

Merger Committee Report to the
Corporate Boards of the
Greater Daytona Beach Area YMCA and the
West Volusia Family YMCA

January 8, 2008

Overview

As you are aware, a ten-member Merger Committee, five from each Association, was appointed in June 2007 by the Corporate Boards of the Greater Daytona Beach YMCA and the West Volusia Family YMCA for the purpose of investigating the possibility of merging the two Associations.

The Committee has met often and regularly for the past seven months. We have conducted a Town Meeting and a number of meetings with the Branch Boards and staff. We have spent numerous hours discussing the merits and drawbacks of this course of action, involving both volunteers and staff members from both Associations. After all of the discussion and investigation, we have concluded that we can provide more and better services by being one Association providing services to Volusia and Flagler Counties.

Although some of the information included in this report may seem redundant, we believe it is appropriate and helpful to review the highlights of our process and our work as a Committee.

Process and History

During our initial meetings we evaluated several approaches to investigating the possibility of merging. Finally, we agreed to use a three-phase process and format brought to us by Chuck East, of the YMCA of the USA.

Phase One was exploratory. We reviewed all of the core areas of the YMCA to determine if there were any issues that seemed insurmountable. We identified the core areas of service and established a Sub-Committee on each of these areas. These Sub-Committees investigated all of the issues that seemed significant within the framework of a combined organization. They were charged with identifying “key issues,” those that might need to be resolved before moving forward. They were asked to determine if there was a “proposed reasonable resolution” to any key issue that they identified. The Phase One process ensured

that all key issues had been discussed before the Merger Committee invested the time and resources required of Phase Two.

At the end of Phase One, the Merger Committee agreed on September 11, 2007, to move forward by proposing that the Corporate Boards approve a Letter of Intent. By voting on October 3 and October 4 to approve the Letter of Intent, the Corporate Boards authorized the Merger Committee to move to Phase Two.

Phase Two was called “Due Diligence.” During this phase, which we just recently concluded, we thoroughly reviewed all of the unresolved issues and conducted a deeper investigation into those issues that seemed the most problematic. We worked toward developing a consensus position on each problematic issue, a position which all sides of the issue agreed they could accept.

The Merger Committee was charged with bringing to the Corporate Boards at the end of Phase Two a recommendation on the issue of merging. We are now at that point and recognize that if the Corporate Boards vote to merge, the process will move to Phase Three.

Phase Three of the process is implementation. We recognize that even after a vote to merge, implementation of changes will take time. Some changes can occur immediately, while others will take longer. We have discussed how this might happen if a positive vote occurs. An implementation calendar and suggested timetable are included later in this document.

Sub-Committees

During the investigation process the Merger Committee established seven Sub-Committees to identify and discuss core issues in the YMCA. Sub-Committees were formed in the areas of Human Resources, Governance, Finances, Communications, Facilities and Capital, Membership and Program, and Information Technology.

Sub-Committee members were recruited from both Associations so that most had six members, three from each Association. Each Sub-Committee has been led by Co-Chairs representing both Associations. The Co-Chairs are also members of the Merger Committee.

Current Position

We have now completed Phase Two. Since October 3 and 4, 2007, when the Letter of Intent was signed by the Chairpersons of both Corporate Boards, we have been in the process of Due Diligence.

Since two of the Sub-Committees had completed their work, they had no additional meetings during Phase Two. The Membership and Program Sub-Committee and the Human Resources Sub-Committee met several times to resolve the remaining issues. The Finance and Governance Sub-Committees had identified the most problematic issues and met numerous times to resolve them. These issues were the conflicting reserve policies and conflicting bylaws. Both issues were resolved satisfactorily with the creation of a proposed reserve policy strategy and a draft of bylaws for the merged Association. The Merger Committee reviewed and agreed with the proposed reserve policies and bylaws prior to developing its recommendation to merge. Both documents are included in this report.

Benefits

One of the basic questions we posed to both the Corporate and Branch Boards, as well as to the YMCA staff, was, "What are the benefits in a proposed merger?" Although there is no way to capture all of these issues in a report of this size, we have listed several that were identified during the process.

We believe that the community and YMCA members will benefit from the combined resources of the merged Association and we will be able to serve all of Volusia and Flagler Counties in a more effective way.

Our members will benefit by having the services and programs of eight branches available to them. Effective 1-1-08 we are providing reciprocal membership and the nominal fees have been eliminated. We still believe that being one YMCA will provide more program and membership opportunities for all of our members.

Key staff members have determined that they will experience better training opportunities, an issue very important to them, and better employee benefits in a merged Association.

One of the major opportunities for development was discovered by the staff in the area of marketing. The staff wants more and better-quality marketing.

It is more effective to have one marketing plan that maximizes the limited resources dedicated to marketing. We need to tell our story effectively.

Fundraising has been identified as one of the improved aspects of a merged YMCA. Not only will the fundraising skills and schedules be improved, but the cross-county companies that have given in the past should be interested in a collaborative YMCA effort.

An intangible benefit of improved leadership and decision making has surfaced in the investigation process. In the brief time the two YMCA staffs and volunteers have been working together, we have detected an increase in the information pool available to make quality decisions. Those involved see the great benefit in working together on marketing, new community service areas, shared knowledge and fundraising. Both staff and volunteers think bigger and with more focus on the entire community and membership.

Camp Winona is a great resource that will be available to all of Volusia and Flagler Counties, and it can be used more fully to serve our members and program participants.

We will experience economy of scale as we purchase supplies, equipment, vehicles and other necessities in greater bulk. The merged Association also will experience economy of scale cost savings by having only one corporate office and by combining the corporate staff.

Consultant's Comments

I am in awe of the Merger Committee members and their dedicated efforts on this project. They have given countless hours of service, and they have approached issues with an open mind. Because we have had almost 100% attendance at meetings, we have been able to have candid and open conversations. We have developed a relationship of trust that has allowed us to discuss cultural issues as well as factual information. I believe you can have confidence in the judgment of these individuals and in their ability to evaluate critical issues. They are dedicated to the YMCA and have deep YMCA knowledge, making them great representatives of the Associations.

Not everyone will agree with the final vote, no matter which way the vote goes. My hope and prayer is that the community will continue to be served by the best YMCA possible. I have a YMCA mantra that says, "Every kid deserves a YMCA." It is this thought that has motivated me as a YMCA professional for 35 years. It has inspired me to make decisions on a daily basis that affect the future of this

great Association called the YMCA. I recommend that this YMCA continue to be focused on the mission of the YMCA to serve the kids and families of the community through a unified effort.

Merger Committee Members

Our names are listed below, along with our e-mail addresses. If you have questions or want to discuss our findings with us personally, feel free to contact us.

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