The Operating Committee of United States Power Squadrons met on 8-11 September 2004 at the Adam’s Mark, Jacksonville, Fla.

Members present:

C/C G. Leslie Johnson, SN	R/C U. Glenn Daughtridge, AP
V/C Ernest G. Marshburn, SN	R/C James D. Richlak, SN
V/C Spencer P. Anderson, SN	R/C Joseph R. Mesenburg, SN
V/C Creighton C. Maynard Jr., SN	R/C Alan F. Wentworth, SN
V/C Frank A. Dvorak, SN	R/C Darrell G. Allison, AP
V/C John T. Alter, SN
P/C/C Theodore H. Smith, SN

Guests present:

P/C/C Raymond A. Finley Jr., SN	P/C/C L.M. Barnes III, SN
P/C/C Gillette E. Gordon, SN	P/C/C Lance J. Jensen, SN
P/C/C Richard W. Miner, SN	Mary Catherine Berube

**Report of the Chief Commander**

C/C G. Leslie Johnson, SN, called the meeting to order at 0900, and P/C/C Theodore H. Smith, SN, gave the invocation.

C/C Johnson reported that the Operating Committee used electronic means between OCom meetings to approve prices for the new Piloting course materials: student manual, which includes the Maptech CD-ROM, $22; instructor manual kit, which includes the student manual, instructor manual and the Maptech CD-ROM, $15; and *The Weekend Navigator*, $13. (2004-OC-30)
C/C Johnson entertained a motion to approve the minutes of the May and June OCom meetings, and the OCom ADOPTED the motion. (2004-OC-31)

The chief reported that four squadrons reported 100 percent membership renewal during the 2005 dues renewal process: Bald Eagle/11, Titusville/23, Kentucky Lake/24 and Clinton/30.

The chief reported that the ad hoc Environmental Committee has a Web site at www.usps.org/national/envcom.

C/C Johnson reported that he will attend a meeting with representatives of West Marine on 29 Sept. 2004. He will participate in a photo opportunity to promote the USPS video Your Guide to Safety Equipment, which is available at West Marine’s lending library and at USPS headquarters.

Report of the National Executive Officer

V/C Ernest G. Marshburn, SN, reported that more districts and squadrons are participating in Cooperative Charting. For the time period 1 April 2003 to 17 August 2004, two districts, 60 squadrons and 267 of the 601 participating members have achieved honor roll status. The Cooperative Charting Committee reported that 181,417 credits were awarded during this time period.

The National Meetings Committee is reviewing potential sites for future annual and governing board meetings, including several sites in the western United States and on the West Coast.

V/C Marshburn reported that the Recreational Boating Safety Committee helped develop a position statement approved by the Operating Committee at its May 2004 meeting. It supports increased personal flotation device wear by all boaters, especially those in small, open boats. The position statement will be presented to the Governing Board for approval. The RBS Committee is preparing job descriptions for area and district safety representatives.

The Squadron Development Committee reported that 16 of the 26 squadrons that were formed through the provisional squadron process have increased their membership by more than 3
percent. There are currently seven provisional squadrons: Upper Keys/8, Point Wilson/16, Portland Head/19, Lake Conroe/21, Golden Isles/26, Northern Arizona/28 and Tri Lakes/30.

The Vessel Safety Check Committee reported that as of 6 Aug. 2004, 2,388 vessel examiners had performed 18,484 vessel safety checks and awarded 15,104 decals in 2004. The national executive officer reported that the VSC Committee is reviewing ways to streamline the data entry process required to submit 204 forms.

V/C Marshburn reported that the external grant funding team is working with the Basic Public Boating Education Committee to fund a project called “Smart Boating/21.” The grant proposal requests funds to develop techniques, tools and materials, and to provide comprehensive market analysis and training for USPS classroom educators and public relations officers. The proposal has been submitted to Jean O’Connell & Associates, the grant-writing consultants hired by USPS.

The national executive officer reported that the vessel safety demonstration initiative was completed in July 2004. Funded by the USPS Educational Fund, the kits included a fire port, VSC safety materials and other safety-related items, and were distributed to more than 2,900 vessel examiners.

He reported that the Executive Department is working with the Educational Department to develop an experienced boater examination program. This exam is intended to facilitate admission to USPS for experienced boaters who do not need or are unwilling to complete one of the approved USPS boating safety courses.

V/C Marshburn reported that he would ask the Governing Board to approve dissolution of Chippewa Valley Power Squadron/10 and Menominee-Marinette Power Squadron/10 at the 2004 Fall Governing Board Meeting.

