

MINUTES
FINANCE COMMITTEE MEETING
NORTH CAROLINA NATIONAL GUARD ASSOCIATION
15 FEBRUARY 2012

The above named committee met on the date indicated on call of Committee Chairman Phillip Kerr. The meeting was held at the National Guard Armory, Greensboro, NC, and the following members were present:

Chairman Phillip Kerr, Kathy Earley (via tele-conf), Allan Cecil, John Eudy, Alex Sigmon, and John Atkinson (ex-officio). President Ronnie Honeycutt, Past President Fisk Outwater and Executive Director Adene Tyler were also present.

Committee Members Beth Austin, Mark Costley, Shane Evans, Warren Newell and Tom Underwood were unable to attend.

Chairman Kerr declared a quorum present and convened the meeting at 10:00 a.m. Upon motion, committee minutes dated 25 Jan 12 were approved for the record. The financial statement for January 2012 was also approved.

Chairman Kerr noted that during the last meeting, the committee had recommended that Lawson Financial be contacted to determine if she would consider reducing her investment advisor fee. He then referred them to an email from Lawson in response to this request. After the review of the response, in which there was no direct answer, the committee discussed the comments made by Lawson. Committeeman Sigmon commented that personally he is not in favor of having two investment advisors. Committeeman Cecil inquired as to the committee's expectations of Lawson and questioned if we should give her a template of the report now being received from Park Ridge. Chairman Kerr stated that he and the previous chairman had discussed her reporting procedures and had started a template to give her, but had not completed it. The committee was in agreement that basically she is meeting all of the requirements of the committee as well as their expectations. Tyler stated she would forward a copy of the quarterly reports from Lawson and Park Ridge to Committeeman Sigmon, an investment advisor in his civilian job, to review and determine if there are any significant differences in their reporting procedures.

The committee then discussed what would be an acceptable reduction in fee. Her fee is currently 1% and it was recommended that we ask her to reduce her fee to .5%. If this is unacceptable to her, the committee agreed that .75% would be the maximum they would accept.

The next item on the agenda was preparation of the FY 12-13 budget. It was noted that we currently do not operate under a balanced budget and that our expenses exceed our income primarily because we do not budget for all potential income such as the insurance experience

refund and any investment gains/losses, which are uncertainties from year-to-year. The committee discussed the need to increase revenues and Past President Outwater commented on several projects that had been initiated to increase our revenue stream, but had fallen short of expectations. It was noted that although we have an unbalanced budget, no funds have been withdrawn from the investment reserves in the past two fiscal years.

The committee then reviewed each line item of the draft budget. Several of the major expense items were discussed at length to include the publication of the magazine and the funding request for \$24,000 from the Communications Committee for internet marketing. The committee reviewed a letter from the Communications Committee in which they had provided justification for the continued funding. With the advancements in technology and the media now used by the younger generation, it was agreed that the website would eventually be our primary source of information and that the magazine would eventually be phased out. It was suggested that we start by reducing our publications gradually and continuing to encourage members to sign up to receive their magazines by email.

After review and discussion of the budget, Committeeman Sigmon stated he was concerned with the \$119,576 deficit and suggested that we consider requesting the committees to reduce their budgets. It was agreed that each committee, that had submitted a budget, would be requested to reduce their overall budgets by 10-25%. The Executive Council is scheduled to meet on 8 March to review the budget and a deadline of 2 March was given for the committees to report back with their recommended reductions. Chairman Kerr commented that the Executive Council would make the final decision on the budget.

The Finance Committee will meet via tele-conference on Monday, 5 March 12 at 4:00 p.m. to review the budget reductions and finalize the FY 12-13 budget.

Past President Outwater related that in his opinion, we need to hire an outside consultant to come in and make recommendations on what we should be doing and how we can better manage our operations. This issue was discussed last year and it was determined this could be accomplished for approximately \$25,000-\$30,000.

There was no further business to come before the committee, and the meeting was adjourned at 12:00 noon.

Adene T. Tyler
Executive Director