

The Operating Committee of United States Power Squadrons met on 14 April 2007 at the national headquarters in Raleigh, N.C.

Members present:

C/C Ernest G. Marshburn, SN	R/C Allan W. Lakin, SN
V/C Creighton C. Maynard Jr., SN	R/C Anthony J. Aquilato, SN
V/C Dick Kyle, SN	R/C Noel K. McKeown, SN
V/C Frank A. Dvorak, SN	R/C Michael J. Horowitz, JN
V/C Robert A. Baldrige, SN	R/C Robert A. Green, N
V/C Joseph R. Mesenburg, SN	R/C William M. Bellinger, SN
P/C/C G. Leslie Johnson, SN	

Guests present:

R/C Dave Hinders, SN	P/V/C John T. Alter, SN
	Mary Catherine Berube

Report of the Chief Commander

C/C Ernest G. Marshburn, SN, called the meeting to order at 0830.

After a motion by C/C Marshburn the OCom ADOPTED the minutes of the 20-24 Feb. 2007 OCom meetings. (2007-OC-20)

C/C Marshburn discussed a District 4 proposal to roll back the new member initiation fee from \$25 to \$10. District 4 is concerned that the \$25 initiation fee will adversely affect new-member recruitment. District 4 proposed making up the difference in revenue by adding \$2 to the selling price of Boating Course manuals. The OCom recommended that District 4 run a pilot test and report back to OCom.

The chief reported receiving a request from a member who objects to use of the word “fraternal” when referring to USPS. The OCom will consider alternative language.

C/C Marshburn reported receiving positive feedback from districts on the USPS Governance proposal. The chief stated that the Governing Board will be asked to approve the proposal at the 2007 Governing Board Meeting in Norfolk, Va.

Report of the National Executive Officer

V/C Creighton C. Maynard Jr., SN, reported receiving notification that San Fernando Valley/13 and Valley Ho/13 will dissolve.

The national executive officer reported that The Valley Sail & Power Provisional Squadron had met all conditions and requirements, and the OCom RATIFIED its actions on 12 Dec. 2006 to grant provisional squadron status for The Valley Sail & Power Provisional Squadron. This provisional squadron will be assigned to District 13 for administrative purposes. (2007-OC-21)

V/C Maynard presented the following USPS position statement on the water ballast issue:

USPS Position Statement regarding the Water Ballast Issue

Federal courts have directed the United States Environmental Protection Agency

(U.S. EPA) decision to implement across-the-board Clean Water Act (CWA) provisions and National Pollution Discharge Elimination System (NPDES) permitting for all vessels from outboards to cargo ships.

USPS opposes a blanket characterization of all vessels and urges the federal government to exercise restraint and reason by exempting small recreational watercraft from NPDES permits not currently required of vessels regulated by the U.S. Coast Guard.

Our organization recommends implementing a national, environmentally-responsible program of manufacture and operation standards for recreational vessels without the need for individual permitting.

USPS further recommends that such a program include development of best management practices for key environmental concerns from recreational watercraft: grey, black and bilge water, as well as engine cooling water and exhaust.

Adopted practices would include such considerations as fuel tank venting and recovery systems, black water holding tanks, and non-discharge of grey water in confined anchorages. In addition, bilges should have oil and water separators ranging from absorbent pads to mechanical devices.

The fragility of our environment is a major concern to all of us, on land and sea. USPS urges a sensible approach in determining environmental regulations that protect our environs but are reasonably imposed based on a vessel's size and use so as to preserve the public's right to enjoy more than 18 million boats for recreational purposes.

The OCom ADOPTED a USPS Position Statement Regarding the Water Ballast Issue.
(2007-OC-22)

The Squadron Development Committee reported that Kankakee Valley Provisional Squadron, The Valley Provisional Squadron and Colonial Provisional Squadron are working toward receiving their squadron charters.

The Recreational Boating Safety Committee encouraged squadrons to teach Boating courses and seminars during the 2007 National Safe Boating Week, 19-25 May.

The Cooperative Charting Committee announced that the Boating Guide to America is available at www.boatingguidetoamerica.com. This guide is an encyclopedia of boating destinations where members can provide information about their favorite boating destinations. The site covers destinations in the United States, the Canadian provinces, the U.S. and British Virgin Islands, and Mexico.