Report of the National Educational Officer

V/C Spencer P. Anderson, SN, requested that P/C/C Lance J. Jensen, SN, report on America’s Boating Course. P/C/C Jensen reported that Internet sales are up 30 to 40 percent over the same period last year. He reported that BoatEd is working on developing online testing...
and will incorporate state specific questions. The OCom discussed sending information about the benefits of joining USPS to ABC students.

V/C Anderson reported that the 2004 Piloting course is now available at headquarters.

The national educational officer reported on a meeting that he attended with Canadian Power and Sail Squadrons representatives. He reported that Article 6 of the USPS/CPS Memorandum of Understanding states:

“Each organization shall sell to the other, under conditions agreed upon by the two organizations operating committees, its printed educational material, noting that the production of combined material for both organizations may accrue to greater publication discounts for the two organizations. Reasonable provisions will be established for minimum purchases of such materials and for the cost of postage and handling which will adequately compensate the selling organization for providing such material.”

Following discussion, the OCom ADOPTED a motion to establish a selling price to the Canadian Power and Sail Squadrons for USPS educational materials at direct costs, plus the standard handling fee and shipping cost. (2004-OC-32)

V/C Anderson reported that USPS signed an MOU with C-MAP/USA. The agreement includes benefits as follows:

- Squadrons receive full dealership status and may purchase any C-MAP product at the standard dealer discount and may resell these products to members and the public.
- A special $59 annual C-MAP membership fee, which is a $20 savings each year.

The national educational officer reported on district educational performance statistics for 2004. He said that overall performance is 4 percent less than in 2003, which is better than in 2003, when performance was 7 percent less than in 2002. He commended District 18 and said that it achieved a 144 percent increase in educational courses taught for the same time period.
Report of the National Administrative Officer

V/C Creighton C. Maynard Jr., SN, reported that the USPS cookbook, *By Land or By Sea*, will be shipped to headquarters in mid-October. Afterwards, pre-sale copies will be shipped from headquarters. Copies are $25 plus $6.95 shipping and handling.

The Squadron Activities Committee reported that more than 100 cruise and rendezvous events were published in the July issue of THE ENSIGN. Squadrons should submit cruise and rendezvous information at least 2 months prior to the event.

The Leadership Development Committee is developing a *Presenter’s Guide* for the Leadership Development program. The committee has completed a Leadership and Management Program for assisting chief commander’s representatives at district conferences.

The Member Benefits Committee has completed negotiations with John Hancock for a long-term care insurance benefit. Members may call (866) LTC-USPS for information.

V/C Maynard reported that headquarters received 10,000 affinity credit card applications. These generic applications will be mailed to district commanders for distribution.

The national administrative officer reported that two First Timer’s orientation meetings will be held during the 2004 Fall Governing Board. He also reported that the Administrative Department has developed a new format for the Squadron and District Officers and General Members meeting at USPS national meetings. The new plan calls for district and national officers to moderate roundtable discussions about what squadrons want and need from USPS.

The Membership Committee reported that 91 squadrons and three districts will receive Membership Growth awards at fall district conferences. These awards are presented to districts and squadrons that met or exceeded the Strategic Plan goal of 3 percent membership growth for the period from 1 June 2003 to 31 May 2004. The youth activities team reported that USPS had 26 apprentice members as of 31 July 2004.

The Membership Committee reported that the Power of One Program is making a positive
impact. An analysis comparing membership statistics from 30 Sept. 2003 to 31 May 2004 showed that three districts increased their membership from 0 to 5 percent, 10 districts increased their membership from 6 to 10 percent, 12 districts increased their membership from 16 to 20 percent, one district increased its membership from 21 to 25 percent and one district increased its membership from 26 to 30 percent.

Report of the National Secretary

V/C Frank A. Dvorak, SN, reported that the voluntary headquarters anniversary billing test was successful. He reported that several districts are interested in joining next year’s test. He said that the nonrenewal rate for the VHQAB squadrons was 17.68 percent as compared to the remaining squadrons that experienced a 19.92 percent nonrenewal rate.

V/C Dvorak reported that he authorized purchasing two laptop computers: one replaced an outdated laptop used by the headquarters director and the second one was for the Instructor Development Committee.

THE ENSIGN Committee is working on a proposal involving USPS partners. Partners would be encouraged to submit an article about their organization for publication in THE ENSIGN, to set up a booth at national meetings and to advertise in THE ENSIGN.

