

National Director's Report:

The Governing Board met on Monday, July 20th at Bowling Green State University, Bowling, OH, during the FMCA's 82nd National Convention. Many items were on the agenda that will have lasting effects on FMCA. Highlights of the voting are:

1. The Executive Board (EB) recommended that MEDEX not be funded for 2010. I concurred; the Governing Board (GB) disapproved the EB recommendation.
2. A recommended 50% reduction of the reimbursement to GB members was disapproved. I voted for the reduction.
3. The Governing Board approved an increase in GB reimbursement of \$144 tied to the "Early-Bird" convention registration savings of an equal amount. I voted against the increase.
4. FMCA Mail Forwarding Service will increase from \$5 to \$10 per month. I concurred.
5. Family registration at the National Conventions will increase \$15. I voted against the increase.
6. The GB approved the creation of the Associate Chapter, a chapter that enjoys many of the same benefits as other FMCA chapters but will not have representation before the Governing Board. As few as 10 FMCA members can establish an Associate Chapter. I concurred.
7. Effective immediately, chapters must only have one (1) business meeting per calendar year to remain active. I concurred.
8. The former President's Council, a body of three, appointed by the FMCA President, will now be known as the FMCA Review Council, consist of 5 members and be selected in the same manner as the FMCA Nominating Committee. I concurred.
9. All vendors at the national convention will open at the same time on the first day. I concurred.

The first item on the agenda was the proposed budget for 2010. FMCA has been impacted in many ways as a direct result of the current economic climate. Membership has fallen at a rate of 3000 members per year; advertising dollars have disappeared as manufactures closed doors; vendors have gone out of business for lack of sales. After last year's budget cuts the Executive Board was faced with the fact that even greater cuts had to be made in the coming year. The most significant item in the budget was \$500,000 for MEDEX renewal in 2010. As the budget was presented to the GB, a deficit of \$299,556 existed. The deficit could have been covered by available in the operating reserve without a major impact on FMCA.

MEDEX has been a contentious issue that has been the most talked about issue within FMCA for several years. Many members see MEDEX as a major benefit of membership; others feel it is grossly overpriced for the benefits received. Members argue that MEDEX is the best recruiting tool FMCA has and membership will fall if we don't maintain MEDEX. Most arguments are valid to some degree but at some point, decisions must be made that are not popular. Since the initial contract was signed, when cost was \$1.25 per member per year, MEDEX has continued to raise cost. The most significant raise followed an FMCA dues increase in 2003. At that time the rate was increased to \$4.25. The contract for 2009-10

specified a rate at \$4.75. With over 100,000 members, the GB must allocate approximately \$500,000 to cover MEDEX cost for one (1) year.

The MEDEX contract provides an escape clause that allowed either party the option to cancel provided certain conditions were met. The Executive Board decided to exercise that option and directed Don Eversmann to notify MEDEX of the Board's intent not to renew for 2010 and to seek bids from other similar services. MEDEX responded by asking for a copy of FMCA financial statements for additional study before responding further. FMCA has asked for similar documents from MEDEX that would justify MEDEX rates, MEDEX has refused to provide any financial documents. MEDEX's position under Maryland law, the state in which they are incorporated, is correct. It has been argued that MEDEX is an insurance company; and if so, required to provide financial data. The State of Maryland does not recognize MEDEX as an insurance company; therefore the law is not applicable. The contract also provided for mandatory arbitration in any disputes and therefore offered some protection to FMCA from potential lawsuits.

As the GB convened, FMCA was in an excellent bargaining position to gain concessions from MEDEX that could have resulted in a lower rate for 2010. However, that advantage was lost with the decision to put funding back into the 2010 budget. I did not support funding MEDEX for 2010 and voted against putting the funds back in the budget. This action by the Governing Board resulted in a 2010 deficit of \$899,556. I believe that the Executive Director and the legal staff should have been directed to negotiate the best contract possible with a maximum cost per member set by the Governing Board.

Under New Business, a motion was made to raise annual dues by \$20 to offset the deficit. After much discussion, the amount was reduced to \$5. FMCA policy requires that the membership must have prior notice for any dues increase can be approved. In approximately 120 day I will receive a ballot to vote on the issue of a dues increase.

If I consider the fact that we have a deficit greater than we can cover without cashing out some of our investments, my first inclination is to vote yes on the dues increase. However, two factors suggest I must do otherwise. First, I believe that the decision to fund MEDEX under the current rate was an irresponsible decision by the GB. The decision to increase dues was made only to offset the MEDEX cost. Treasurer Doug Key pointed out that a \$5 increase would not be sufficient to offset the actual cost for MEDEX. He further suggested that if the intent was to offset MEDEX, then the dues increase should be approximately \$8. The dues increase for existing members would be placed in an escrow account for the out years, not 2010. Dues paid by new members joining in 2009-10 would be insufficient to cover the addition MEDEX cost for 2010. Second, when the proposal to reduce reimbursement for GB travel was presented, the GB voted against it and later approved an increase in the reimbursement to \$144.

Everyone who travels officially for FMCA has taken major hits in their travel budget; but not the GB. I voted against retaining the GB travel reimbursement at last year's rate and I voted against the increase. Finally, in past years, the GB has reviewed each line of the budget for possible elimination or reduction; not this year. It appeared that all concern was directed in restoring items or not cutting but increasing anything that would personally impact GB members.

Our new President Charlie Schrenkel advocates spending our reserve to protect member benefits. In a campaign e-mail, Mr. Schrenkel compared our investments to an umbrella used to protect us from the rain stating "we save for a rainy day" and "it's raining" he went on to say. I hope you don't manage your savings like that, I know I don't. I make cuts until it hurts or do without in anticipation that it could get even worse before it gets better.

The President's Council has served FMCA well over the years but FMCA President Connie Pool felt that it was time for change. She appointed a special committee led by Judy Czarsty to review the council and make recommendations for change.

One of the first issues was the name, President's Council. The members were appointed by the President and approved by the Executive Board. These facts, along with the name, suggest that the council works for the President, not FMCA. The council also only had three members and should a member reclude themselves from an issue; the potential existed for a tied vote during deliberations.

The committee recommended a name change to FMCA Review Council, a change in the selection process, and a change in the number of members on the Council. I supported these changes.

The election of National Officers resulted in the election of Charlie Schrenkel as President, Judy Czarsty as Senior Vice President, Joanne Durbin as Secretary and Will Young as Treasurer.

This is my last report as your National Director as I will leave office at the National Convention in Albuquerque. During my tenure, I have attempted to understand the issues facing FMCA and our chapter and to vote accordingly. Governance of FMCA is not an easy job and it takes an understanding of the issues and how they impact the membership. Unfortunately, not every member of the Governing Board understands their responsibilities or cares to understand the issues. Many vote as they are told without regard for the consequences. Some are only in attendance to vote for the national officers, and to collect to reimbursement. Thanks you for the trust you have placed in me and opportunity to be your representative.

Fred O'Donnell