



# Minutes

FAPPO  
**Orlando**  
August 2, 2010

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Florida Association of Public Purchasing Officers

## **PRESENT:**

Johnny Richardson, President  
Mark Raiford, Vice President  
Carrie Woodell, Treasurer  
Cheryl Shanaberger, Secretary  
Warren Geltch, Position  
Wendy Geltch, Past President, By-Laws, Historian, VIP  
Cheryl Olson, Past President, Awards Entity Chair  
Denise Schneider, Past President, FAPPO Bucks Chair  
Rhonda Scott, Past President, Parliamentarian  
Craig Rowley, Executive Director

## **PRESENT VIA TELECOM:**

Cheri Alexander, Past President  
Marian Howe, Past President  
Bobbie Marsala, Past President, Presidential Advisor  
Alan Weaver  
Dave Nash

## **ABSENT:**

Kirk Buffington, Past President  
Janet Sheehan, Past President  
Russell S. Wetherington, Past President Fall Workshop Program

## **MINUTES**

Called to Order by President Johnny Richardson at 9:05 A.M. at the Orange County Building in Orlando, FL.

Opening Prayer by Mark Raiford

Point of Information:



1. Real Business Solutions did not accept the contract approved by the Board on June 18, 2010
2. Real Business Solutions made an offer for a 6 month contract from July 1 through December 31 for \$37,500 at 6 equal payments plus reimbursement of actual cost of insurance not to exceed \$2,500. An E-Vote was conducted by the Board on June 28, 2010 and the contract was approved unanimously.
3. Real Business Solutions and Warren Geltch presented another proposal that proposed RBS perform back end accounting services for \$3,500 per month and Warren Geltch as Executive Director for \$3,500 per month. An E-Vote was conducted by the Board on July 21, 2010 and was inconclusive.

President Richardson: When I initially requested the Board the vote on the last proposal I thought it was in FAPPO's best interest. Now everyone present in this room and on the teleconference wants to do things that are in the best interest of FAPPO. We are all here for one reason; what's best for the organization. I just wanted to let everyone know that it is the only reason why we are here and why I have taken on some of the initiatives I have taken. Not that I was thinking that I would ramrod something down your throats, just that I thought certain things were in the organization's best interest. Hopefully, during this discussion, we will come to some agreement on an approach to the management services that will generally satisfy all of the Board members present.

Before we get started, I am going to make a slight change in the agenda and let Mr. Rowley from RBS begin with a presentation

## **1. Management Services**

### **a. Presentation of Proposal – Real Business Solutions .....Craig Rowley**

I appreciate the opportunity to be here. You have, in the past 6-8 weeks, seen a variety of opportunities and solutions to association management services and I have reviewed the outcome of those discussions. I've reviewed the minutes and I've come prepared to offer you one more alternative. I've taken everything to heart and I hope that you'll see that when you get to end result.

First a little history. Real Business Solutions was created in 2006 to do just this – to provide association management services. I came out of the meetings and conventions industry. My last position as VP of the Las Vegas Convention Center gives me unique insight into not only negotiation of contracts, including food services, but also providing customers with an experience in their meeting and convention activities. I was responsible for housing and providing those services. So, I bring industry knowledge to the table and I want to talk about that a little bit. I think, from your perspective, and I'm trying to present this from the association's perspective, you are really interested in



three things: The quality of the services; the value of those services; affordability of those services. If I miss anything when I make this presentation, I will be happy to address those concerns.

I want to go over the past two years and the quality of services that I have provided to you and I think that I have been a little remiss and I will tell you why. I've tried to play by a set of rules that I don't think are clearly defined. I don't think that there's anyone in this room that could say that I have solicited them for a vote, or even on the phone, that I have solicited for a vote in either direction on any of these activities. That's just not the way that I do it. (Brief interruption occurred due to cleaning crew doing some vacuuming.) I want everyone to hear the same thing at the same time. I think that, to my detriment, that didn't happen at the last Board meeting so I sincerely appreciate the opportunity, in just a few minutes, to give you what I consider an alternative solution. Only one person knows what my revised offer consists of and that's Johnny and I only told Johnny that about 20 minutes ago, because I want you all to hear it and hear it live.