V/C Dvorak reported that the Information Technology Committee has completed and tested the Boating Course Assistant software, which can be downloaded at www.accurecord.com/usps/outgoingBCA. The committee also reported that the latest version of DB2000, version 4.1.0.0 can be downloaded from the committee’s Web site.

The Operations Manual Committee reported that an updated Operations Manual is available for download at www.usps.org/national/om. V/C Dvorak reported that the inventory of Operations Manual CD-ROMs is low at headquarters and that additional copies are needed for the 2005 commander’s and squadron educational officer’s kits. The OCom ADOPTED a motion to purchase 1,000 copies of the Operations Manual CD-ROM at a cost not to exceed $1,000. (2004-OC-33)

V/C Dvorak presented revised procedures for purchasing, selling and pricing Ship’s Store
items. The OCom ADOPTED a motion to approve the revised Ship’s Store Purchasing, Selling and Pricing Procedure. (2004-OC-34)

The Historian Committee is auditing district and squadron history records stored at headquarters. They have audition 10 districts and their squadrons to date. The committee is also researching the USPS ensign’s history at the request of the Flag and Etiquette Committee.

The Flag and Etiquette Committee is developing a list of frequently asked questions, which will be posted on the committee’s Web site. The committee is also working with the Committee on Rules to clarify some meeting agenda discrepancies in the Operations Manual.

V/C Dvorak reported that he had received a request from the USCG for a mailing list of squadron commanders to distribute materials related to the American Waterways Watch. The OCom ADOPTED a motion to provide a mailing list of squadron commanders to the USCG for the sole purpose of distributing materials related to the American Waterways Watch. (2004-OC-35)

**Report of the National Treasurer**

V/C John T. Alter, SN, reported that expenses exceeded revenues by $137,917 as of July 2004. He said that the financial position has improved by $37,159 compared to 1 year ago. He reported that revenues increased by $30,244 from one year ago. The increase was due primarily to increased Ship’s Store revenue and other revenue, including FirstUSA® credit card program revenue. He said no revenue has been posted from the ABC joint venture, which was $73,413 as of 31 July (half of which belongs to USPS.) He said revenue from dues and fees was $28,591 less than 1 year ago and net educational sales are $66,106 less than 1 year ago. He reported a 2005 nonrenewal rate of 19.92 percent for active members and 24.23 percent for family members, based on squadron dues transmittals, which he noted was not an improvement over the 2004 dues year. He reported, however, that as of 31 July 2004, 1,299 members who had not paid their 2005 dues chose to reinstate as opposed to 671 members for the same time period in 2003.

V/C Alter reported that although operating expenses are $6,915 less than 1 year ago, several factors have caused an increase over last year’s expenses in the National Treasurer’s Department, including an increase in insurance costs (a budgeted item) and additional costs.
associated with the dues process. A letter from C/C Johnson and a membership application were included with dues notices, and headquarters mailed 2005 dues notices to 9,529 members who did not pay their 2004 dues. He reported that of that number, 763 renewed their membership and consequently contributed $18,375 in national dues revenue.

V/C Alter reported that the Member Benefits Committee is currently negotiating a contract to continue the affinity credit card program. The OCom ADOPTED a motion authorizing the Member Benefits Committee to pursue an affinity credit card contract with Chase Bank for $50,000 per year for 5 years, subsequent to LawCom approval. (2004-OC-36)

Report of the Committee on Nominations

R/C U. Glenn Daughtridge, AP, reported that the Committee on Nominations will recommend four new general members and a new member to the Law Committee to the Governing Board for approval.

Report of the Finance Committee

R/C Joe R. Mesenburg, SN, reported on USPS investments as of 31 August 2004. The total value of USPS investments under management was $2,269,155.87. The equity portion (six mutual funds) of the investments amounted to $1,037,502.73. The total investment return on those mutual funds was $39,360.31. The rate of return through August 31st was 3.94 percent. He reported the district and squadron invested funds (certificates of deposit) totaled $1,018,871 with a 2.4 percent rate of return for the same time period. The remaining funds under management are invested in bonds and money market funds.

R/C Mesenburg reported a balance of $126,143.78 in the Member’s Fund and a balance of $124,768.38 in the Endowment Fund as of 31 Aug. 2004.

He reported on the financial alarm test, which was $2,516,964 as of 31 Aug. 2004. He said that this number is $64,085 less than 1 year ago even though the total value of the investment portfolio is approximately $87,210 higher than 1 year ago. He stated that cash and money invested in money market funds are approximately $268,229 less than 1 year ago. R/C Mesenburg said that although the financial situation is unhealthy, the Finance Committee was not
recommending a dues increase at this time; more time is needed to monitor the effects of the revenue-generating and cost-cutting initiatives implemented during 2004.

