

APPROVED COPY

MINUTES
WORLD SERVICE OFFICE
BOARD OF DIRECTORS' MEETING
January 15 and 16, 1993

MAR 13 1993



The following board members were present: Randy Jones, Tim Banner, John Burnett, Bob Feneran, Tom Logan, Tom Rush, Walter Johnson, Chris Chambliss, Bob MacFarlane. (Chairperson Mary Kay Berger was not present at this meeting due to illness). Also present were: Ron Sheppard and Becky Meyers. Following staff members were present: Joe Gossett, George Hollahan,, Bob McDonough, Angie Stephens.

Randy Jones called the meeting to order followed by the Serenity Prayer.

Discussion regarding the expanded agenda resulted in a decision to provide same to all board members.

Tim Banner then requested a change in the order of the day to address the price of the approval form of *It Works* and enter that price in the CAR.

Randy stated that at the last board meeting he understood that we were only voting on the price of the approved *It Works: How and Why* rather than the approval form. Other board members had the same understanding.

Tim expressed that the minutes in Book 1, reflect "staff present recommended a retail price...." Tim suggested that retail would mean the approved copy, not the approval form copy. Some board members expressed that we need to revisit this item.

Tim also stated that he would like to revisit the \$8.80 price and some of the board members stated that was a separate issue. Randy stated that they would revisit that issue at a later time.

Discussion then occurred regarding what the actual price of the approval form would be. Randy then said the printing cost would be \$1.90 and shipping would be \$2.30. Anthony also stated that 80% sales are usually North American and 20% sales were usually international.

Question was then asked to what about the customers who have already paid the other amount and it was stated that these people would receive a refund.

Anthony then stated that he felt the board has an opportunity here to set a price that we can use uniformly from now on. It was then M/S/A/C (Tim Banner/Walter Johnson) "to set the price of the approval copy of *It Works: How and Why* at cost plus 30%.

Randy stated he was more comfortable with cost plus shipping and handling plus 30%.

After extensive discussion, the above motion was amended to set the price of the approval form at \$5.50 which is computed by cost plus shipping and handling plus 30% rounded to the nearest fifty cents.

It was then stated by Randy that there is a motion on the floor for the price of the approval form of *It Works* and the effect of adopting this motion would be to set the approval copy price at \$5.50. The vote was unanimous.

It was then M/S/C (Bob MacF/Walter J.) "all further approval form pricing will be cost plus shipping and handling plus 30% rounded out to the next fifty cent increment." The vote was unanimous.

Randy then asked whether they were ready to approve the minutes and it was M/S/ (Tim B./John B.) "to approve the minutes."

Discussion then continued about the minutes.

It was then asked by one of the board members whether the transcript mentioned on page 15 of Book 1 was available yet. Joe stated that he had just talked to the court this week and they had completed it and he stated that it would probably be another two weeks before they actually mail it to us.

Bob Feneran stated that he had a request in regards to the minutes. He felt they were very difficult to read because of the compressed spacing. Tim explained that the minutes were forwarded to him by computer disk for review and corrections and the time was limited and he could not send the computer disk back to the office to make the mailing deadline, so the corrected minutes were FAXED and that is why they are so compressed. Normally they are not done in this fashion.

It was then a M/S/C (John Burnett/Tim Banner) "that we approve the minutes." The vote was unanimous.

Bob McDonough then gave a report on the current financial status. He stated there has been some minor adjustments to the written report since Tuesday for the Van Nuys portion.

Tom raised a question whether the actual sales figures include Canadian sales and he was advised the figure is only sales out of Van Nuys and the Canadian sales were reflected further down on the budget. Bob stated that January, 1993 looks promising and we have a Hazelden order for 20,000 books as well as several regional orders.

Anthony commented this is an encouraging note since this is the first time in two years we will show a figure in the black for the bottom line for the year end.

Bob stated that the receivables are closed, but the payables were not all in but nothing significant is outstanding.