In terms of quality of services I think that that the quality of services has been exhibited in the two years. We came together in a contractual environment that said, basically, we don't know how much this is worth; we don't know how much it's going to cost, we just want to make sure that it doesn't cost us more than we can afford. That's a fair statement. In the last two years, that has happened. It has not cost you a dime. In fact, the changes that I've implemented, and we will talk about that in a little bit in terms of the balance sheet or in terms of the profit reflect the value and quality of those services. When I make recommendations based on what's going on in the industry, whether it be how you contract for a trade show or your conference, or what's going on in membership associations, some of the recommendations that I've made include changing your allocation and refocusing back on your annual conference away from subsidizing to outside expenses. We changed from sponsor to exhibitor to ensure that we are able to take advantage of sponsor level participation. The way that contract for conferences are negotiated and executed, those are some of things that go to quality of services. Those are some of the things that I bring to the table and are some of the things that aren't reflected. I do a monthly report that goes to the Officers of the Board and doesn't go to the entire membership. I don't know if that needs to go to the entire Board. That's your call, not my call and it is how you operate as a Board. I prepare that information and I submit it on a regular, monthly, basis. So I am not sure that you all know those activities. I'm not really hitting them all, just a few of the highlights. So in terms of quality of services, I have not heard anything that tells me that the quality is an issue. If it is, please let me know and I'd be happy to address that. In fact, I will tell you that at contract conception, to get to the number that FAPPO had, we removed services to make the number work. We removed things like Fall Workshop. We removed things like direct interaction with membership to get down to an arbitrary figure from a value analysis to a \$50,000 cap. That didn't work. I immediately took those responsibilities on and never said a word about it. There is no way to be involved as your Association Management Company without interaction with the membership, without answering the phones, without answering those emails. I've done those and won't say a word about it. I'll tell you something else; I made a presentation to Johnny 5 weeks ago, roughly, as I

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know you are having issues with getting things posted on the website. I told Johnny that I'll do it. I can't do the graphic side so I found a solution. What I am presenting you need the same amount of budget to make sure that we have the graphic work, but I will take the responsibility for posting on the web at no extra cost. I'm not saying this to push Johnny in front of the bus – that's the kind of services that you get from me. I'm willing to do that. I do that for the association already. So if quality is an issue, let me know, we will address that from a quality perspective but I think the quality is there for you. I think I've consistently gone beyond what the contract has called for.

Mrs. Scott: You said you took on 2 things. Communication with the members and what was the other?

Mr. Rowley: There is a list of them but, honestly, I'm highlighting because there was a list of items, those were just two of the major ones. I remember when I first began doing the Board reports for Denise and asked, "What do you want in the Board Report?" Do you want analytical stuff – the number of phone calls, the number of emails? The answer was "no, that's not part of the deal." I did that sheet for her once and I think that Denise would admit that it was a bit surprising and that was early-on, that was two years ago, not today.

Question: I received an email from Johnny last week and I absorbed it this weekend. Is this different than that email, what we are looking at now?

Mr. Rowley: I haven't presented what's going to be different and the answer to that is "yes, it will be different."

Mrs. Scott: Is this the same thing that you sent to us because it looks a little different?

President Richardson: I sent the email but Mr. Rowley is making a new proposal.

Mr. Rowley: I am going to say that "yes, you are looking at \$103,000, right now. But, I am going to change that a little bit and leave it for you to decide whether it makes sense or not, but I want to get there. It really takes me to the next topic if we've addressed the quality, which is the value issue and is what I think is the memo that you are referring to. Where does this value analysis fit into the marketplace and where does it fit into FAPPO? We will talk about affordability in a minute.

In terms of value in the marketplace, I've laid it out and rolled over the cards for you and I think, honestly, that's what you are going to see when you go into the marketplace. That \$103,000 is below the marketplace value. I don't know what other detail I could give you in a value analysis other than a marketplace analysis. If I can give you an analogy, has any body had an employee or a co-worker who had to go to another job for more money? I think we all have. We all know people like that. That's an example of marketplace value. What are you going to see if you go out to RFP? I don't think you are going to see that number.