**Report of the National Law Officer**

R/C James D. Richlak, SN, reported that the Law Committee had reviewed and approved memorandums of understanding with the boating law administrators for the states of Arizona and New Hampshire. LawCom has also reviewed and approved a generic state MOU.

R/C Richlak reported that LawCom received a response from the United States Postal Service regarding the proposed trademark settlement agreement concerning use of the initials USPS. The Postal Service attorney stated that he has some modifications to the settlement agreement. R/C Richlak will keep the OCom informed of the progress.

He reported that the Law Committee filed to secure trademark registrations for “Water Smart from the Start” and “Sea Vester.”

R/C Richlak reported that LawCom reviewed a proposed MOU with the National Association of Underwater Instructors (NAUI) and had concerns about the potential liability to USPS that could arise from this MOU. Following discussion, the OCom ADOPTED a motion declining a proposed MOU with NAUI. (2004-OC-37)

The national law officer discussed a request from the youth activities team to review a revised youth scholarship proposal. He stated that LawCom had previously reported that USPS is a tax-exempt organization and therefore is not allowed to use members’ money to support youth scholarships. The OCom ADOPTED a motion to take no further action regarding a request to create a youth scholarship fund. (2004-OC-38)

R/C Richlak reported how the Sarbanes-Oxley Act could potentially affect nonprofit entities. He reported that one provision of the act states that organizations that, for whatever reason, prefer not to have a majority of independent board members should consider having an independent audit committee to show others that the organization is concerned about accountability and proper governance; at least one member of the audit committee should be a “financial expert.” LawCom is drafting a proposed Independent Audit Committee Policy.
A second provision states that nonprofit organizations should have written document retention and periodic destruction policies. The document retention policy should also include procedures for handling electronic files and voice mail. He reported that LawCom is drafting a document retention policy.

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

R/C Darrell G. Allison, AP, reported on Smart Boating/21, a new promotional program that supports soon-to-be released public boating and member courses. It will consist of a series of photo files and media releases. He said that the program’s concept is to provide a seamless introduction of the four most popular public boating and member courses. He said that each course will have additional text sections and an interactive CD-ROM provided by Maptech that provides instruction in GPS use as well as digital charting.

He reported that a media release introducing Smart Boating/21 was distributed to approximately 125 marine trade and boating publications.

R/C Allison reported that the National Safe Boating Test II video is in final production and is scheduled to be released prior to the 2005 National Safe Boating Week.

He reported that the Marketing and Public Relations Committee is working on establishing a relationship with the Amateur Radio Relay League.

R/C Allison discussed a proposal for budgeted funding for promotional, marketing and public relations activities. The proposal calls for allocating funds from sales of educational course materials that would be designated for marketing USPS courses. R/C Allison stated that USPS should focus its marketing efforts on encouraging boaters to take a USPS boating course. He said that many USPS courses are being changed in format, content and appearance and that there is no money budgeted to develop and produce adequate marketing support for the updated courses and programs. The Educational Department will consider the proposal and will report back to the OCom.

He reported that the committee is updating its Web site. They are also looking for writers to create print and electronic media materials.
R/C Allison stated that the Marketing and Public Relations Committee needs members’ help to determine USPS visibility at boat shows across the country and needs information about boat show locations, dates and numbers of visitors. He said this information is key in spreading the word about USPS. District commanders are asked to submit this information to R/C Allison at dallison@pacbell.net.

R/C Allison reported on an idea to provide copies of THE ENSIGN for distribution at major boat shows and other marketing events. This promotional idea could also be used to leverage advertising for THE ENSIGN.

He discussed a concept to create a national dealer recognition day hosted by USPS. Squadrons and districts would work with regional dealer or marina associations to recognize local marine businesses, dealerships and marinas that support squadron activities such as providing classroom facilities and vessel safety check venues. He reported that in 2004, District 19 started a well-received dealer recognition program in New Hampshire, which helped the squadrons schedule more vessel safety check appointments and recruit new boating class students.

R/C Allison encouraged chief commanders’ representatives attending the 2004 fall district conferences to promote the USPS Marketing and Public Relations Awards, which include the Chapman Public Relations Scrapbook Competition, the Roger Upton Video Challenge and the Carl Mahnken Commander’s Cup. He said that details are available on the committee Web site.