The Vessel Safety Check Committee reported that as of 29 March 2007, 2,033 vessel examiners had performed 2,233 vessel safety checks. The committee reported that West Marine agreed to offer members a 10 percent discount on safety items purchased in its stores. Discount coupons are available on the VSC website.

V/C Maynard reported that the United States Coast Guard gave the USCG Auxiliary the responsibility for the Vessel Safety Check Program. He reported that the Auxiliary does not have the funds to produce VSC manuals. V/C Maynard stated that the VSC Committee is producing 500 copies of the VSC Manual for USPS vessel examiners.

The USPS Environmental Committee reported receiving a \$16,651 grant from the Educational Fund to print the Environmental Best Practices for Boaters brochure. Copies will be available free from headquarters, with shipping and handling charges. Squadrons can add their

contact information to the brochure, which includes 49 on-the-water best practices addressing trash, sewage, fueling and spills, vessel maintenance, aquatic environmental awareness, and marine environment stewardship.

Report of the National Educational Officer

V/C Dick Kyle, SN, reported receiving a request from the USCG Auxiliary to dissolve the America's Boating Course joint partnership. He said that USPS will continue ABC as the surviving partner. He stated that USPS owns the rights to the companion ABC CD-ROM.

V/C Kyle reported that the year-to-date net educational sales during the first four months of 2007 exceeded 60 percent of the total year's budget. He said that the department has increased the net margin for new courses by reducing product costs.

The national educational officer reported that the National Association of State Boating Law Administrators is seeking a new course provider contract. He said that USPS has not been required to seek individual state approval for each public course update because USPS has memorandums of understanding with most states. He said that it is essential to update all of the state MOUs and to sign agreements with the remaining states.

V/C Kyle reported that the Educational Department will offer seminars to the public on Thursday, Friday and Saturday during the 2007 Governing Board Meeting in Norfolk, Va. He noted that seminars provide an opportunity to generate revenue and attract experienced boaters to USPS.

The national educational officer reported that the new Seamanship, Junior Navigation, and Engine Maintenance course materials are available at headquarters. Using GPS, Using VHF & VHF/DSC Marine Radio, How to Use a Chart and Onboard Weather Forecasting seminars were released in fall 2006. V/C Kyle reported that these seminars have been very well received.

Additional seminars including Boat Handling Under Power; Sail Trim; Knots, Bends, and Hitches; Heavy Weather Sailing; Anchoring; Second in Command; and Trailing are being developed. The Educational Department is developing three courses to replace Marine Electronics, which will be Marine Electrical Systems, Marine Communications Systems and Marine Electronic Systems. They are also updating Weather and Sail.

V/C Kyle explained that there are two components of USPS University: seminars and Boat Operator Certification. He said that the Inland Navigator Certificate will be released soon, followed by the Coastal Navigator Certificate in fall 2007.

He noted that LawCom reviewed a proposed memorandum of understanding with US Sailing. He said that the first phase of the MOU calls for USPS to use the US Sailing Safe Powerboat Handling course to meet the requirements for Inland Certification. US Sailing representatives will train members, and USPS will purchase materials from US Sailing at reduced costs. The next phase of the MOU calls for US Sailing to teach the USPS navigation courses to its students. Additionally, USPS will teach other US Sailing courses to meet USPS requirements for advanced sailing endorsements. V/C Kyle proposed accepting the US Sailing Memorandum of Understanding, and the OCom ADOPTED the motion. (2007-OC-23)

V/C Kyle stated that it is important to create a structure where nonmembers can take USPS advanced grade and elective courses and obtain Boat Operator Certification. He explained that these students would be assigned to regional squadrons that agree to teach them and participate in Boat Operator Certification. V/C Kyle proposed establishing a student membership with an annual fee of \$60, with \$20 going to the regional squadron. The OCom ADOPTED the motion. (2007-OC-24)

Report of the National Administrative Officer

V/C Frank A. Dvorak, SN, reported that the Leadership Development Committee had developed “The Essence of Leadership,” the third in a series of seminars available to districts and squadrons.

