Board of Directors Meeting Minutes
November 9, 2015

Meeting: Special Meeting—Budget, November 9, 2015, 6:00 p.m. EST

Board of Directors: Bonnie Potter, President
Scott Miller, Vice President
Laurel Shouvlin, Secretary
Mike Vigus, Treasurer
Julie Delaney, Director
Don Greene, Director
Steve Hull, Director
Norm Johnson, Director
Andy Merriwether, Director

Executive Director: Darby Vannier

Meeting opened at 6:04 p.m. EST.

1.0 Budget:

1.1 Recommended Sponsorship & Fee Changes from the Revenue Generation Task Force: After several meetings of the Revenue Generation Task Force, the liaisons, Greene and Miller, provided the Board with a list of 6 recommendations from that committee. The Board decided to review and discuss each Task Force recommendation separately. The recommendations of the Task Force are in italics.

1.1.1 Sponsorship of AOA National Show and Fleece Conference: *The Revenue Generation Task Force unanimously recommends that AOA offer a member Benefactor level category for sponsorship of the AOA National Show and Auction and Fleece Conference at $10,000 each. If an AOA member wished to purchase the sponsorship opportunity, their farm designation would be promoted as the AOA National Show and Auction presented by XYZ Farm. (The attendant benefits that would accompany this sponsorship level have not been discussed, leaving room for AOA staff to appropriately "spread the wealth" among all benefactor levels.)*

After discussion, it was the consensus of the Board that the AOA office should move forward with offering such sponsorships, however, offering it as part, or as a new type of Benefactor package is not possible due to the software changes to the online software system that would be necessary, for those cannot be accomplished in the short time before membership renewal next month. The Board decided that two sponsorships will be available, each costing $10,000. One sponsorship will be for the AOA National Halter Show and the other for the AOA National Fleece Show. The benefits awarded will include the naming rights to the show, (for example, "The AOA National Halter Show Sponsored by XYZ Farm"). Other benefits for the sponsoring entities will be developed by staff for later approval by the Board.

Miller moved and Greene seconded that AOA offer $10,000 sponsorships, one for the 2016 AOA National Halter Show and one for the 2016 AOA National Fleece Show. Motion passed 9–0.

1.1.2 Transfer Fees: *The Revenue Generation Task Force recommends with a vote of 7–2 that transfer fees be increased from $30 to $40 per transaction for dues-paying members, effective 2016. Based on transfers to date in 2016, this would yield an additional $68,000+ for AOA. The Task Force also recommends that half of the incremental transfer fee be designated for AOA's national marketing and advertising program (under development by the board), as was done with the "pork: the other white meat" campaign. Task Force members stressed that there will need to be evidence of significant marketing and advertising efforts behind any designation of funds for this purpose.*

There was lengthy Board discussion. Concerns were raised that this might have an adverse effect on transfers and be a bad PR move. Proponents pointed out that fees have not been increased for many years, and that the intent for raising transfer fees is to provide additional funds to be applied to marketing—a major goal identified by the Strategic Planning Conference earlier this year. Advocates for changing fees also said that since money has been exchanged in the sale of the alpaca, there is money available to pay for the increased transfer fee.

Vigus moved to increase all transfers fees for dues paying members (Registry and Association members) by $10 per transaction, effective April 1, 2016, with a portion of that increase designated for AOA National Marketing. Johnson seconded. Motion carries 7 – 2 (For: Miller, Greene, Delaney, Johnson, Vigus, Meriwether, Against: Shouvlin, Potter).

***Notation: Article 12.2.2 of the AOA Bylaws states: The Board of Directors shall have the power to amend the Association's fee schedule by a majority vote of the Board of Directors; provided, however, that any new fee or increase in a single fee (other than membership fees) which exceeds twenty (20) percent annually must be approved by either (i) the unanimous vote of the Board of Directors or (ii) a majority of the members with voting rights voting on the proposed fee addition or increase." The 2 motions above regarding increasing transfer fees fail for they exceeded a 20% increase and did not meet the criteria as defined in the AOA Bylaws.