Mrs. Scott: I look at what purchasing professionals are making in full-time jobs working in this environment and what we are getting out of them and I am not sure, is this a full-time job or do you think it's a part-time job?

Mr. Rowley: I'd like to address that, too. At one time you had the option to consider a \$3500.00/per month, back of the house, operation. So I ran it by the smarter half of the organization and said, "Hey, I have a deal for you. You operate the office that's open 48 hours a week, respond to all phones and respond to all emails. As a matter of fact, you do all the bookkeeping. It's going to pay you \$20.23/hr., and here's what else you get: You get no vacation days; no sick days; no benefits; you buy your own health insurance; you work sometimes on weekends and evenings; no overtime. Oh, by the way, the piece that you are missing yet is, go find your own office space. Rent the office, pay the power, telephone, fax, and internet, equip it – buy your computer. When the computer goes down, contract with IT to come and replace that or fix it." That's the overhead piece. So, I'm glad that you brought that up because this isn't all about salary. "Pay your business licenses, pay your insurances. All of those things come right off the top and I'm going to pay you \$20.23/hr. and you do all of the rest." She looked at me as only your better half can, with a tilt of the head and a look in the eye that says you're out of your mind. So I had that same conversation with myself and I added one piece to the end. Because if I do it on that basis, I can't do anything else on a better compensation basis. That was the essence of the conversation for the \$3500.00 offer. When you think about it, you need to include the overhead issues that aren't there. You are not paying one person. I have a graphics designer. I have a QuickBooks Accountant and I have a Data Entry person. I'm contracting for additional services. This isn't all about one person. The issue that brought us to the other part, frankly, is that there are times of the year when it's physically impossible for one person.

Mrs. Scott: That's true, and I think what the Association needs to decide since we have Officers and what the duties of the Officers can be and what we can afford and what we want out of somebody. It sounds like we are giving our Executive Director all of the responsibilities which, as you said, is a full-time job. Maybe that's what we need to look at. It's more than a full-time job because you have different disciplines – graphics designer, data entry.

Mr. Rowley: Look at your Program Book that I produced for you for the very first conference. Again, I could go back into the quality of service piece, but I don't want to tie you up, I want to get into the essence of this. It is certainly appropriate to decide what it is that you want your Officers to do.

President Richardson: At this time I do not want to discuss the Officers duties. I want to hear your proposal and discuss that first.

Mr. Rowley: Thanks for that question and I hope that I have addressed that satisfactorily. The final issue is your affordability piece – What can FAPPO afford? I will tell you this, FAPPO is a non-profit organization, and you are very healthy. I will also tell you as a bit of the quality – value piece, last year, FAPPO had a significant net

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profit, when everyone else in the industry is seeing contraction and a reduction. That goes with it as well as the affordability. Can you afford \$103,000? The answer is yes. Last year you could have afforded it. You had \$54,000 drop to your net income. You have \$48,000 in unmarked revenue with this year's budget.

Then what happens in a down year? There's a lot of factors that influence a down year. The economy is a factor and also where you hold a conference could affect your gross and net revenues. The point is if you contract on the basis of the lowest common denominator, over time you are going to also lower the quality of service.

Mr. Rowley provided a handout of the new proposal which he discussed past payments and what he is offering. He explained that it was a bad idea to hire anyone with an incentive on net, especially where they have control such as number or exhibitors or expense items such as lunch not under their control. (Discussed turning away \$30,000 in revenue with exhibitors as it was not in FAPPO's best interest.)

Mr. Rowley offered available options if contracting with Real Business Solutions for a longer contract period of 2 and 3 years. It's all base compensation and no percentage for performance as he has proven himself over two years that he works in FAPPO's best interest.

Mrs. Pace: When you were talking about web and access, is that included in your proposal?

Mr. Rowley: Posting of the updates, yes. The graphic pieces, no. The budget you have for webmaster would still be in place for things like flash content which I can't do. But when you talk about text or posting pdf or content, I'll do it, and it is included.

Mrs. Schneider: The \$87,550 is that for each of the 3 years?

Mr. Rowley: Yes. On a pro-rated basis for this fiscal year of 4 more months, your net fiscal cost for this fiscal year is \$75,016.

President. Richardson: Opened meeting for questions.