The Member Benefits Committee is reviewing a travel affinity program that would pay 40 percent to USPS for all travel booked through a website. The committee is discussing a program with the American Canoe Association that would certify USPS members as on-the-water training instructors.

V/C Dvorak reported on the Boat Insurance Program. He noted that USPS does not have a group insurance policy. He said that more than 5,000 policies had been written between The Travelers Companies Inc. and individual boat owners. He reported that he met with several insurance brokers and that none were interested in developing a program with USPS. He reported that The Travelers Companies Inc. will offer insurance to members located in the Gulf Region, but it will not include wind damage or named storm damage. V/C Dvorak said that he will request that McGriff, Seibels and Williams add a disclaimer to its ads in The Ensign stating that boat insurance is not available in all areas.

The Membership Committee encouraged squadrons to take advantage of the examination waiver and recruit experienced boaters. The committee reported that squadrons can enter new member data online at www.usps.org/php/membership/login.php. The process will be in test mode until January 2008.

V/C Dvorak reported an approximate balance in the Century Fund of \$1,012,000 as of 13 April 2007. He encouraged squadrons to appoint a Century Fund coordinator, and he encouraged members to donate annually to the Century Fund.

Report of the National Secretary

V/C Robert A. Baldrige, SN, reported that the 4,050 family units whose dues will increase in 2008 will receive a \$10 coupon off any purchase from headquarters.

V/C Baldrige reported that staff reductions at headquarters have delayed shipments and increased overtime. He said that the headquarters staff is working to streamline operations.

The national secretary reported that the headquarters building roof needs to be replaced. A bid for approximately \$122,000 was received, and additional bids are being sought. The OCom ADOPTED a motion to spend up to \$10,000, subject to Finance Committee approval, for emergency repairs to the roof. (2007-OC-25)

V/C Baldrige invited R/C Dave Hinders, SN, to report on the Communications Strategy. R/C Hinders reported that an update to the Communications Strategy was approved by the Governing Board during the 2007 Annual Meeting in Jacksonville, Fla. He said the update called for the Secretary's Department to "formulate and implement an overall Communications Plan for USPS." He reported that Catherine McLeod, National Secretary of Canadian Power and Sail Squadrons, reported that CPS established a Communications Committee in 2002, and she shared communications documents that were developed by CPS. R/C Hinders suggested that USPS adapt the CPS Communications Committee structure to address USPS' communications needs. R/C Hinders will distribute a copy of the document to national departments and committees for feedback at the June 2007 OCom.

The OCom ADOPTED a motion to sign a corporate resolution to authorize purchasing a certificate of deposit at Imperial Capital Bank. The signers are Mary Catherine Berube and Yvonne Hill. (2007-OC-26)

V/C Baldrige reported that links were added from the USPS website to the Boating

Guide to America, the Recreational Boating Safety Committee/PFD Showboard and to the 2007 National Safe Boating Week website. A merit mark resource document and information on family unit dues is also available on the USPS website. He reported that six districts and 30 squadrons have linked their websites to USPS-News.

The national secretary reported that The Ensign graphic designer resigned. The magazine design will be outsourced to Studio630.net, the design firm responsible for The Ensign's redesign. The Ensign staff has assumed the designer's other duties such as maintaining The Ensign website, the Compass and USPS certificates.

V/C Baldrige reported that the second issue of the Compass was in members' in-boxes in mid-April. It contains links for hotel and activities registration for the 2007 Governing Board Meeting in Norfolk, Va., as well as travel and VIP presentation information. Plans for the Compass call for adding more interactive content such as quick, one-second surveys on topics of interest to USPS members. Articles can be submitted to *ensign@hq.usps.org*.

The Information Technology Committee is updating DB2000 to be compliant with Windows Vista.

The Operations Manual Committee is updating the USPS history chapter and adding electronic merit mark information to Chapter 16.

The Ship's Store Committee reported gross sales of \$25,077 at the 2007 Annual Meeting, the highest since 2002.

The Publications Committee is reviewing requests from squadrons that were not awarded the 2006 Distinction in Journalism Award. The committee encouraged squadrons to use the new editor's blog at *www.usps.org/national/natsec/pubcom/editresource.html*.

The Historians Committee reported that the history report is available online at www.usps.org/national/historian. The form can be filed electronically. Plans are to post all squadron burgees and district flags with their heraldry prior to the 2007 Governing Board Meeting in Norfolk, Va.

