The Operating Committee of United States Power Squadrons met on 9 and 10 June 2006 at the Whispering Pines Country Club, Whispering Pines, N.C.

Members present:

  C/C Ernest G. Marshburn, SN  P/C G. Leslie Johnson, SN
  V/C Creighton C. Maynard Jr., SN  R/C Shirley Y. Van Rhee, JN
  V/C Dick Kyle, SN  R/C James D. Richlak, SN
  V/C Frank A. Dvorak, SN  R/C Michael J. Horowitz, JN
  V/C Robert A. Baldridge, SN  R/C Darrell G. Allison, AP
  V/C Joe R. Mesenburg, SN  R/C Allan W. Lakin, SN

Guests present:

  R/C Robert J. Sweet, SN  Stf/C William M. Bellinger, SN
  Mary Catherine Berube

Report of the Chief Commander

C/C Ernest G. Marshburn, SN, called the meeting to order at 0800.

C/C Marshburn reported that the Operating Committee used electronic means between OCom meetings to approve: 1) provisional squadron status for Kankakee Valley Provisional Squadron; (2006-OC-23) 2) withdrawing $1,500 from Century Fund earnings to pay for 1,000 Century Fund Club pins, (2006-OC-24) and 3) signing a corporate resolution to open a separate investment account for the Endowment Fund. (2006-OC-25) The OCom ADOPTED a motion ratifying these actions.

C/C Marshburn led a discussion on generating revenue. The following ideas were raised by OCom, discussed and assigned for study:
• implement ad sales initiative by national committees for THE ENSIGN,
• increase sales opportunities for items such as USPS learning guides, art prints, etc., by leveraging electronic sales and distribution outlets such as Amazon.com, Barnes & Noble, eBay®, etc.,
• increase Ship’s Store sales to members and give squadrons sales rebates,
• increase income during national meetings by offering optional seminars or courses that have a registration fee similar in nature to those offered by professional conferences,
• create a Ship’s Store order form for advance orders to be picked up at national meetings,
• sell and lease back USPS headquarters building,
• create website links where members can purchase discounted products and USPS would receive rebates similar to name branded income generating opportunities used by groups such as AARP, AAA, etc.,
• sell ads on the USPS website,
• create commission stores,
• accept member and nonmember donations for resale,
• market national cruises,
• increase the number of educational seminars available to the general public,
• sell boating course student surveys to marketing groups; and
• develop membership incentive packages.

The chief led a discussion on a Restructuring Committee proposal to simplify the structure of the Operating Committee. The Restructuring Committee stated that a revised OCom would be empowered to take actions necessary for the financial health, membership growth and retention, and governance of the organization. They also noted that an increase in responsibilities would necessitate Bylaws and operating procedures revisions. During discussions involving several restructuring options, several OCom members encouraged the chief to request that the Restructuring Committee and the Planning Committee study an additional alternative OCom structure consisting of national bridge members only.

Report of the National Executive Officer

V/C Creighton C. Maynard Jr., SN, reported that the following squadrons are dissolving: Long Valley/4, Ashtabula/11, Santana/13 and Little Rock/31. Saddle River/4 and Northern New Jersey/4 are in the process of merging. No current report was available.
V/C Maynard reported that members of the Government and Partner Relations Committee represented USPS at the 2006 International Boating and Water Safety Summit in Palm Harbor, Fla. where USPS University was highlighted. The committee’s updated website is www.usps.org/national/govprcom.

The Squadron Development Committee continues it efforts in developing new squadrons and helping squadrons at risk.

The Recreational Boating Safety Committee stated that districts 5, 7, 10, 17 and 27 reported positive results from safe boating classes taught during 2006 National Safe Boating Week. THE ENSIGN will publish an article on DSC marine radio in an upcoming issue. The RBS Committee and the Vessel Safety Check Committee will combine their open meetings at the 2006 Governing Board Meeting in New York.

The Cooperative Charting Committee reported that the number of 2005-2006 Cooperative Charting reports were down approximately 10 percent from the previous year. The committee is planning a joint Cooperative Charting seminar/training session with the National Oceanic and Atmospheric Administration during the 2007 Governing Board Meeting in Norfolk, Va.