Mrs. Olson: Is everything in the package what you are now offering? I keep hearing that Mr. Rowley is doing more than what is on his contract and I'm concerned about that. It's not like I want to know what you are doing every second of the day, but I want to know what the big things are that you are doing. We would like to say that we have a pretty comprehensive list of duties that justifies what we are doing.

Mr. Rowley: My best history of that have been the past monthly reports that I have prepared for the Board.

Mrs. Alexander: I don't think anyone doubts the value of Mr. Rowley as Executive Director and I don't think that is in question at all. We just need to come together to



define a final scope of work for you and that of our existing officers. Those that came before me, as well as me, had some of those duties and then turned some of those over. I can certainly vouch for your services and value.

Mrs. Scott: I remember reading an email saying that you didn't have time for FAPPO, is that correct?

Mr. Rowley: No, I said I didn't have the resources to continue by myself at that rate.

Mrs. Scott: If we discuss this and your duties end up being less than what you have here, would you be willing to accept a lesser amount for lesser duties?

Mr. Rowley: I don't know what that means, it all depends. With fewer duties and less pay, I may need to go out to the marketplace and see what I could get? I am not going to say no, but I honestly can't say yes.

Mrs. Pace: The \$103,000, does it include staff for the trade show?

Mr. Rowley: It was in the \$103,000, but at a 15% discount rate over 3 years, I'd have to think about it.

The Board discussed when the current contract started and ends and why the contract was extended and about Mr. Rowley's office location in Tampa and staffing. Mr. Rowley stated that he would assume the insurance and bonding expenses that FAPPO requires from him.

A question was asked about using professional staff for the trade show and the cost. Mr. Rowley stated he will assume all liability which would include travel costs, the wages for 2 days for 2 people, transportation, meals, etc., offering himself as well for an additional cost to FAPPO of \$750.00, so it would be \$87,500.00 plus \$750.00.

Overall satisfaction of the vendors from the trade show was 70 responses and the overall response was that 75% met or exceeded their expectations.

Discussion about hosting website and Mr. Rowley suggesting that FAPPO move away from the webmaster as he does not do any posting. But that FAPPO needed to retain a hosting company so that website is not down at any time.

Discussion about how Mr. Rowley proposed \$103,000 and then offered \$87,550 over 3 years. Mr. Geltch expressed his support of Mr. Rowley's proposal but felt a little betrayed and puzzled as he offered to help and worked with Mr. Rowley on an earlier proposal taking on some of the responsibilities and the earlier numbers changed from their private discussion. Mr. Rowley offered an apology to Mr. Geltch.

President. Richardson: Asked Mr. Rowley to leave the room so that the group may discuss their options.



Break 9:50 AM

Return to Meeting: 10:05 AM

President. Richardson: As I see it the Board has 3 options to discuss:

1. Issue an RFP
2. Discuss a reduced scope of work to whoever provides management services and assign additional responsibilities to officers
3. We can accept the proposal from Real Business Solutions.

Discussion began addressing Mr. Rowley's 6/22 letter where he stated he didn't have time. President. Richardson expressed that Mr. Rowley had explained to us in this meeting that he would add appropriate staff to be able to handle the volume of work.

Discussion of what was felt to be the biggest issue to discuss is what the Roles of the Officers would be and what were the duties of RBS? It was pointed out that Mr. Rowley provided an Exhibit A – Pages 3, 4 & 5 listing the scope of work being offered without posting to the website and the Trade Show Registration.

President. Richardson suggested that we begin with each officer to describe their duties and discuss what Mr. Rowley has been doing to assist. Each officer outlined their duties and then discussed what Mr. Rowley provided for them.

Treasurer –the accounting work & IRS Docs and utilizes QuickBooks  
Secretary – he provides support and coordination with the Trade Show  
VP – He takes care of printing the Trade Show Program Booklet, and prints all collateral material. Provides website posting updates

Mr. Geltch explained his reasoning for offering to work with Mr. Rowley. Mr. Geltch does not want the full-time responsibilities. He offered to help as he didn't think that there would be time to issue an RFP. Mr. Rowley's offer today is only 87,550.00 and only \$3500.00 more than we both proposed and I just feel betrayed on all of this. His proposal is great...you guys need to accept his proposal.