1.1.3 Transfer Fees: *The Revenue Generation Task Force unanimously recommends that transfer fees be increased from $30 to $60 for non-dues-paying members, i.e. Alpaca Owners, effective 2016. The Alpaca Owners category of membership would be incentivized to join the Registry membership, at a minimum, and save money vis-à-vis their transfers. Based on total transfers to date and the fact that 28% of transfers have been by nonpaid members, AOA would realize an additional $57,000+ if the same number of transfers were made in 2016.*

The Board had lengthy discussion about this recommendation. Concerns were raised about the negative PR that increasing fees for this single group would generate, as well as concerns that Alpaca Owners (membership level) could simply stop transferring alpacas. Vannier also explained that creating another category of transfer fees specifically for the Alpaca Owner level of membership would be costly and unobtainable in time for the next software rollout which will be occurring within a few weeks. Such a change would have to occur with the next roll out in the summer of 2016. Proponents for the raised fees feel that the Alpaca Owners are receiving the benefits of the AOA without paying for them, and that AOA needs funds for operations and marketing.

Vigus moved that transfer fees be increased by $15 per transaction for non-dues paying members effective mid 2016. Johnson seconded. The motion failed 4 – 5 (For: Vigus, Delaney, Greene, Johnson Against: Hull, Miller, Shouvlin, Potter, Merriwether).

Johnson moved that the transfer transaction fee for non-dues paying members by $10. Miller second. Motion passed 6 – 3 (For: Greene, Miller, Johnson, Vigus, Delaney, Merriwether, Against: Hull, Bonnie, Laurel)

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The remaining Revenue Generation Task Force recommendations were tabled due to length of the meeting. In the interests of time, at 8:25 p.m. EST, Potter changed the agenda to move to 1.3.

1.2 Review of all Fees: Tabled.

1.3 2017 National Show: Vannier reviewed the history of discussions over the last several years regarding partnering with the Futurity. The most recent discussion occurred in April of 2015. At that time Vannier developed a budget for such an event. In each discussion with Tim Vincent, both parties arrived at the conclusion that it would not be successful making enough money for both entities. Earlier by email, Miller requested that prior to the Board selecting the location for the 2017 National Halter Show, the AOA Board once again consider merging the two shows. Vannier presented the Board with a new budget for such an event, utilizing figures from the 2015 AOA National Show. That budget demonstrated a loss for AOA. Vannier, therefore recommends that we not partner with the Futurity. Vannier also expressed concerns about how such a partnership will affect the brand of AOA. He feels that it will make it appear to our members that AOA needs the Futurity to be successful, which clearly is not the case. There was lengthy discussion about the pros and cons of pursuing such a partnership, with Miller suggesting that there may be new information and circumstances with Tim Vincent.

Greene moved that Vannier and Miller, on behalf of the Board, immediately begin formal discussions with Tim Vincent to determine the feasibility of a back-to-back AOA National Show and Futurity Show in 2017, with a single Futurity auction, with revenue from that auction shared by a method to be determined, and that these discussions be brought to the Board for consideration and action prior to the Board making a final decision on the location of the 2017 AOA National Show. Motion failed 4–5 (For: Miller, Greene, Delaney, Johnson, Against: Shouvlin, Merriwether, Hull, Potter, Vigus).

Shouvlin moved that we contract with the National Western Livestock facility in Denver, Colorado, for the 2017 National Halter Show on the weekend of March 23–26, 2017. Hull seconded the motion. Motion passed 5–4 (For: Potter, Shouvlin, Vigus, Hull, Merriwether, Against: Miller, Greene, Delaney, Johnson).

2.0 Meeting Wrap:

2.1 Action Items Review: None.

2.2 Next Meetings: November 23, 2015.

2.3 Adjournment: 9:14 p.m. EST.

Respectfully submitted, Laurel R. Shouvlin