



174 Crestview Drive
Bellefonte, PA 16823-8516
Phone: 877-326-5991
Fax: 814-355-2452
Email: info@aadmm.com
Website: www.aadmm.com

The Board of Directors of the American Association of Daily Money Managers met via telephone conference on Tuesday, December 9, 2014 with Louann Webber presiding.

PRESENT

Louann Webber, President
Bruce Ackermann
Pete Conklin
Caitlin Hall
Leah Nichaman (joined at 3:40 p.m.)
Gina Pirrone (joined at 3:50 p.m.)
Alison Salisbury
Courtney Smith
Denise Ott, staff
Patricia Heuser, staff

ABSENT

Jackie Bell
Lewis Knopf
Sheri Samotin
Vivian Wright

Ms. Webber called the meeting to order at 3:32 p.m. Eastern time, noting that a quorum was not on the call at that time but that other individuals were expected to join the call a bit later. She advised the Board that she had a phone conversation with Ms. Ott and Ms. Heuser and suggested they present their comments regarding the management for 2015.

Ms. Ott explained that the following were still needed from the Board for the 2015 management services and work plan development to proceed:

- Approval for the president to sign the assignment document so the contract became the responsibility of Atlas Management Resources as of January 1, 2015. This was not accomplished at the November Board meeting.
- Agreement on the basic services to be continued into the second year of the contract – those activities that are ongoing but have increased in scope because of the increase in the number of members, the number of participants in educational activities, etc., -- resulting in Ms. Ott's request for an additional \$5,600 for the 2015 contract's Outline of Services. This was presented at the November Board meeting, but discussion was not concluded.
- Decisions about the results of the strategic planning and how to implement the list of new activities proposed from that process. Many proposed activities were suggested for initiation in 2015, but no prioritization was provided. Ms. Ott provided estimates of the staff time and other financial resources needed to implement all the activities proposed – beyond the basic, continuing services. These estimates were based on experience with AADMM and other client organizations, but were not finalized to the Board's acceptance.
- Discussion about the request presented by Ms. Smith and Ms. Webber to Ms. Ott following the Board's closed session, that staff provide records of time in 15-minute increments with details of activity during each of those periods. This request is felt by Ms. Ott and Ms. Heuser to be inappropriate, not of value to the Board, and suggests the Board's mistrust of the staff's efficiency, and would not be implemented.
- Verification of who is doing the usual annual Work Plan and Budget for 2015. Ms. Ott noted she was informed after the Board meeting that Sheri Samotin would be creating this document for 2015, instead of her.

Ms. Ott and Ms. Heuser also made the following points in support of their concerns about their relationship with the Board in recent years and especially in November:

- The request for staff to provide reports of their time spent on AADMM activity in 15-minute increments with details of what they did communicated mistrust of the staff's activity on AADMM's behalf.
- The questioning from Board members about the time it takes to do various projects communicates disbelief that staff estimates are thoughtfully presented based on experience, and suggest the Board wants to engage in the management of staff time.
- The time estimates recently provided by Ms. Samotin in her spreadsheet are a clear example of the inaccuracy of asking Board members to estimate the time it takes for an activity to be completed, since Board members have no experience in the association support field. As an example, Ms. Ott described the steps taken by staffer Erin Connelly to facilitate media coverage at the Charleston conference, which definitely took more than the one hour suggested by the Samotin document.
- Not only staff, but committees have also expressed frustration with the Board challenging their recommendations, suggesting that the Board doesn't trust that the committees have been thorough in their consideration of tasks assigned to them. This leads to reduced interest in working on committees if their recommendations will be superseded by the Board.
- Too much Board attention is focused on analyzing staff time, instead of the bigger picture of Board responsibilities. The Heuser Group began providing information about the time it takes staff to do projects as a way to educate the Board on resources needed for activities they wanted to undertake. That volunteered information has now become the basis for challenge at every Board planning session over the last few years.

Ms. Nichaman expressed her feeling that most Board members are operating in good faith but there has been a breakdown in communication. She expressed appreciation for the staff's work, but when asking for information about time, she feels the Board is wondering how much should be done by volunteers instead of staff. She states she feels this will always be a moving target but felt it important to consider what volunteers should be stepping up to do. She expressed regret that the request for information seemed to indicate mistrust, since it was really about why the membership couldn't take on some responsibilities previously done by staff so that the staff could do other tasks.