In regards to combined operations, the question was asked, whether this included the World Convention Corporation, and Bob stated the WCC is a separate corporation.

Board members then discussed the budget and raised a few questions regarding certain items.

Tom R. raised a question in regards to the *NA Way* and asked whether this was a separate enterprise. Anthony expressed this budget was purposely put together without the *NA Way Magazine* because we have never known specifically what the *NA Way* has cost us to operate. During the last year, we have tried to isolate the expenses just so we could get an idea of what the *NA Way* cost to operate. The staff will probably propose the *NA Way* be a separate budget item from now on.

Tom asked whether there are any other projects of this nature that would be separated. Anthony stated that any other item that had separate revenue such as the World Convention Corporation would be a good example.

Walter then questioned Becky in regards to the Interim Committee turning down the business plan meeting in light of the fact the board has agreed to fund the meeting. Becky explained that it wasn't finances and that the Interim Committee had a discussion that the quality of support from the WSO staff at times of great work stress. The primary staff assigned to the business plan asked if they could reschedule the meeting since the plan didn't have to be finished before CAR is printed.

Walter felt that it was critical to have a business plan and questioned Becky as to when the next Interim Committee meeting was as he will submit another request. Becky noted this request would be taken up at the next Interim Committee call.

Randy then asked as to whether everyone had copies of the Interim Committee report, noting that the Interim Committee has not reviewed the minutes as yet and there are some inaccuracies.

After reviewing the trusted servants proposed to attend the February planning meeting, one of the board members expressed that he would be uncomfortable if just the BOD chair and vice chair attended and felt that the full executive committee should attend.

Becky then stated that we are not talking about a conference moratorium, but a world services moratorium and really changing the focus of the conference year. She feels there is an advantage to have an expanded attendance from the directors to let people know what is going on before the conference begins and that this would be the board's decision.

Walter stated that if the full executive committee was not involved, he felt that it would be awfully hard for only a few directors to come back and say this is where we are heading and how we can best manage that. Doing things without full representation keeps the board in the dark and will prevent the board from properly responding to the needs that are expressed at this meeting.

At 11:00 A.M. the board of directors went into a closed session.

The board reconvened their meeting at 4:15 P.M. (Chuck Lehman arrived at the board meeting during the closed session).

It was then M/S/C (Chuck Lehman/John Burnett) "to expand the attendance to include all members of the executive committee at the February planning meeting." The vote was unanimous.

Funding decisions were then discussed from the Interim Committee meeting.

Discussion then occurred about the European trip and the board of directors approval of it at the November meeting. The Interim Committee turned it down and then reconsidered and approved part of the request. The part that was approved was to fund a staff person to go on a routine WSO-Europe visit at the same time as the European Delegate Meeting.

A question was asked regarding what the board of directors originally approved and it was stated that they approved in November for Tim and George to attend the delegates meeting in Europe. The Interim Committee disapproved that travel in December. The

Interim Committee now has approved to send George for an office visit at the same time as the delegates meeting.

One of the items Interim discussed was the trip to Mexico which would come out of the development forum.

One of the board members brought up if it is staff traveling, then it would need to come up in the board meeting; if not, then the Board would not have to discuss it.

Anthony stated that this would come up in George's report and most of these items would come up in the board's agenda for specific actions either in the Fellowship Services report or one of the agenda items.

Randy stated that the WCC items were not in the minutes but it would come up in the WCC report and the video production has always been an ongoing item.

According to the board, this was the first time they have heard about the Mexico trip since it was not in any of the minutes or any of the books that have been provided for them.

Randy stated that it was talked about at the Interim Committee meeting.

George stated that the reason Mexico was now part of the discussion was because it grew out of a discussion that he brought to the November meeting regarding a trip to Panama to investigate the possibility of printing literature there. When the Mexico trip came up, it got hooked on to Panama to be cost effective.

A WSC report was then given by Ron Sheppard. He informed us that December was the first month the WSC income has outstretched expenditures and explained how that affects the WSO. Ron advised he has provided WSO with series of checks in \$2,500 amount and as funds come in, the WSO can deposit the check reduce payables.