Mrs. Alexander: The definition of the Scope of Work is very important. In the past we had 1094 members and 194 Trade Show Booths so we had to do it in-house and yes, it was tough as I only had 3 people in my office and I made it work in order to help our organization and also had a lot of help from all of you as well.

Mr. Geltch felt that FAPPO would not get a better price in the market and we need to have a management company. There are too many things this organization has to do to try to turn anything back to the officers that is contracted to the management company. We need to keep everything that's in the scope otherwise we are going to have a whole lot of problems – 1) getting folks to volunteer for offices; 2) trying to work and get through all of this as it is truly incredible how much activity is required and I had to rely on my staff. If it hadn't been that I had a big staff that I could delegate too, I



would have never made it. I know a lot of people have done FAPPO work on their own entity's time, during working hours – and all it takes is one person who's not pleased with you or how you work and to go to your boss and say, guess what...there's proof of it with emails, telephone calls, etc., and we will lose an officer sooner or later. This is a not-for-profit organization. December 31, I will be retiring and that will be my last official day on the Board.

President Richardson: I agree and have addressed previously that there is a delicate balance of FAPPO work with your entity's work. I'm always asked how much work will there be if I become an officer. To move away from a management company, I do not think it would be in our best interests.

Ms. Woodell: Agreed with what Mr. Geltch said about moving the organization forward and not backward. We've reached a certain level and we want to keep going. I am concerned about membership going down, but I look at the revenue but it seems to be somewhat sustaining. There are checks and balances in place and selected appropriate Officers have online access to what Mr. Rowley's doing for us financially. I want the record to show that I have a staff of 2 people and that I do all of the FAPPO work myself and have not delegated any work to them, nor would I.

President. Richardson: Membership renewals are 140 more than at this time last year.

Mrs. Scott: Also supports Mr. Geltch and her main concern is Mr. Rowley's email that he didn't have the time. He should have accepted our proposal on 6/18 that the Board offered, he still would have gotten his \$82,500.00, because we did the calculations and figured that he probably would have gotten the bonus incentive. I'm concerned about his going back and forth and that's all I have to say.

Mrs. Pace: As far as Mr. Rowley's proposal, I'd still like to see everything spelled out so that there's no assumption of who is doing what. I do think he is giving us a fair price for what he is doing, considering the Trade Show activities added on. I worry about giving all of the financial duties to the Exec. Director. I felt there needed to be a line of checks and balances. Right now, no one checks the checks or credit cards that are posted when revenue comes in.

President. Richardson: Asked if they were prepared to vote.

Mr. Geltch: Made a motion that we accept the proposal that Mr. Rowley submitted to us today for a 3 year contract with the appropriate discount, which I understand is 15%, to include all of the Scope of Work for the duties that were mailed out by Johnny Richardson to everyone, but the Trade Show duties of \$750.00 and the internet website postings that he included in his price.

Mrs. Schneider: Seconded the motion, clarifying that payment is as follows:

- 1<sup>st</sup> year – 88,300.00 (includes \$750.00)
- 2<sup>nd</sup> year – 88,300.00 (\$87,550.00 plus \$750)



3<sup>rd</sup> year – 88,300.00 (\$87,550.00 plus \$750.00)  
Effective January 1, 2011 – December 31, 2013

President. Richardson: Asked for any further discussion? If no further discussion, all in favor?

Vote: All in favor no opposed. Passed unanimously.

**2. Fees** .....Johnny Richardson

Discussion was held concerning Conference Registration Fees, Trade Show Fees and Membership Fees and it was the decision of all to keep everything the same as last year.

**3. Real Business Solutions** .....Johnny Richardson

President Richardson asked Mr. Rowley to rejoin the meeting. President. Richardson announced to Mr. Rowley that the Board unanimously voted to accept his 3-year Proposal. It was explained that it included the website posting and the Trade Show duties for the additional \$750.00. Contract will begin January 1, 2011 and end December 31, 2013 for a total price of \$88,300.00 annually.

**4. Other Business** .....Johnny Richardson

Logo Contest? President Richardson suggested bringing a Logo Proposal to the next meeting.

With no other business, the meeting was adjourned 10:50 a.m.