She noted it is hard to know what to delegate and what not to delegate, and there have been shifts in the way the Board looks at its fiduciary responsibility. But, she feels that this shift in thinking about why staff should do all the work is related to how to use the funds available in the best ways. She commented that perhaps Board members are naive in thinking the volunteers would accomplish the tasks in the same way as staff, but still wonders whether there is a way to shift some of the work to volunteers. She affirmed her feeling that it is reasonable to ask for information to consider that question.

Ms. Heuser responded with agreement in principle but expressed her feeling that the way the Board approaches the question needs to be evaluated. She suggested a better way is to be willing to have the conversation between Board and staff in a non-challenging way about what tasks might be handled by volunteers – and then guarantee that the staff is not blamed when the volunteer effort fails.

Discussion followed on the nature of the contract itself – and the hours projected if all the new ideas from the strategic planning process were incorporated into the 2015 Work Plan

and Budget. Ms. Ott referred to her projection showing that in addition to the \$89,600 she requested for the basic, ongoing services, the new activities would require an additional \$20,400 for a total contract fee for 2015 of \$110,000.

Ms. Webber clarified that if the basic, ongoing services were the basis of the 2015 contract, and the Board approved the requested increase to \$89,600, that would require an amendment to the contract – and this was confirmed. She suggested that Ms. Ott prepare for the 2015 Executive Committee – Ms. Smith, Mr. Lewis, Ms. Salisbury, and Ms. Nichaman – the proposed Outline of Services that could be accomplished for this year's rate of \$84,000, considering that some of those activities could be shifted to volunteers to keep the workload within the proposed hours supported by that contract fee.

Ms. Smith discussed the following points:

- In her opinion, Ms. Heuser and Ms. Nichaman have a shared vision which is not connecting.
- When Ms. Ott submitted her estimates, the Board asked what activities were included in those time estimates, and how the estimates were developed, and Ms. Ott didn't provide that level of detail.
- If the contract is for a fixed dollar amount, it should be broken down into various areas, showing how much is allocated to marketing, etc. in the manner of cost accounting. This allows a committee to know it has \$30,000 to do a project and it won't go over its budget and can consider program costs five years out.
- There is confusion about the fixed contract. If the contract is not fixed, and AADMM is paying for hours, then the Board should know where those hours are devoted. She didn't recall the request for the additional funds being requested in the Board meeting.
- The issue of the work plan came from the conversation Ms. Smith and Ms. Ott had about missing the last step in the strategic planning process. Ms. Samotin talked at the Board meeting about finishing the process by combining all the activities into one document. The intent was for her to finish the last step of her process, but not for her to do the Work Plan and Budget document.

Responses to the issues/questions raised were given by Ms. Ott and Ms. Heuser follows:

- The contract is a fixed amount and the requested increase for 2015 was presented in the Board meeting but Ms. Ott was not given the opportunity to fully discuss the request.
- The contract with AADMM has always been for a flat amount – a fixed contract – based on the Outline of Services which follows the Board-approved Work Plan. Regardless of the time it would take to complete the Work Plan, the work was done and The Heuser Group just supported the additional staff costs because AADMM couldn't afford to pay any more. In the past two years, the Board initiated additional payments to The Heuser Group, but not at the request of The Heuser Group.
- If the Board wants to keep the cost of basic, ongoing services at the current contract level of \$84,000, then the Board can agree to reduce some of the staff-supported services and assign them to volunteers as suggested. They would then not be the responsibility of the staff team to accomplish.

Ms. Salisbury expressed her opinion that if the work is being done, then AADMM should pay for it. She agreed the request for an increased fee for 2015 had been presented but not

discussed, but noted that if the staff is doing the work at a higher level, then the contract should be revised to reflect that, and AADMM can afford that increase. She suggested that the new activities proposed on the last page of Ms. Ott's estimate chart is what is really up for negotiation.

Mr. Ackerman expressed agreement with the sentiment about using volunteers to do some of the work, suggesting the implementation of the nine webinars and the three marketing webinars could be handled by volunteers, saving \$10,000 in staff costs. Ms. Salisbury expressed skepticism that volunteers would be able to actually facilitate that work.

Ms. Ott agreed that there was a misunderstanding in informing her that the Work Plan was being developed by Ms. Samotin, explaining the Work Plan and Budget was the document the Board approves each January which sets the budget for the year. She also pointed out that if volunteers take responsibility for arranging webinars – and they don't happen – that impacts the budget with lost revenue. In the past, she noted, when volunteers didn't follow through, the staff stepped up to see that the activity was accomplished because they want to see AADMM succeed.

Ms. Smith questioned what would be expected in time for 2015 – suggesting a fixed contract for basic services and but not anything above and beyond the basic services related to the new strategic plan activities. She suggested the time for implementing the new activities for the strategic plan should be invoiced as the work was completed, and paid by AADMM, or perhaps as an hourly contract with monthly billing.

