

Report of the Administration and Finance Committee July 2012

Committee Members

Director Tom Frenaye, K1KI, Chairman; Directors Dennis Bodson, W4PWF; Director Bill Edgar, N3LLR; Director Greg Sarratt, W4OZK; Director Greg Widin, K0GW; Vice Director Marti Woll, N6VI; and Treasurer Rick Niswander, K7GM.

Committee Activities

The Administration and Finance Committee met on April 14, 2012 in Newington CT with all committee members present. Minutes from that meeting were distributed on May 22 [arrl-odv: 20774]. The following ARRL Officers also attended the April 14, 2012 A&F meeting: President Kay Craigie, N3KN; CEO David Sumner, K1ZZ; CFO Barry Shelley, N1VXY; COO Harold Kramer, WJ1B; and CDO Mary Hobart, K1MMH. Also in attendance in his role as investment manager for the organization was Jim McCobb, K1LU. The A&F Committee will also be meeting on Thursday, July 19th at ARRL HQ.

The first half of 2012 has been a good one for ARRL, with income from operations higher than expected in the budget, as a result of both under budget spending and better than expected revenue numbers. Revenues were up 3.7% over the same period last year. This reflects careful management and attention to detail in all departments, and management has cautiously optimistic view looking forward to the second half of the year.

In early July we finally received the long awaited Letter of Determination from the IRS for the ARRL Defined Benefit Pension Plan. We can now begin the process of officially terminating the pension plan and distributing the assets.

New Treasurer Rick Niswander has been working closely with past Treasurer Jim McCobb on the transition, which has proceeded relatively quickly.

The IT Department has been working on finishing the eStore integration project with completion now expected this fall. The on-line DXCC entry project was completed earlier this year, and the CQ WPX award within Logbook was successfully launched in early July. The department also provided considerable support for the addition of Digital QST.

At the April A&F meeting, IT Manager Michael Keane presented a plan called the ARRL Information System for replacing the ten-year-old Siebel software used for a number of department tasks. Siebel was purchased by Oracle and their replacement product is not priced for companies the size of ARRL (way too expensive). Much of this project will link existing databases, present a consistent user interface, and take place over the next couple of years.

IT continues to be a critical path for many activities, with Logbook upgrades and replacement of the old DXCC system also on tap for this year.

Mr. Niswander presented a number of recommendations to the Committee regarding investments and investment policy. After considerable discussion, the following items were approved for presentation to the Board in July:

1) Moved that the ARRL Investment Policy guidelines as approved by the Board of Directors in January 2011 be amended by adding the following statement: “Unless otherwise restricted by the donor, all gifts of publicly held securities will be sold. The disposition of all other gifts will be reviewed by the Administration and Finance Committee, the CFO and the Investment Advisor/Manager.”

2) Moved, that the ARRL Board of Directors adopts a change to the investment policy statement regarding the annual cash withdrawal from the investment portfolio to a maximum of 4% of the portfolio without specific authorization.

The Committee also adopted the Investment Policy Statement for the ARRL, Inc. 403(b) Pension Plan. This had been drafted and in use but never formally approved by the Committee.

For the July A&F meeting, Mr. Kramer was tasked with developing a business model for LoTW in the future, including a financial summary detailing the revenues and expenses, pricing, support and overall philosophy.

Continuing a topic initiated by the previous A&F Committee, there was a discussion about succession planning as a number of our managers and staff officers, including our CEO, are approaching retirement age. The last CEO change was in 1981-82 and no members of the present Board were involved. We will be working on this during the next year – the first steps were to collect the historical information from the change made 30+ years ago.

In June, Mr. Kramer presented a proposal to increase the staffing hours in the Sales and Marketing Department, and the Warehouse. In Sales and Marketing, one Customer Service employee has had hours increased from 20 to 25 hours a week, and in the Warehouse a part-time position was increased to full time (additional 12.5 hours plus benefits). Both of these are in direct response to increasing workloads from phone calls,

new memberships and product orders. Some of the expense will be recovered by a reduction in overtime hours, but the change will run in the \$5-10k range this year.

An update from the July 19th A&F Committee meeting will be given during the upcoming Board Meeting.

Thanks to all of the Committee members for their active participation.

A handwritten signature in black ink that reads "Tom Frenaye". The signature is written in a cursive style with a large, prominent 'T' and 'F'.

Tom Frenaye, K1KI
Chairman

17 July 2012