The Vessel Safety Check Committee reported that 2,184 vessel examiners had completed 6,079 vessel safety checks so far in 2006, which is 850 more than the same time last year. Nine districts are participating in the Recreational Boating Safety Visitation Program.

The National Meetings Committee is considering potential national meeting sites in Salt Lake City; San Diego; and St. Paul, Minn.

The USPS Environmental Committee submitted a $16,651 grant request to the USPS Educational Fund for the initial printing of the brochure *Best Environmental Practices for Boaters*. The committee is developing a *Mariner's Environment Guide* and a squadron how-to-guide on environmental projects. The grant request to NOAA for $36,774 to fund the *Unsplash that Trash Campaign and Best Environmental Practices* brochure was denied. THE ENSIGN publishes a regular column from the committee called *On the water, on the shore.*

**Report of the National Educational Officer**

V/C Dick Kyle, SN, and R/C Bob Sweet, SN, presented an Educational Department
Business Plan. The plan includes USPS University, the Boat Operator Certification Program and ideas for generating revenue.

R/C Sweet explained that USPS University will provide access to almost any boating subject through courses, seminars, books, guides and printed tips. The Boat Operator Certification Program would create four certification levels, establish seminars and minicourses to supplement current educational courses, and require a demonstration of boating skills. In early 2007, USPS will add four levels of boat operator certification: Inland, Coastal, Advanced Coastal and Offshore. The OCom ADOPTED a motion recommending that the Governing Board approve USPS University, including seminars and new programs for the public and boat operator certification, as the educational direction of USPS. (2006-OC-26)

V/C Kyle reported the need to create a second staff commander position for the Boat Handling Committee. The OCom ADOPTED a motion to recommend to the Governing Board a second staff commander to the Boat Handling Committee. (2006-OC-27)

R/C Sweet explained the print-on-demand process. The objective is to eliminate large, costly inventories at headquarters. He said that print on demand for large color print jobs such as the Boating Course Manual is too costly. The Educational Department will continue to negotiate print on demand for smaller black and white print jobs and to seek alternatives to reducing inventory and cash flow.

V/C Kyle reported that there are outdated JetSmart manuals and videos at headquarters. The OCom ADOPTED a motion to destroy approximately 4,200 copies of JetSmart manuals and videos, which have an estimated value of $17,391. (2006-OC-28)

Report of the National Administrative Officer

V/C Frank A. Dvorak, SN, discussed a proposal from the Membership Committee to create corporate memberships. Corporate memberships would include for-profit corporations, nonprofit corporations and government entities. The OCom ADOPTED a motion recommending that the Governing Board establish a corporate membership category. (2006-OC-29)

The Auxiliary Advisory Committee reported that 1,558 copies of the USPS cookbook By Land or by Sea have been sold to date and 1,762 remain in inventory.
The Leadership Development Committee has developed the second in a series of leadership seminars, *Ten Ways to Get the Best Out of Your Squadron*, and plans are to complete the seminar in time for presentation at 2006 fall district conferences. The committee is reviewing the contents of the district and squadron commander’s kits and revising the *District and Squadron Job Descriptions Manual*.

The Member Benefits Committee developed a program with Boater’s World in which members receive a 5 percent discount for online purchases and USPS receives a 2 percent rebate on those purchases. LawCom reviewed and amended the agreement and returned it to Boater’s World for review.

V/C Dvorak reported that Zurich Insurance has agreed to insure boats for those members residing in the Gulf Coast states, with the exception of Florida, whose polices were cancelled because their boats were either older than 10 years or valued at more than $100,000. Representatives from McGriff, Seibels and Williams will continue to seek coverage for members in Florida.

The Membership Committee demonstrated the WaterSmart from the Start software during the 2006 IBWSS Meeting and received positive reviews. The program has been submitted to the National Association for State Boating Law Administrators for approval.

The Membership Committee has created district membership representatives who are responsible for sharing national membership initiatives in their districts. The Power of One Program will continue through 30 Sept. 2006. Members who influence one new member to join will receive a pin, and a limited number of caps are available for members who influence five or more new members to join. Members who influence 10 or more new members to join will also be recognized. Squadrons that experience 25 percent or more growth between 1 Oct. 2005 and 30 Sept. 2006 will be recognized at the 2007 Annual Meeting.