Ms. Pirrone suggested that perhaps the staff time could be reported each quarter, and Ms. Ott reminded the Board that they already receive reports of staff time each month.

Ms. Smith stated that the Board wanted to know each month what time was spent so they could allocate those hours into the various program areas – showing that x hours were spent doing these things. She explained that she and Ms. Webber then translated that request into asking for 15-minute incremental activity reports from all staff. Ms. Heuser and Ms. Ott agreed that they have never asked staff to report at that level of detail. Ms. Smith commented that she and her staff report this way, but Ms. Heuser pointed out that Ms. Smith's work is not association management staffing. Ms. Heuser also expressed disagreement with the concept, recommending that the Board be more "big picture" thinkers than this type of approach implies.

Ms. Hall requested clarification about whether the management contract was related to the scope of work to be provided, or a contract based on hours worked. Ms. Heuser clarified that the contract has always been for a body of work, which was shown in the contract's Outline of Services and based on the annual Work Plan approved by the Board. The Heuser Group provided information about hours because the Board asked for this, and to educate the Board for planning purposes, and also to allow The Heuser Group to consider estimates of time for the following year's contract negotiation. She confirmed that the contract is for the scope of work, regardless of how many hours it takes.

Ms. Hall expressed her feeling that the Board appreciates what the staff brings from their experience, and if the staff can help the Board understand what it takes to get something done, then we can make better decisions.

Ms. Ott agreed that the staff could definitely discuss what goes into a project, if the Board were willing to have that discussion. Ms. Heuser commented that the Board's real responsibility is not to discuss each activity in that level of detail, but to consider what is important for the members and what should be initiated first or deferred to a later time when more resources were available. She suggested the Board ask Ms. Ott what she recommends since she and the staff team have the experience and history with AADMM – and then discuss ideas based on the big picture of goals and policies and priorities.

There was a suggestion that perhaps the activities proposed as new areas should be staffed on an hourly basis.

Ms. Pirrone commented on this being part of AADMM's "growing pains," noting that AADMM and the staff team have partnered well and that the Board needs to approach this from a strategic level and then work with staff on specific areas of the plan. She suggested that the Board would be better off managing the membership then just continuing to discuss hours of staff time. She encouraged everyone to move to the next level of Board service and be able to look at the future in the strategic planning mode, and have Atlas work with the Board as The Heuser Group has done in past years.

Ms. Webber suggested that there is room for all to work together and asked whether it would be possible for Ms. Ott to work with the Executive Committee to work out the plan of work for 2015 by the January Board conference call. She confirmed that there is already a contract for 2015 – the assignment just moves the contract from Heuser to Atlas. Then the Executive Committee can define what the contract scope of work will be and the compensation.

Ms. Smith agreed that she felt this could be accomplished. Ms. Ott asked for clarification that the 2015 contract for basic, ongoing services would be for \$84,000. Ms. Hall suggested that the requested increase to \$89,600 be part of the Executive Committee's discussion so this can be finalized quickly to move on to the new activities. Ms. Smith explained her understanding that the Board expected the contract to remain at \$84,000 for basic services and there would be an addendum for hourly invoicing for any new activities. Ms. Hall pointed out that the contract is for a scope of work, not hours, and Ms. Heuser noted that hourly invoicing would be at a higher rate since there was no discount if there were not an annual fixed contract.

Ms. Ott indicated she did not expect the contract to increase every year because some new activities were one-time activities, explaining that is why the Work Plan each year forms the basis for the Outline of Services for which the annual contract fee is paid.

Ms. Smith requested from Ms. Ott an Outline of Services that would be covered for an annual \$84,000 contract and another for services to be covered for an annual \$89,600 contract, showing the reductions in the scope of work for less money.

Ms. Heuser asked whether Ms. Smith or Ms. Webber had asked an attorney to review the assignment document, as had been directed by the Board in November. Ms. Webber indicated that had not been done and suggested that wasn't needed.

Since there were at this point in time not enough Board members on the call to constitute a quorum, Ms. Webber asked for Board consensus on asking for an email vote on action to reverse the Board's previous request for legal review and authorize her to sign the assignment document. With those on the call consenting, Ms. Ott advised she would send out the email for voting on this matter by the end of the week.

Ms. Webber thanked everyone for being part of the call, and thanked Ms. Heuser for all her work over the years, with supporting comments of appreciation from Mr. Ackerman.

There being no further business, the call was adjourned at 4:53 p.m.

Denise L. Ott