

YMCAs of West Volusia and Daytona Beach  
Report on Merger Committee Meeting  
August 29, 2007

Rand Spiwak, Co-chair of the Committee, called the meeting to order. He asked Ken Barnes to lead the group in an opening prayer.

Members present were Rand Spiwak, Kathy Ambachtsheer, Phillip Stephens, George Flack, John Bostwick, Bob Ludlow, Dennis Stark and Bruce Teeters. Staff members present were Ken Barnes, Daytona Beach; Chris Seilkop, West Volusia, and Jerry Haralson, Consultant. Committee members Eddie Sanders and Ivan Cosimi were not present.

The minutes of the August 14th, 2007 meeting were reviewed and accepted.

Consultant Report. Jerry gave a verbal report on the status of the process. He reported that within the past 48 hours the Daytona Beach Corporate Board and the West Volusia Corporate Board Executive Committee have met. He asked Rand and Kathy to report on those meetings after his summary.

Jerry believes that of the four remaining "key issues," two are still not resolved, while the other two have been reviewed and agreed upon by the appropriate sub-committees. The good news is that these "key issues" are being discussed openly and with honest feelings. He suggested that we continue this open, honest discussion of the four issues tonight and then, if appropriate, have a general discussion of any remaining issues that Committee members feel are appropriate. This will ensure that all of the issues are discussed before we move forward. The four remaining issues are:

1. "Withdraw from the Association"
2. Voting Rights
3. Reserves
4. Debt Capacity

Association Reports

Rand reported that the Daytona Beach Corporate Board had an open discussion of these issues. There is good involvement of Corporate Board members on the sub-committees and, therefore, members are informed and engaged. They are supportive of continuing the discussion of the merger if these remaining issues can be resolved. Rand reported that he believes these issues can be resolved.

Kathy reported that the West Volusia Corporate Board Executive Committee had an open conversation at its meeting this morning. The Committee is a good cross-section of the Association in that each Branch has two members on the Committee, and they were in attendance. She reported that she had asked if there were issues that members were willing to "die on the hill for." Even though there were none, the issue of withdrawal continues to be a preferred back-door option for some individuals. There continues to be good involvement of key volunteers, and other Board members have expressed confidence in these leaders.

Discussion of Key Issues. The Committee discussed in depth the four key issues.

#### "Withdraw from the Association"

It was reported that the Governance Sub-committee members believe that two individuals from the Sub-committee can develop governance language that is acceptable to both Associations. There is a variety of opinions on the subject and strong individual opinions on both sides of the issue. The Governance Sub-committee has agreed that the current withdrawal language needs to change.

After considerable discussion, it was determined that the Merger Committee will ask the two representatives from the Governance Sub-committee to draft a position explaining why this issue should not be addressed in the by-laws.

#### Voting Rights

The Governance Sub-committee has developed a reasonable proposed resolution for this issue. It is anticipated that a Nominating and Board Development Committee of the Corporate Board will be in place and that YMCA members will have the opportunity to vote for Corporate Board members. The Merger Committee agreed that the Corporate Board also should include Branch representation.

#### Reserves

This issue has been seriously discussed in the Finance Sub-committee. It was agreed that there is little difference in the Associations' approaches to reserves; however, there is a difference between the two in spending authority. It was agreed that we can reach a compromise position of retaining the appropriate reserves at the branch level and determine an approval process that gives both the Branches and the Corporate Board reasonable control.

## Debt Capacity

The debt capacity issue revolves around the future ability of the merged Association to borrow money. The capital needs of both Associations exceed the ability to borrow the total amount necessary to address those needs. The amount of capital debt considered acceptable is always a decision of the Board in place at the time. This issue was resolved with the understanding that any debt commitment beyond the current debt, including the \$5.5M already committed on the bond, will be based on the wisdom of a combined Association.

We opened the floor to any other issues that need to be addressed now that we have reasonable resolutions to the key issues. The Committee discussed the corporate culture of being a top-down or a bottom-up organization. Although the Committee agreed that there are always differences in corporate culture, whether they are factual or perceived, it was felt that the differences are not significant. The Committee also discussed the role of the Corporate Board in Association decision-making. Even though all agreed that the two Associations might have conducted themselves differently in the past, there was no disagreement on how the Board ought to work with and through the CEO. It was an honest and open conversation, after which the Committee members expressed confidence about working together in the future.

We agreed to set the next meeting for Tuesday, September 11<sup>th</sup>. The agenda for this meeting will be to review any and all potential issues and review a draft of the "Letter of Intent." Jerry will draft the letter and forward it to the Committee prior to the meeting.

Kathy Ambachtsheer reported that the West Volusia Executive Committee plans to conduct a "Town Hall Meeting" at the appropriate time prior to a vote of the Corporate Board on the Letter of Intent. The specific date for this meeting will be determined as we move forward.

The meetings previously scheduled for September 4<sup>th</sup> and September 18<sup>th</sup> were cancelled by the Committee. Our next meeting will be September 11<sup>th</sup> at 6:00 p.m. at the United Way Building.

The meeting was adjourned at 7:40 p.m.

Submitted by Jerry Haralson