The Squadron Activities Committee reported that the port captains database contains 509 USPS and 17 Canadian Power and Sail Squadrons port captains. The amateur radio database contains 366 USPS and 93 CPS amateur radio operators. The committee will conduct two ham radio seminars during the New York Governing Board.
Report of the National Secretary

V/C Robert A. Baldridge, SN, reported that more than 8,000 headquarters anniversary billing reminder dues notices were mailed in early June. He reported that 20,621 members in anniversary billing squadrons had renewed as of 31 May 2006, and 17 percent renewed by credit card. As of 31 May 2006, headquarters had electronically deposited $118,322 to districts, $422,492 to squadrons, and $9,754 to the Educational Fund.

V/C Baldridge reported that as of 31 May 2006, 1,093 members (including 305 life members) donated $53,475 ($18,122 from life members) to the Century Fund. He reported that 608 members donated $20,696 to the general fund.

The national secretary reported that headquarters staff had been reduced by 23 percent to 18½ positions as of 31 May 2006. V/C Baldridge reported that headquarters identified $172,575 in potential savings for FY2006. The savings include the following: previous cuts carried over to 2006 – $47,247; eliminate two additional issues of THE ENSIGN - $34,000; eliminate USPS employee retirement contribution - $36,664; staff reduction - $44,044; additional contribution by employees to health insurance - $3,640; and reduce the number of employees attending the New York Governing Board - $2,000.

The OCom discussed the need to hire a marketing director at headquarters. V/C Baldridge will develop a plan for funding the position.

V/C Baldridge reported that THE ENSIGN staff e-mailed a reader survey to approximately 4,900 members. The staff is analyzing THE ENSIGN reader survey as part of the magazine redesign.

The Information Technology Committee is developing an electronic merit mark submission system.

The Ship’s Store Committee reported that the new website is available at www.shopusps.org.

The Publications Committee is revising the *Editor’s Handbook*.
V/C Joseph R. Mesenburg, SN, reported on 31 May 2006 financial results. He reported that dues and fees are up more than $42,000 and educational sales are up more than $9,000 compared with one year ago. He reported that total operating revenue through 31 May is approximately $100,000 higher and total operating expenses are approximately $100,000 less than one year ago. He said that USPS’ improved financial situation is due to some increased revenue and decreased expenditures. He still, however, projected a budget deficit in 2006.

V/C Mesenburg presented the 2007 proposed budget for OCom approval. He stated that following a grueling two day budget committee session earlier in the year, and after painfully cutting almost every line item in a 45-page budget report, they were faced with a bottom line of $358,419 in red ink. However, following a number of drastic expense reductions, in addition to revenue assistance of $50,000 from a Century Fund grant and a projected $30,000 from life member contributions, a balanced budget was achieved. A few noted expense reductions are as follows:

- eliminating compensation for chief commander’s representatives attending the fall district conferences - $24,000;
- reductions in chief commander’s staff reimbursements for attending national meetings - $13,000;
- reducing THE ENSIGN production and printing costs - $92,000; and
- reducing headquarters’ expenses - $116,500

The OCom ADOPTED a motion to recommend that the Governing Board approve the 2007 budget as presented. (2006-OC-30)

V/C Mesenburg reported that Century Fund grants are fundamental to USPS’ financial security and integral to the operating budget. He stated that the dollar amount of the grant distribution for the USPS operating budget should be a predetermined percentage of the total investment return on the Century Fund investment dollars. This predetermined percentage will be calculated by using a moving average of the four most recent quarterly rates on 10-year treasury notes as a standard.

The national treasurer offered a motion to designate $50,000 from the Century Fund total investment return for the 2007 revenue budget. The OCom ADOPTED the motion. (2006-OC-31)
V/C Mesenburg made a motion to allocate $40,000 from the Century Fund total investment return to the 2006 operating budget. The OCom ADOPTED the motion. (2006-OC-32)

V/C Mesenburg reported that the USPS liability insurance premium had escalated from $78,000 in 2000 to $164,000 in 2006. He discussed a revenue supporting initiative where districts and squadrons would pay a portion of the premium based upon their membership numbers. V/C Mesenburg will discuss the premium increases with the carrier however, prior to making a recommendation.

Report of the Finance Committee

R/C Michael J. Horowitz, AP, reported that the USPS investment portfolio continues to be pressured by cash flow problems. He reported that unrestricted investments totaled $870,855.31 as of 30 April 2006. The total investment gain for five months was $41,905.87 or 4.92 percent.

