/year to be added to the SPO Fund
- ✓ Accessing funds is the approval of the super majority of the Executive Team
- ✓ Notification upon accessing the funds are to be sent to the Budget & Finance Team

Q&A

Kimberly Arrigoni:

Q: Sounds like a “super fund”. If we vote on a budget and the plan is in place, can we call for a meeting to access cash if we needed more money set aside?

Ron Overton

A: We have the same concern. This is not money that will be taken from offshore. This is money that will be earned by the Association. This year, we are \$450,000 in the black. \$45,000 will go into this fund. There is a concern by the ET as to how and when this is accessed. Two immediate opportunities that come to mind are the NRL and NTMA U. Both of those programs suffered and stumbled coming out because we didn't have the funding. Had we had access to these funds and funded them sooner, they would have been stronger programs.

Ken Kuhn

Q: Can we come up with a smaller number or better justification on this? We should communicate the reasoning better so we have better support from the chapters.

Ron Overton

A: You can go back to the examples I just gave. NTMA U was two (2) years slower than it could have been if we had funding. The grant process through the Foundation took some time. We need to react sooner. We will look at the checks and balances issue before the vote during the Fall Conference.

Joe O'Dell

Q: Can you go into detail on how you're going to fund each one of these items, what priority and where the money will come from? What's the opportunity for any of these Grainger rebates to come down to the local chapter level?

Ron Overton

A: I can't speak on the Grainger funds. The first two pieces of this fund (ERP, LOC) fund from offshore money as it is released from the insurance companies. The Executive Team anticipates this will happen this year (2013). The SPO is funded annually from no more than 10% of the bottom line revenue generator

- ✓ \$2,000,000 (ERF)
- ✓ \$450,000 (LOC)

Gary McAfee

Q: The last dues increase, we got a lot of flak over it. I noticed our membership is dropping. Maybe we need to look at lowering our dues to attract new members. I think we should be looking at ways to build membership and cost is always a factor when anyone looks at joining NTMA.

Ron Overton

A: I'll let the Chairman answer

Ted Toth

A: This is part of our planning process. We're trying to offset the dues by non-revenue dues, but it's going to take time. One or two years are not really a trend. One of our goals is to look at the dues structure.

Nils Kjell

Q: Members will pay for value. You have quite possibly for the first time, a very active Trustee board. If you add the Trustees to the SPO, they can get notified and can start moving the information to the Chapters a lot faster. Think of us as a giant tool for the Executive Team.

Ron Overton

A: I think I disagree to the discouragement of some people. I don't think there is anyone on this team who doesn't want this group to be active and involved. I think it's fantastic. The Trustees are the Association. We will add a line to notify the Trustees if either the ERF or the SPO Funds are accessed, but I don't think it's necessary for the LOC Fund.

Ron Overton

If there are no other questions, we will take this back and work on it so it can be presented in New Orleans.

Nominating Team (*Team Leader, Roger Atkins*)

Nominating Team Leader, Roger Atkins, requested the Nominating Team would like to nominate Mike Retzer to the Audit Team.

Joe O'Dell moved to accept the nomination of Mike Retzer to the Audit Team. John Dalrymple seconded the motion and with no discussion, the motion was APPROVED unanimously.

NTMF Board *(Chairman, Jeff Kelly)*

Below are updates on the Foundation.