The Flag & Etiquette Committee reported receiving two requests for 50-year gold borders.

Report of the National Treasurer

V/C Joe Mesenburg, SN, reported that operating revenues exceeded operating expenses by \$70,946 as of 31 March 2007. He reported that membership numbers are down 5.26 percent from a year ago. He said that 2007 dues and fees were budgeted anticipating a 3.5 percent decline in membership, indicating that dues revenues may fall short by \$23,000 to \$25,000.

The national treasurer reported that the USPS investment portfolio is properly positioned, and the ABC Joint Venture is performing on target. He said that he anticipated meeting the budgeted revenue from these investments.

V/C Mesenburg reported that he and the LawCom are reviewing a draft of the Operating Agreement of USPS E-Commerce, LLC, an Ohio Limited Liability Company.

The national treasurer reported receiving \$70,000, which represents a 50 percent preliminary distribution from the Shultz-Cardoza Trust. He said that \$30,000 will be deposited in the Endowment Fund and the balance of \$40,000 will be placed in a money market fund designated for the headquarters marketing position.

V/C Mesenburg stated that the Law Committee reported at the 2007 Annual Meeting in Jacksonville, Fla., that the new Pension Protection Act of 2006 will require all squadrons and

districts to file an annual notice with the IRS beginning after the 2006 tax year. He reported that LawCom will send a letter to squadron and district treasurers explaining the changes related to filing 990 forms.

The national treasurer reported that he met with the Budget Committee, R/C Horowitz and P/V/C John T. Alter, SN, in March 2007 to begin work on the 2008 budget. He reported that a balanced budget will be presented, contingent on two motions. He said that 2008 total budgeted receipts and disbursements are \$2,016,860, which is \$217,239 higher than the 2007 budget. He anticipates a substantial increase in revenue from net educational sales, primarily from seminar sales. The 2006 actual net educational sales were \$352,437, and the 2008 net budgeted educational sales are \$527,140, an increase of \$174,703.

The national treasurer offered a motion to designate \$50,000 of the total investment return from the Century Fund for the 2008 revenue budget. The OCom ADOPTED the motion. (2007-OC-27)

The national treasurer offered a motion to designate \$41,000 of the total investment return from USPS' investments for the 2008 revenue budget. The OCom ADOPTED the motion. (2007-OC-28)

V/C Mesenburg then offered a motion to contribute a minimum of 3 percent of salaries to the headquarters employee's 403(b) retirement plan. Based upon actual year-end results from operations on 30 Nov. 2008, this contribution percentage may be revisited by the Operating Committee. The OCom ADOPTED the motion. (2007-OC-29)

Report of the Finance Committee

R/C Michael J. Horowitz, JN, reported that total investments under the management of the Finance Committee were \$2,967,375.61 as of 31 March 2007. These dollars are broken up

into three major portfolios.

The USPS investment portfolio totaled \$938,405.12 as of 31 March 2007. The target asset allocation mix was 75 percent equity and 25 percent in fixed income investments. He reported that mutual funds totaled \$702,575.93, certificates of deposit totaled \$200,000, and money market accounts totaled \$15,829.19. The asset allocation mix was 76.499 percent equity and 23.5 percent fixed income, excluding the Funk Estate investment, which has a \$20,000 balance. R/C Horowitz reported that the total investment return on mutual funds for four months was \$19,579.58, or 2.87 percent.

R/C Horowitz reported that the Endowment Fund was valued at \$938,811.57 as of 31 March 2007. The fund's asset allocation was as follows: \$269,929.07 invested in three mutual funds, \$679,000 invested in seven certificates of deposit and a balance of \$34,882.50 in a money market fund. The mutual funds gained \$2,895.22, or 1.08 percent. The target asset allocation mix was 25 percent equity and 75 percent fixed income, and R/C Horowitz reported that the mix was 27.44 percent equity and 72.56 percent fixed income.

The district and squadron invested funds totaled \$1,045,158.92 as of 31 March 2007. These funds are invested in 10 certificates of deposit, totaling \$975,010.71, and having staggered maturity dates, and money market funds, totaling \$70,148.21.

