

YMCAs of West Volusia and Daytona Beach  
Report on Merger Committee Meeting  
October 16, 2007

Bob Ludlow and Phillip Stephens chaired the meeting in the absence of Kathy Ambachtsheer and Rand Spiwak. Jerry Haralson led the group in an opening prayer.

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

The minutes of the September 11, 2007 meeting were reviewed and approved.

Review of Corporate Board Meetings

Jerry reported on the Daytona Beach Corporate Board meeting held on Tuesday, September 25. The motion to approve the Letter of Intent was passed. Several learnings can be taken from the meeting:

1. We need to ensure that all Corporate Board members are highly informed on the issues prior to the vote on the actual merger.
2. The staff will need to be more even more informed as we move through the process.
3. All sub-committee members need to be in attendance at all sub-committee meetings.
4. We should have a separate informational meeting prior to the vote on the merger.
5. The "withdraw" provision in the West Volusia by-laws continues to be bothersome for some individuals.

The West Volusia Town Hall Meeting held on Tuesday night, October 2, was discussed. It was attended by 36 individuals. Ten of the thirteen Corporate Board members who voted the next morning at the Corporate Board meeting were in attendance. Others included Branch Board members and donors. It was a very good, open and educational meeting. Many of the same issues we have discussed in the past were discussed at the meeting. The learnings from that meeting include:

1. It was a good idea to have a Town Hall meeting.
2. The staff needs to be informed about the process.

3. We need to consider whether a three-month period of time is long enough to complete Due Diligence.
4. Branch Boards should be informed of the final information prior to a merger vote.
5. The "withdraw from the Association" language needs to be resolved prior to a merger vote.

The West Volusia Corporate Board meeting was held the next morning, October 3, at 7:00. The motion to approve the Letter of Intent was passed. The questions and issues learned from that meeting include:

1. How will the DeBary/Orange City project be affected by the merger?
2. There are still some unanswered questions on the Bond financing.
3. What are the top 5-6 advantages for the merger?
4. We shouldn't plan for a divorce.

After all of these meetings and great discussion about the merger it was agreed that we are moving forward with a positive position and need to start identifying and articulating the benefits of the merger rather than just identifying the issues.

After this lengthy discussion, the Committee discussed the continued role of the Merger Committee. It was agreed that we would continue to use the sub-committee structure. Some sub-committees will now be more important than others. Some will need additional members, while the composition of others can remain unchanged. A separate and individual chart of work will be developed for each of the sub-committees. This should be done at the next sub-committee meeting.

The Committee then reviewed each of the Sub-Committee Due Diligence Chart of Work reports that Jerry has developed. We added items as appropriate:

1. Camp Winona was added to the Finance Sub-committee.
2. An emphasis on the Endowment policy was added to the Finance Sub-committee.
3. A charge to be deliberate in the information discrimination was added to the Communication Sub-committee.
4. The issue of risk management was added to the Facilities and Capital Sub-committee.

Jerry shared some of his discussions with Chuck East about the next steps in the process. We need to focus on three issues:

1. What is externally necessary? (What are those things that absolutely need to be accomplished before the merger vote?) legal; membership; endowment; and governance by-laws
2. What is necessary to answer to the Corporate Boards? (What policies need to be clearly stated before the Board vote?) Branch reserves; maintenance reserves; "withdraw from the Association" language
3. What do we need to do as members of the Merger Committee? Are there any other issues that need to be addressed? Do we have adequate responses to all of the questions we and others have raised? Are we ready to take the "leap of faith" to merge these YMCAs?

The meeting was concluded with some discussion on the next steps, should the merger vote be positive. We need to have a chart of work on the search process for a new CEO. Are we going to prepare a revised Strategic Plan? What issues need to be resolved prior to having the CEO on board and which ones need to be left until after the arrival of the new CEO?

Next Meeting Dates:

It was agreed that we do not need to meet next week, October 23, and that the October 30 meeting will be held only if enough sub-committees have met and have additional issues to discuss.

The meeting was adjourned at 7:32 pm.

Reported By Jerry Haralson