Ron felt that we need to examine proper allocation of conference call expenses. He stated in regards to the agenda for the conference, there are two development forums--literature and funding.

Discussion occurred in regards to having a separate phone number for any WSC business in order to properly allocate expenses. Bob McDonough explained that we have tracking sheets for conference calls so a separate phone number would not be needed at this time.

Randy mentioned that the Interim Committee also considered the WSC budget for 1993 and 1994.

The WSB report was then given by Becky. She stated there has been ongoing discussion about the level of staff activity and expectations of boards and committees. Also discussion in regards to staff support to the CAR and what the boards and committees must do.

There was a closed session at the trustee meeting in August and further discussion took place at the September meeting voicing several concerns regarding proper allocation of available human resources. At the November meeting, there was a closed session which included Joe, George, Anthony and the team leaders. She stated that what we have is a body of people who are frustrated with the quality of work being done and what we must take a look at is what we can accomplish with proper allocation of available office resources rather than agreeing to do everything asked and then failing to produce a quality product.

Becky stated that the February BOT meeting has been cancelled because of conference finances. The last meeting was in November and the next meeting would not be until the conference, which is the first time that this board has gone so long without a meeting.

Randy stated that the full WCC debt would be repaid to WSO. Discussion occurred regarding the WCC funds in Canada and whether they were in interest-bearing accounts. Anthony stated that the WCC funds in Canada would be transferred to the WSO-Canada to repay the debt and any remaining funds would be put into an interest-bearing account. The Canadian bank transfer will prevent any loss due to the current exchange rate between U.S. and Canadian dollars.

Discussion then occurred regarding the upcoming WCC board meeting in March. The Interim Committee made a decision to leave it up to the WSO board. It was explained this meeting would be more of a planning meeting to allow the board to define its long range goals and to identify the resources that needed to achieve the best possible world convention. This meeting would be more inventory taking and planning and to take a look at the composition of the board. It was then M/S/C (Bob F./John B.) "that the WSO board support the March meeting, but was unanimous."

Also mentioned during this report were the results of the elections held at the WCC board meeting. Randy Jones is Chair, Janis Edwards is Vice Chair, Tim Banner is Secretary, and Gary Grien is Treasurer.

Randy also stated that the workman's compensation dispute with the former WSO-Europe employee in London has been resolved.

Discussion then occurred in regards to the *NA Way* Editor position. Joe had stated that there have not been any qualified candidates. Anthony mentioned that the *Temporary Working Guide* listed the qualifications for the *NA Way* Editor, some of which are a B.A. degree and background in English/Literature.

WSO-Europe report was given by George. He stated they were looking at different literature delivery companies there. They also will be taking product inventory there soon. George also mentioned that every year he usually visits ESO-Europe twice a year and this year the first visit would take place at the end of January.

Discussion regarding the WSO-Europe trip was postponed until more of the Interim Committee was present. Discussion then occurred in regards to what is the authority of the Interim Committee and Ron stated that the Interim Committee acts as the conference while the conference is not in session. Tom L. mentioned that in order for this board to operate, we should have a better understanding of the Interim Committee. Chuck mentioned since Becky was not present, they need to postpone this discussion until she returns.

Discussion then returned about the WSO-Europe and George had mentioned a discussion at an earlier board meeting regarding the hiring of a manager for WSO-Europe. The board felt discussion of the budget must be reviewed before this is decided. George felt that there probably would not be any growth potential until there is a full time manager. WSO-Europe is more of a distribution center than fellowship services at present. Discussion also occurred in regards to the expenses of the office compared to the income. Anthony mentioned that originally this project was undertaken with the understanding that it would be a loss for several years. Discussion then occurred regarding a European Fellowship advisory committee for WSO-Europe.