R/C Horowitz reported that the balance in the Endowment Fund was $892,428.01 as of 30 April 2006.

The total value of the district and squadron invested funds was $1,025,596.61 as of 30 April 2006. These dollars were invested in money market funds and 10 certificates of deposit with staggered maturity dates.

R/C Horowitz reported that at the end of fiscal year 2005 the financial alarm test totaled $2,464,172 or $535,828 below the $3 million dollar control limit. He stated that the financial health of USPS as measured by the level of undesignated, unrestricted funds, remained a serious concern. R/C Horowitz noted that the OCom is taking steps to reduce expenses, increase revenue and bring the financial alarm test back to the designated control limit.

Report of the Committee on Nominations

R/C Shirley Van Rhee, JN, reported that USPS Bylaws, Section 5.3.4, states that the Operating Committee can fill vacancies created between governing boards and that the term will expire at the next governing board meeting. R/C Van Rhee offered the following nominations to replace officers who had resigned:

- 8 - OCom 9/10 June 2006
Assistant chairman of the Squadron Development Committee
P/C Hank Willis, AP, Columbia Bend/16

Assistant chairman of the Instructor Development Committee
D/Lt/C Leslie W. Williams Jr., JN, Saybrook/1

The OCom ADOPTED a motion to elect these candidates. These officers will serve until the New York Governing Board in August 2006. (2006-OC-33)

**Report of the Committee on Rules**

R/C Allan W. Lakin, SN, moved OCom concurrence on the proposed Bylaws amendment waiving the educational membership requirement for a period of three years to be submitted to the Governing Board for approval. The OCom ADOPTED the motion. (2006-OC-34)

R/C Lakin reported that the Committee on Rules would recommend four additional actions by the Governing Board at the August 2006 meeting: 1) a “housekeeping” Bylaws amendment to formalize the current system of appointing the national departmental committees; 2) if the Bylaws amendment is adopted, a governing board policy ratifying 2006 appointments; 3) a “housekeeping” amendment to align the Bylaws with the *Operations Manual* by requiring election of the squadron and district general committees; and 4) a Bylaws amendment to provide for a permanent VHQAB program. The OCom ADOPTED a motion concurring with these recommendations. (2006-OC-35)

**Report of the Law Officer**

R/C James D. Richlak, SN, reported that LawCom reviewed a proposed agreement between USPS and Ritz Interactive/Boater’s World. Under the agreement, members would receive a 5 percent discount on Boater’s World online product purchases and USPS would receive a 2 percent royalty on those purchases. He reported that LawCom amended the original agreement to change the procedure for handling the member discount. R/C Richlak recommended that OCom approve the agreement with Ritz Interactive/Boater’s World, provided that no substantive changes are made by Ritz Interactive/Boater’s World. The OCom ADOPTED the motion. (2006-OC-36)
R/C Richlak reported that LawCom reviewed a proposed addendum to the Grand Hyatt New York hotel contract. He reported that the addendum was executed on 30 May 2006 after consultation with C/C Marshburn and R/C Howard Yoas, SN, chairman of the National Meetings Committee. He offered a motion that OCom approve the addendum to the Grand Hyatt New York hotel contract clarifying the minimum number of guaranteed paid guest room nights. The OCom ADOPTED the motion. (2006-OC-37)

R/C Richlak reported that most provisional squadrons are unincorporated associations. He stated that LawCom recommends that all provisional squadrons file for incorporation as nonprofit corporations. When a provisional squadron is chartered, the articles of incorporation would be amended by deleting *provisional* from the name.

**Report of the Planning Committee**

Stf/C William Bellinger, SN, served in the absence of the Planning Committee Chairman, R/C Alan F. Wentworth, SN. Stf/C Bellinger presented proposed revisions to the USPS Strategic Plan that would add goals for government and partner relations and awareness. He moved that OCom endorse the proposed USPS Strategic Plan revisions that will be presented to the 2006 Governing Board in New York. The OCom ADOPTED the motion. (2006-OC-38)

The OCom discussed a proposal from the Restructuring and Planning committees to modify the USPS Policy for Reimbursement of Travel and Related Expenses. The proposal would eliminate all reimbursement for travel and lodging to attend annual and governing board meetings at an estimated annual savings of $150,000. The OCom DEFEATED a motion to suspend all USPS member reimbursement for travel and lodging at annual and governing board meetings, effective 26 Feb. 2007. (2006-OC-1)

C/C Marshburn will assign an ad hoc committee to review the USPS Policy for Reimbursement of Travel and Related Expenses.