He reported that 44 requests were submitted in August 2004 for cooperative advertising funds. Funding was approved for 11 districts or squadrons. He stated that the deadline to apply for 2004 cooperative funds is 31 Oct. 2004. Requests received after that date will be applied to the 2005 program.

**Report of the Planning Committee**

R/C Alan F. Wentworth, SN, highlighted three questions and the responses received from the USPS new member survey sent to members who joined less than 4 years ago: 1. Why did you join? The survey shows that 72 percent indicated they joined for education, 15 percent indicated they joined for social aspect. 2. What did you expect? Nearly all members expected to learn how
to operate their boat and to receive a newsletter. While expectations are high in the education area, only 30 to 35 percent have expectations regarding teaching or proctoring classes. 3. How have we done? Seventy-four percent said USPS met their expectations or better and 25 percent said their expectations had been exceeded. Only 5 percent indicated that their expectations were not met, but 21 percent indicated their expectations were somewhat met. R/C Wentworth said that the results indicate that expectations are not being fully met for one-fourth of the new members surveyed.

R/C Wentworth reported on the monitoring phase of the USPS Strategic Plan. He stated that attempts to monitor and document the progress of the Strategic Plan have not been successful. He presented a proposal that outlined a more complete monitoring plan that will be easier to implement. OCom discussed the proposal and decided to seek input from national committees before approving the plan.

R/C Wentworth reported that the Planning Committee studied a concept that would establish a USPS advisory board. He said that the committee studied similar organizations and how they have benefited from an advisory board. He said that the committee’s recommendation was that an advisory board would function as an “expert think tank” and would submit its conclusions and advice to OCom. The board would not have fiduciary responsibility to the USPS organization and would not issue directives or make policy decisions for USPS. R/C Wentworth presented the following motion: The chief commander be authorized to assemble, direct and reimburse an ad hoc committee of the chief’s choosing from prominent member and nonmember persons to investigate, advise and report on items of specific interest or need that require a range of expertise otherwise unavailable to USPS. Commissioning such a committee would be subject on each occasion to approval by a majority of OCom members. The OCom ADOPTED the motion. (2004-OC-39)

Report of the Past Chief Commander

P/C/C Theodore H. Smith, SN, updated the OCom on the status of the repairs and maintenance to the USPS headquarters building. He reported that some of the repairs have been completed and that the costs are within the amount approved by OCom. He stated that the contractor had advised that the building needs additional maintenance that was not included in the original contract. Headquarters will request bids, and P/C/C Smith will report back to the OCom.

- 12 - OCom 8 September 2004
P/C/C Smith encouraged the Marketing and Public Relations Committee to develop a USPS marketing package to present to outside vendors and potential partners.

C/C Johnson adjourned the meeting at 1630.

V/C Frank A Dvorak, SN
National Secretary
Action Items
Operating Committee
8 - 11 Sept. 2004

1. A motion to approve the following prices for the new Piloting course materials:
   student manual, which includes the Maptech CD-ROM, $22; instructor manual kit, which
   includes the student manual, instructor manual and the Maptech CD-ROM, $15, and

2. A motion to approve minutes of the May and June 2004 OCom meetings. (2004-OC-31)

3. A motion to establish a selling price to the Canadian Power and Sail Squadrons for USPS
   educational materials at direct costs, plus the standard handling fee and shipping cost.
   (2004-OC-32)

4. A motion to approve revised procedures for purchasing, selling and pricing for the Ship’s
   Store. (2004-OC-33)

5. A motion to purchase 1,000 copies of the updated *USPS Operations Manual* CD-ROM at
   a cost not to exceed $1,000. (2004-OC-34)

6. A motion to provide a mailing list of squadron commanders to the USCG for the sole
   purpose of distributing materials related to the American Waterways Watch.
   (2004-OC-35)

7. A motion to authorize the Member Benefits Committee to pursue an affinity credit card
   contract with Chase Bank for $50,000 per year for five years, subsequent to LawCom
   approval. (2004-OC-36)

8. A motion declining a memorandum of understanding with the National Association of
   Underwater Instructors. (2004-OC-37)

9. A motion to take no further action regarding a request to create a youth scholarship fund.
   (2004-OC-38)
10. A motion to authorize the chief commander to assemble, direct and reimburse an ad hoc committee of the chief’s choosing from prominent member and nonmember persons to investigate, advise and report on items of specific interest or need that require a range of expertise otherwise unavailable to USPS. Commissioning such a committee would be subject on each occasion to approval by a majority of OCom members. (2004-OC-39)