R/C Horowitz reported that FY2006 ended with a slight operating surplus of \$58,355 thanks to those who kept a tight rein on operating expenditures. He reported that as of 31 March 2007, operating revenues exceeded expenses by \$70,946 as compared to an operating deficit of \$18,503 one year ago.

The financial alarm test the end of FY2006 totaled \$2,619,821, which was \$380,179 below the \$3 million control limit. R/C Horowitz reported that as of 31 March 2007 the total was \$2,728,656, which was \$271,344 below the control limit.

Report of the Committee on Nominations

R/C Anthony J. Aquilato, SN, reported that Stf/C L.D. Brown, SN, is the assistant chairman for the Committee on Nominations.

Report of the Committee on Rules

R/C Al Lakin, SN, reported that the Committee on Rules will prepare amendments to the USPS Bylaws regarding national leadership restructuring that will be presented to the Governing Board during the 2007 Governing Board Meeting in Norfolk, Va. The amendments will be distributed to district commanders for review and comment before the Governing Board meeting.

Report of the National Law Officer

R/C Noel McKeown, SN, stated that USPS Bylaws should be amended to reduce the unlimited exposure of USPS assets to an indemnification demand made by any USPS officer, pursuant to the language contained in USPS Bylaws, Article 18. He proposed replacing the optional indemnification for reasonable attorney fees with similar language that broadens the Operating Committee's indemnification authority to include reasonable expenses of defense and consideration of collateral recovery sources but limits the indemnification to fees and expenses not covered by insurance.

R/C McKeown proposed amending USPS Bylaws, Article 18 so that it would read:

Article 18 Indemnification

Section 18.1 USPS shall provide liability insurance (in an amount of \$00,000,000 – or not less than \$00,000,000) to protect officers (members and/or subordinate units) of USPS from liability which may be imposed by any court of final jurisdiction for acts done in the performance of their duties. No compromise

settlement shall be entered into either before, during, or after trial (or other legal proceedings) unless such settlement is approved prior to consummation by the Operating Committee of USPS and complies in full with all applicable provisions of any USPS liability insurance policy then in effect.

Section 18.2 USPS may, in its sole discretion, indemnify officers (members and/or subordinate units) of USPS for reasonable legal fees and expenses of defense in excess of coverage provided by law or any applicable USPS liability insurance policy, provided that the Operating Committee shall be the sole judge of the reasonableness of such fees and expenses and shall first consider all sources of collateral recovery before making its decision.

The OCom ADOPTED a motion to direct the Committee on Rules to amend USPS Bylaws, Article 18. (2007-OC-30)

The Law Officer reported that the Maritime Mobile Service Identity Memorandum of Understanding between USPS, the Federal Communications Commission and the USCG had been signed by all parties.

R/C McKeown reported that LawCom is conducting a comprehensive review of USPS insurance coverage. He reported that teaching USPS courses to the public will require expanded and better defined liability coverage for on-the-water activities, especially activities involving education and boat operator skill certification.

R/C McKeown reported that LawCom reviewed the US Sailing Memorandum of Understanding and will review the USPS On-The-Water Policy.

The Law Officer reported that the Kello vs. St. Paul and USPS case is pending and that the motion to be dismissed as a party defendant was overruled and will be resubmitted.

Report of the Marketing and Public Relations Committee

R/C Robert A. Green, N, discussed a new Marketing and Public Relations Committee award recognizing members who complete circumnavigations or transnavigations. He said squadrons would submit recommendations and that the Offshore Navigation Committee would establish the criteria and serve as the arbitrator. The OCom ADOPTED a motion to establish the Ferdinand Magellan Award to recognize members who complete circumnavigation, transatlantic and transpacific navigations. Plans are to contact the Spanish Embassy for possible funding. (2007-OC-31)

R/C Green reported that three types of public service announcements are available at *tresrios-usps.org*: graphic PSAs for boating magazines, radio PSAs featuring Popeye and Olive Oyl, and six 30-second television PSAs.

R/C Green reported that information on the 2007 National Safe Boating Week, including member recruitment ideas, is available at *www.usps.org/NSBW*.

R/C Green reported that the Marketing and Public Relations Committee will focus on marketing certain USPS merchandise including USPS art prints, Popeye shirts, and the USPS cookbook, *By Land or By Sea*.