**Report of the Marketing and Public Relations Committee**

R/C Darrell Allison, AP, reported that 10,000 DVDs of the now complete National Safe Boating Test II will be distributed to USPS squadrons and United States Coast Guard Auxiliary flotillas. He reported that the show aired on the Men’s Channel and the Water Channel in May 2006.
R/C Allison reported that seven press releases have been distributed since the 2006 Annual Meeting. Media releases are archived on the committee’s website at www.usps.org/national/pr/media3.html.

R/C Allison reported that graphic public service announcements have been published in regional and national publications including *Sea, Go Boating, Dockside, Santana, The Log, Lakeland Boating, Trailer Boats, Bass* and *Walleye Boats*. More than 250 audio PSAs supporting the 2006 National Safe Boating Week were distributed to 50 selected markets.

He reported that USPS boating-safety messages ran on Goodyear blimps based in Los Angeles, Calif., Phoenix, Ariz., Pompano Beach, Fla., and Akron, Ohio, during May publicizing the 2006 National Safe Boating Week. R/C Allison thanked D/C Brian Logan, SN, District 7, for organizing this public relations opportunity.

**Report of the Past Chief Commander**

P/C/C G. Leslie Johnson, SN, reported that he is completing 2006 merit mark submissions.

C/C Marshburn adjourned the meeting at 1650.  

V/C Robert A. Baldridge, SN  
National Secretary
ADOPTED

1. A motion granting provisional squadron status for Kankakee Valley Provisional Squadron. (2006-OC-23)

2. A motion to withdraw $1,500 from Century Fund earnings to pay for 1,000 Century Fund Club pins. (2006-OC-24)

3. A motion authorizing a corporate resolution to open a separate investment account for the Endowment Fund. (2006-OC-25)

4. A motion recommending that the Governing Board approve USPS University, including seminars and new programs for the public and boat operator certification, as the educational direction of USPS. (2006-OC-26)

5. A motion to add a second staff commander to the Boat Handling Committee. (2006-OC-27)

6. A motion to destroy approximately 4,200 copies of JetSmart manuals and videos, which have an estimated value of $17,391. (2006-OC-28)

7. A motion recommending that the Governing Board establish a corporate membership category. (2006-OC-29)

8. A motion recommending that the Governing Board approve the 2007 budget as presented. (2006-OC-30)

9. A motion to designate $50,000 from the Century Fund total investment return for the 2007 revenue budget. (2006-OC-31)

10. A motion to allocate $40,000 from the Century Fund total investment return to the 2006 operating budget. (2006-OC-32)
11. A motion to elect the candidates who will serve until the New York Governing Board in August 2006. (2006-OC-33)

12. A motion to concur with the Bylaws amendment to be submitted to the Governing Board for approval waiving the educational membership requirement for a period of three years. (2006-OC-34)

13. A motion to concur with four Bylaws recommendations from the Committee on Rules: 1) a “housekeeping” Bylaws amendment to formalize the current system of appointing the national departmental committees; 2) if the Bylaws amendment is adopted, a governing board policy ratifying 2006 appointments; 3) a “housekeeping” amendment to align the Bylaws with the *Operations Manual* by requiring election of the squadron and district general committees, and 4) a Bylaws amendment to provide for a permanent VHQAB program. (2006-OC-35)

14. An agreement with Ritz Interactive/Boater’s World provided that no substantive changes are made by Ritz Interactive/ Boater’s World. (2006-OC-36)

15. A motion that OCom approve the addendum to the Grand Hyatt New York hotel contract clarifying the minimum number of guaranteed paid guest room nights. (2006-OC-37)

16. A motion to endorse the proposed USPS Strategic Plan revisions that will be presented to the 2006 Governing Board in New York. (2006-OC-38)

**DEFEATED**

1. A motion to suspend all USPS member reimbursement for travel and lodging at annual and governing board meetings, effective 26 Feb. 2007. (2006-OC-1)