- ✓ Between March 2013 and March 2014, we finalized funding of \$100,00 for NTMA U
- ✓ \$5,000 went to NIMS (Skills USA)
- ✓ \$10,000 in 2014, 2015 and 2016 to fund the NIMS Stake Holder Assessment
- ✓ Redeemed shares at MWIL in the amount of \$1,000,000 and added the proceeds of the NTMF Endowment Fund
- ✓ Approved a pre-approved grant relationship for NRL to seek grants for funders that require recipients be 501(c)3 organizations
- ✓ Awarded two (2) \$2,000 Brock Babb scholarships
- ✓ Awarded one (1) \$2,000 Edwin Vobeda scholarship
- ✓ Worked with Alan Dye to bring the corporate NTMF up to date
- ✓ Established a formalized process of approving unbudgeted spending requests
- ✓ Consolidated all of our accounts into one general ledger in response to the Audit deficiencies
- ✓ Since our meeting in October 2013, we've established an exact number of Board of Directors (9) and the terms and expiration dates for planned turnover and transitioning
- ✓ Approved the Retention Plan
- ✓ Approved the streamline of grant application and reporting process for grant requests from NTMA National
- ✓ Approved the new logo consistent with the NTMA logo
- ✓ Realized \$56,175 in donations through Fall Conference fundraising and raffle
- ✓ Realized a net return of \$232,800 on Foundation Investments in 2013
- ✓ Started a fundraising plan led by our Resource Development Committee
- ✓ The following members are leaving the Foundation in 2014:
 - Jeff Kelly
 - John Razzano
 - Dave Dysinger
- ✓ Looking for people to serve on the NTMF
- ✓ Typically, past Chairman have been asked to serve, but we're looking for people who haven't been through that process, possibly from the Board of Trustees

NTMA Insurance Board *(Chairman of the Board, John Razzano)*

Below are updates on the Insurance Board

MWIL

- ✓ Redeemed the \$1,000,000 in preferred stock that the Foundation held.
- ✓ That cash went into the Foundation last summer (2013)
- ✓ There are three (3) subsidiaries of MWIL that were put into liquidation in December 2013
- ✓ There's a formal process that is filed with the Bermuda Government to say it's no longer going to be an insurance company who accepts claims, writes policies, etc.
- ✓ That triggers a reduction in expenses with the Bermuda Government if you are an active insurance company
- ✓ This was all completed in December 2013
- ✓ Main effort at this point is to get the open claims closed
- ✓ John Salisbury has been hired to help push these claims closed
- ✓ Down to about 6 or 7 claims, but those are some of the tougher claims
- ✓ Looking to have these all closed sometime this year
- ✓ \$1,700,000 that was shown on invested funds under MWIL is not free cash flow, it's really a committed asset that was put in place in favor of insurance companies that write the policies
 - These monies are expected to be spent to pay off the claims

TMES

- ✓ Reported there is about \$2.6-2.7M, but these are invested funds
- ✓ Last year those funds were in stocks and about half of them are in fixed instruments
- ✓ If they come onshore, they will be put into invested funds

We did switch from a risk-taking insurance program to a sponsorship income program. This is giving us a 1.25% sponsorship fee income from AIX. Last year, there was a little under \$19,000,000 of gross written premium and that generated approximately \$250,000 in sponsorship income.

Board Structure Review Action Team *(Team Leader, Dave Dysinger)*

Dave Dysinger presented the following Governance recommendations.

Recommendation #1

Increase the Executive Team to seven (7) voting members

- ✓ Five (5) NTMA members
- ✓ Two (2) non-NTMA members
- ✓ The reasoning is that seven (7) members spreads the workload
- ✓ The outside board members will bring experience and targeted knowledge to the Executive Team
- ✓ Having voting members provide accountability
- ✓ Non-voting advisors have no accountability and can say whatever they want with impunity
- ✓ Voting members have a fiduciary responsibility and are liable for their decisions
- ✓ They must function within the bounds of NTMA bylaws and policies

Recommendation #2

Shorten the board terms from five (5) to three (3) years and eliminate the requirement for rotating through the chairs of office

- ✓ By reducing the workload and the requirements, board service will appeal to a much larger group of talented and capable NTMA members

Recommendation #3

Create an effective process for the Nominating Team to develop specific search criteria for each available board seat based upon the needs of the Executive Team and the Strategic Plan

- ✓ The Executive Team will be better prepared to execute the board function when the Executive Team members are selected based on their capability and preparedness, rather than just their willingness to serve

So what we are recommending going forward is three (3) items.