R/C Green reported receiving a request from *NavQuest.com* to partner with USPS. He said that this partnership would help USPS promote seamanship, navigation and boating skills to the public. *NavQuest.com* would link to USPS sites including *www.usps.org* and *www.usps4kids.com*. The Marketing and Public Relations Committee will work with the Member Benefits Committee, and LawCom will review the proposal.

Report of the Planning Committee

R/C William M. Bellinger, SN, reported on the Planning Committee's open meeting during the 2007 Annual Meeting in Jacksonville, Fla. He said that committee members discussed the following concerns and benefits addressed at the open meeting and followed up with an e-mail to each participant:

Concerns:

- The need for adequate time for members to understand and discuss new programs.
- Better training for squadron public relations officers.
- The need for expanding nationwide advertising efforts.
- Bylaw problems in scheduling that arise with moving to two meetings per year.
- The need for online courses, seminars, and DVDs.
- The need to reduce the number of membership categories.
- Major communication problems at all levels.
- According to a BoatU.S. survey, 85 percent of its members use inland lakes and rivers, and only Seamanship and some elective courses cover this ground, and
- Uniforms.

Some benefits sought:

- Affordable marine insurance for all.
- Discounts on all boating related items.
- Discounted educational cruises.
- Keynote speakers at breakfast and lunch at national meetings, and
- Shorter meeting schedule allowing for more free time at national meetings.

R/C Bellinger reported that the Planning Committee prepared documents on streamlining national meetings and corporate memberships.

He reported that trainers have been selected for the Leadership Development workshops. Regional workshops are expected to be in July 2007.

Report of the Past Chief Commander

P/C/C G. Leslie Johnson, SN, reviewed some objectives of the the National Boating Safety Advisory Council including tracking boating safety course providers, tracking the number of courses approved by NASBLA prior to 2007, preparing e-mail surveys within 12 months of course completion, developing branded messages, developing foreign language public boating safety classes, tracking the number of advanced boating education classes, coordinating guidelines for on-the-water training, conducting on-the-water training in conjunction with marine dealers, establishing PFD guidelines, identifying the at-risk boating population, encouraging the use of inflatable PFDs and evaluating the use of required safety equipment.

C/C Marshburn adjourned the meeting at 1510.

V/C Robert A. Baldrige, SN
National Secretary

Action Items
Operating Committee
14 April 2007

1. A motion to approve the minutes of the 20-24 Feb. 2007 OCom meetings.
(2007-OC-20)
2. A motion ratifying OCom actions on 12 Dec. 2006 to grant provisional squadron status for The Valley Sail & Power Provisional Squadron and assigned it to District 13 for administrative purposes. (2007-OC-21)
3. A motion accepting a USPS Position Statement Regarding the Water Ballast issue.
(2007-OC-22)
4. A motion accepting the US Sailing Memorandum of Understanding. (2007-OC-23)
5. A motion approving a student membership with an annual fee of \$60, with \$20 going to the regional squadron. (2007-OC-24)
6. A motion to spend up to \$10,000, subject to Finance Committee approval, for emergency repairs to the headquarters building roof. (2007-OC-25)
7. A motion to sign a corporate resolution to authorize purchasing a certificate of deposit at Imperial Capital Bank. The signers are Mary Catherine Berube and Yvonne Hill.
(2007-OC-26)
8. A motion to designate \$50,000 of the total investment return from the Century Fund for the 2008 revenue budget. (2007-OC-27)

9. A motion to designate \$41,000 of the total investment return from USPS' investments for the 2008 revenue budget. (2007-OC-28)
10. A motion to contribute a minimum of 3 percent of salaries to the headquarters employee's 403(b) retirement plan. Based upon actual year-end results from operations on 30 Nov. 2008, this contribution percentage may be revisited by the Operating Committee. (2007-OC-29)
11. A motion to direct the Committee on Rules to amend USPS Bylaws, Article 18. (2007-OC-30)
12. A motion to establish the Ferdinand Magellan Award to recognize members who complete circumnavigation, transatlantic and transpacific navigations. Plans are to contact the Spanish Embassy for possible funding. (2007-OC-31)