Discussion then occurred in regards to George going to Mexico. Originally, Interim Committee had approved a trip to Mexico for someone to meet with the 1st National Gathering of groups in February. The Board discussed in November to send someone to Panama to check into printing facilities. The total cost of a trip with two stops would be \$1,000. Becky mentioned since the Mexico stop was an International trip, sending only a staff member would not be sufficient. Therefore, a decision was made by Interim to send a trusted servant with George to Mexico with only George going to Panama.

Anthony stated that if the Interim Committee acting as the travel committee wants a person to travel with staff, they have the ability to make that recommendation. It was then M/S/C (Tim B./Walter J.) "to send George to Mexico and Panama." The motion passed unanimously.

The board at this time recessed for dinner at 6:45 P.M.

The board reconvened at 8:15 P.M.

The board then moved into discussion of the business plan.

Walter stated that he believes it would be necessary to resubmit the request for a meeting for the business plan to the Interim Committee.

Discussion moved into copyright update and more information on this would be given at the next board meeting in March.

NA Video project was then discussed. Randy gave a brief summary of the status of the video project. Bob MacF. then gave a brief discussion on the conference call. Anthony asked if the board expected to review a script. There were no board members who expressed a desire to do script review other than the members assigned to this. Anthony suggested that the WSO probably should be the administrator of the contract. There was a M/S/C (Tim B./John B.) "to approve \$2,200 for the March NA Video Project meeting." The vote was unanimous.

In light of the fact it was necessary to have the video conference call before Interim Committee approval could be obtained, Anthony suggested the board consider an action whereby as long as the Video Committee is within the scope of the production expense summary, they are to be allowed to have a conference call if the chair of the video group feels it is necessary. If there is no objection to this, the minutes will reflect that the next time a similar situation arises, the call will be approved in advance. There was no opposition from the board and Susan will be notified.

Tim moved that they "reconsider the retail price of *It Works, How and Why* set at the November meeting M/S/(Tim B./Chuck). The vote was 5 in favor and two against and one abstention. There was some discussion regarding the actual cost of this product. Staff originally recommended the price to be \$6.95. Chuck L. amended the above motion to set the price of \$6.95 and Bob MacF. seconded that amendment.

Anthony stated that the board may want to wait until the March meeting to make this decision after we have received a response from Hazelden regarding this product. The original price was communicated to them verbally and their reaction was not favorable. Anthony advised them if they had some input that it should be put in writing and they are drafting a letter.

It was then M/S/C (John B./Bob F.) "the reconsidered main motion as well as the pending motion to amend that motion were tabled."

Board then went into discussion of the March meeting in Atlanta, Ga. and the cost of this meeting. It was then M/S/F (Tom R./Walter J.) "to cancel the March meeting." Tom R. stated the motion was in the spirit of the proposed moratorium. The vote seven against, one for and one abstention.

Tim stated that he feels they need the March meeting to finalize the budget and setting the price of *It Works How and Why* and further, all board members will have a voice at the conference this year and the meeting will allow them to discuss and achieve a consensus on the issues to be presented at the WSC. It was then M/S/C (John B./Tim) "to have the March board meeting in Atlanta." The vote seven for, one against and one abstention.

Discussion occurred in regards to WSO vs Moorhead. No motion for substitution has been filed and we are still in a holding pattern. Joe stated that he intends spending possibly \$100 to get a transcript of October 1 hearing. It is done but we have to pay for copies.

Discussion occurred regarding the bankruptcy proceeding involving P.I.E. vs WSO and attempts of the trustee to collect discounted tariffs. Randy questioned the lawyer members of the board. John B. suggested we join the defense pool suggested by our lawyer (see letter). It was then M/S/C (Bob MacF/John B.) "to spend \$1,700 to join a joint defense group for the P.I.E. vs WSO case rather than incur the expense of an individual defense." The vote was unanimous.

Building lease was the next item to be discussed. Joe suggested that we discuss this in the morning.