- 1) To ask this group to please understand this is not recommended as a menu of ideas to pick and choose from. These recommendations are meant to work to promote real and sustained improvement for NTMA Governance.
- 2) We are asking this body please accept this recommendation and help us to create solutions for all Trustee concerns. We would ask for a vote by Board action to direct the Executive Team to form a team to develop all the necessary solutions to Trustee concerns and details and plans required for implementing the recommendations.

- 3) We are recommending a team structure consisting of the current Governance Team, which consists of the following members:
- Steve Hasty
 - John Belzer
 - Grady Cope
 - Dave Dysinger
 - Bob Mosey (ET Liaison)

We would like to add five (5) additional Trustees that are committed to and available to do the necessary and difficult work described above

Dave Dysinger asked for the Trustees to take this under consideration and if they agree to offer a motion to direct the Executive Team to create a team.

Q&A

Steve Zerio

Q: I wonder the nature of why you want two (2) outside members? What type of people would you find that would volunteer hundreds of hours to the NTMA mission?

Dave Dysinger

A: We don't believe it should be anyone that receives monetary value. We believe an honorarium would need to be provided to outsiders in the neighborhood of \$500-1,000/meeting. Logic behind paying an outsider and not an insider, is an inside board member has the opportunity to learn and grow in our business from this experience. An outside board member does not have that opportunity from the NTMA, so an honorarium should be provided.

Roy Sweatman

Q: There are a lot of good points in the recommendation made by the Governance Team. There are some concerns and some details to be worked out. I think a lot of the controversy has been because the way it was presented, the way it came across and the confusion whether we are going to be voting on a bylaws change or a concept.

Roy Sweatman moved that the Executive Team will form an Adhoc team consisting of five (5) Trustees to work with the existing Board Review Action Team to continue to work on the revised Governance model, work out details and solutions to the Trustee concerns of the current recommendation and make an actionable recommendation to be voted on at the Fall Conference in New Orleans. Motion was seconded by Joe O'Dell. Discussions continued below. After discussion concluded, motion was put to a vote and was APPROVED unanimously.

Nils Kjell

Q: If the Governance Team is married to this document you put out, are you looking for five (5) Trustees to agree with them to develop the specific bylaw language, or are you looking for five (5) Trustees who may have more discussions and more ideas? Are you open to change?

Dave Dysinger

A: Our Governance Team believes that the recommendations as presented are the best chance for improvement and sustained improvement of the Governance of the NTMA. That's what we spent our time studying and working on it. So, I'm looking for Trustees that are committed to this industry and committed to growing the NTMA toward its true purpose and someone that will commit and spend the time and effort to find solutions, not just lob hand grenades in just because it's easier to say no. The first effort is to look for what's right in this and determine how we can provide solutions for the concerns as opposed to just saying no.

Ken Kuhn

Q: Thank you for all your hard work. As far as the outside members, you have swayed me and I think it's an important improvement to the team and I believe they should be fully functional members of the Executive Team with full voting rights. An issue I have is I don't think an outside board member should have an equal vote to offset a Trustee vote. I would put a limit on their voting right.

Dave Dysinger

A: The reason behind us saying they should be voting members is we want people who will absolutely say they will commit and accept fiduciary responsibility and be liable for their decisions. Whoever comes to the board, whether members or non-members, they all have to come through the Nominating Team and all have to be approved by the Board of Trustees; we have no intentions of changing that.

New Business

Chairman, Ted Toth, requested a motion be made accepting the New Mexico Chapter

Kimberly Arrigoni moves to accept the Charter and Chapter of New Mexico. Motion seconded by Pat Walsh and with no discussion, was accepted and APPROVED unanimously.

Chairman, Ted Toth, requested a motion be made approving and ratifying all actions of the Executive Team and Officers since the last Board of Trustees meeting.

UPON motion made by Tom Busse and seconded by Darrin Martinez with no discussion, the approval and ratification of all actions by the Executive Team and Officers since the last Board of Trustee meeting held on Saturday, October 19, 2013 at the Fall Conference in Boston, MA, was APPROVED unanimously.

Adjournment

The Board of Trustees meeting was adjourned at 10:46am and went into Executive Session.