Hebrew Text was the next item on the agenda. Joe stated that George has been trying to get in touch with Dr. Holder but has not yet made contact. Tom L. requested a copy of the agreement and Joe stated that he would give him a copy. Anthony stated that Dr. Holder according to the agreement is entitled to 200 copies of the Hebrew Basic Text when it is printed. Dr. Holder apparently believes that has been done and his copies have not been provided to him. Anthony also stated that as far as he knows everything else that was called for us to do under the agreement has been done. Bob F. stated that we should legally show we have tried to reach him.

There was a discussion regarding Bruno and the game he wants to market. Questions asked were a) Any copyrights involved? b) Was a letter ever sent to the region? George pointed out that this was discussed as an information item only at the January meeting since no communication had been received from Bruno or the region.

It was M/S/C (John B./Tim B.) "to recess the meeting." The vote was unanimous.

The board recessed at 10:00 P.M.

Saturday

The board reconvened at 8:30 A.M. and went into discussion about the budget. Bob McD. stated that these are draft figures rather than exact figures and the purpose of proposal was to review and develop a philosophy for the budget and discuss extraordinary items as far as approval for training and other expenditures and final budget review would be in March. Anthony also mentioned that realistically we are getting a better look at what our budget is.

Discussion of sales of Basic Text revealed the staff's belief that we would continue to see a shift from case bound to soft cover for institutions. Most of our sales of soft bound goes to Hazelden, and the printing of the soft text would probably double by next year as Hazelden buys more of the soft bound. Walter stated that more money is being made by soft bound as it is less expensive than the case bound. Anthony stated that we are selling Basic Text as fast as they are printed. Walter stated perhaps they should take a look at production schedules with a forecast and have a safety stock being a point. Anthony stated they intend to move in that direction, but one of the problems seems to be the printers to fit our job between their other jobs because of the size of our order. Bob F. stated that we should monitor sales on a monthly basis. Anthony stated our cash flow needed to rebuild stock seems to be the problem.

Walter stated that they may want to look at our sales from each quarter to create some sort of marketing plan to see when we should order and our cash flow problems. He felt that Anthony has much of this information and perhaps he should put it down on paper. Chuck L. also noted that most of our income in the next four years would be coming from the public sector in treatment centers.

The next discussion was in regards to the Commemorative Basic Text and that there are 800 left. Most of the recent sales of the Commemorative Basic Text happened at the World Convention in Canada.

The Portuguese Basic Text is selling quite well.

The sales for *Just For Today*--a member asked if whether the Limited Edition was included in this figure and the answer was yes. Tom R. questioned as to whether estimated sales from *Just For Today* was included in last year's budget. The answer was no. The budget being presented has an estimated amount included for *It Works How and Why*. It was felt we should not include this amount in our budget as last year we did not include *Just For Today* sales as it was not approved.

A straw vote was taken and the board decided to remove the estimated amount for *It Works How and Why* from the proposed budget.

Discussion was had regarding the medallions. Board questioned as to whether the silver medallions would be discontinued and Anthony suggested we should make this a specialty item. The fellowship's response to the bi-plated medallion has been better than expected. Response to the 18 month medallion from the fellowship has also been good. The chip sales have dropped off.

Sales item amount under information booklets -- this has been increased due to the *Introductory Guide*.

Item regarding minutes and reports -- also includes the CAR.

PI products have never brought in a lot of income but this item cannot be eliminated. A member asked whether the video was included in this figure, and was advised not at this time, but in the final draft, the video project and any other related items would be included in this item.

Audio Material which means all tapes.

Item in regards to WSO-Europe. Anthony stated this is the only information he had on hand and he would have more information in regards to this at the March meeting. At the

March board meeting there would be a breakdown of both the WSO-Canada and WSO-Europe as has been provided on the WSO-Van Nuys.

Question in regards to the cost of goods on Translations. The fellowship wants the *Just for Today* translated in Spanish and French. Anthony stated that this is a proposed figure in this budget but it has not been brought up before the conference, so it also cannot be put into the final budget. George stated that we have known for a long time a conference priority is the support of translation activities.

General administrative expenses were discussed.

Auto expenses were discussed. There was discussion about leasing a vehicle such as the van we have and the staff agreed to provide information at the March meeting. The board questioned whether insurance is included in this item and it is not.

Bad debts were then discussed. Tim stated that we should support the sales policy more strictly. Because over the last several years, the board of directors have written off a lot of bad debts.

The amount of \$7,500 for contract labor was discussed. Anthony explained this included contracts such as computer consulting and temporary employees.

The amount of \$10,000 for registrations was brought up and Anthony stated that this is for re-registration of trademarks.

Staff training was discussed. Walter felt team building was a high priority.

Free publication item in budget would include *Newsline*, *Service Office Update* and *Meeting by Mail*.

Office expense would include paper products, office supplies, sundry supplies and cleaning products.

PI expenses included in this item would mean expense for exhibitions, expense for multi-regional learning days, payments for any registrations, the PI booth being shipped back and forth, and literature.

Board then recessed at 1:15 P.M. for lunch.

Board reconvened at 2:15 P.M.

Discussion then occurred in regards to building leases. Tom R. had mentioned that at the last meeting we had discussed signing the lease at that time but funds would not be available until May. An offer was made at the end of the year that we would not be able to move until May and if this was not accepted, we could not sign lease.

There was a lot of discussion regarding the costs of doing some building changes in the new building. Randy suggested forming a building committee and receiving 3 bids for buildouts.

It was M/S/C (Tim B./Bob Mac.) "to allow up to \$2,500 for space planners." The vote passed unanimously.

Reproduction lease was discussed.

Telephone system was discussed.

George proposed a budget of \$2,500 for translation letters and the board agreed.

Travel was then discussed. Chuck mentioned that the cutback in the travel in 1991 was accepted well.

The amount of \$15,000 was taken out of computer equipment budget expense.

Item in regards to computer software remains the same.

Tom R. asked if we could add a new item line labeled computer changes so the board could see the computer improvements. The board agreed.

Personnel expenses were discussed.

Accounting and legal was discussed. Included in this item were registrations for trademarks because they are now due. Board asked what amount is expected to be spent on the Moorhead case and the answer was \$30,000. Becky stated that if the trust document is approved at conference, additional expenses would be incurred. Legal expenses were decided to remain at \$100,000. Consulting fee would remain the same.

Health insurance item would not increase more than 3%.

Retirement plan was then discussed. Joe related to the board that he felt we could not hire any more employees until we can offer a good retirement plan and that would be his suggestion.

It was then M/S/C "(Tim B./John B.) "commencing July 1, 1993 that we implement this retirement plan." The vote passed unanimously.

Discussion of the budget then ended.

Discussion regarding to the *NA Way Magazine* ensued. Becky had asked whether a report was ever made of the Editorial Board meeting and was told none had been received. Randy suggested they should contact the Editorial board and request a report.

Discussion regarding to the 16 month Slugg Calendar. It was then M/S/C (John B./Chuck L.) "to approve a 16 month Slugg Calendar." The vote was 4 in favor and 3 opposed. Because of the division, the board agreed to test market the calanders at conventions and the WSC before making a final decision of this item.

There was discussion regarding the summary of priorities that office would be undertaking this year.

Discussion regarding the sales policy -- Anthony stated that there has not been any work done on this since the last board meeting, but Bob McDonough has notified customers how they would be affected by enforcement of the present policy. John B. stated that at the last board meeting, we had talked about the sales policy and that we had made a decision to only enforce the present sales policy. After the last board meeting, the service offices would get letters in regards to this and Anthony did state that the letters have gone out.

Board then went into a brief closed session to discuss personnel issues at 6:00 P.M.

Board then reconvened at 6:15 P.M.

Discussion then went into staff projects and getting things done on time and the quality of the final product vs quantity of the projects completed.

Board then went into closed session for the executive director's evaluation at 7:00 P.M.

There being no other items of business, the meeting was adjourned.

Approved on 3/13/93

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