



## WFCA BOARD OF DIRECTORS MEETING MINUTES

Friday, June 3, 2016

The Broadmoor, Colorado Springs, CO

### CALL TO ORDER

Walker called the meeting to order at 9:10 am mountain time.

### ROLL CALL

Kay Wiley performed the roll call (becomes a permanent part of the minutes).

### GUESTS

Stacy Eickhoff, Willis Insurance Services

Shane LeBlanc, Golconda Holdings LLC

### ANTITRUST AND FIDUCIARY RESPONSIBILITIES

Legal Counsel, Jeff King, reviewed the fiduciary responsibilities of the board of directors with those present.

### APPROVAL OF WFCA BOARD OF DIRECTORS MEETING MINUTES DATED 09/25/2015

It was **M/S/C Fredreacea/Adams** to approve the minutes from the WFCA Board of Directors meeting that was held in Nashville, TN on September 25, 2015.

### APPROVAL OF THE MINUTES AND APPROVAL OF ACTIONS OF THE EXECUTIVE COMMITTEE

It was **M/S/C Bowler/Seifert** to approve the minutes from the Executive Committee meetings on September 24, 2015 (Nashville, TN), January 19, 2016 (Las Vegas, NV) and March 31, 2016 (Lenexa, KS).

### FINANCIAL/INVESTMENT REPORT

Abernathy informed the board that WFCA is fully transitioned to the new Abila accounting system. Abernathy pointed out a mistake on the balance sheet presented. The balance sheet has been corrected and will be emailed to the board prior to the end of the meeting. WFCA is projecting a 7% annual return on investments for 2016. All expenses are tracking close to the budgeted amount. There was a -\$748,411 loss of net income for the first quarter of 2016 as a result of the investment portfolio performance. The WFCA portfolio of assets had a balance of \$36,653,000 at the end of December 2015. January and February were poor performance months. March showed good performance and April is tracking to end good as well. Walker made the board aware that moving forward the financial and investment reports would be brief and focused only on the highlights. The board agreed this approach was sensible. All detailed reporting will be sent out prior to board meetings and Steve Abernathy is also available for questions or comments daily.

It was **M/S/C Bowler/Lewis** to accept the financials with ending date March 31, 2016 as presented with the amendments noted.

## **CEO PRESENTATION:**

Scott Humphrey began by saying being a CEO is like a chess game and every move he makes counts. One must begin with the right pieces in the right positions. As CEO, Humphrey said he must have the right players in the right place on the team. He said it is also vitally important that he has the right people on the WFCA board of directors. One must also have a plan. To be successful one must make the best possible moves. One must anticipate their competitors move. One must know when and how to sacrifice. One must always have an end game in mind. The WFCA end game is to impact the industry ..... Humphrey ended his presentation by stating there is always one more move.

Humphrey recognized Paul Pumphrey for being in the flooring industry for over 65 years. Paul has many accomplishments during his 65 year career including serving as chairman for the Western Floor Covering Association and the World Floor Covering Association. Paul also served in the U.S. Merchant Marines from 1943-1945. The WFCA Executive Committee approved an all expense paid trip for Paul Pumphrey and his spouse to visit the World War II Memorial. Paul is still an active member on the WFCA past chairman committee.

Humphrey made the board aware that the WFCA Anaheim building and property was in the process of being sold. The property was listed and an offer was made within one week. The asking price was \$3,500,000 and the actual selling price was \$3,425,000. The escrow has been opened and paperwork is in the process to finalize the sell. The WFCA headquarters will be relocated to Dalton, GA.

## **FY 2016 Proposed Budget**

Walker made the comment that the FY 2016 proposed budget that Abernathy would be reporting on would be impacted by the decision made by the board in Executive Session. The budget would be revised and submitted for approval at the fall 2016 board meeting being held in Annapolis, MD.

Abernathy made the board aware that WFCA changed their budget reporting over to calendar year from fiscal year structure January 1, 2016. The total revenue projected for 2016 is \$4,400,000 which includes the 7% projection from the investment portfolio. The projected expenses are approximately \$5,000,000 which leaves WFCA with a projected loss of \$563,000.

It was **M/S/C Degraaf/Adams** to accept the FY 2016 proposed budget as presented.

Walker made the board aware that the executive committee has approved to change the daily food allowance for board and executive committee members attending a scheduled meeting to \$125 per day up from \$75 per day. This change went into effect for the meeting held at The Broadmoor.

## **COMMITTEE REPORTS**

### **Past Chairman's Council-** Janice Clifton

Clifton said the past chairman council would like to see detailed reporting on WFCA funded initiatives. This report should include the return on investment either in dollars or benefits to the industry. The council would also like the Hall of Fame nominating procedure revised to include more retailers. Humphrey replied there are not many retailer applications submitted for the Hall of Fame. There were two applications submitted in 2016 that did not qualify.

**Historical Committee Report-** Dennis Blake

Blake began with stating the historical committee was created to preserve WFCAs history. Paul Pumphrey contributed many of the items that are in historical library today. The year 2019 will be WFCAs 60<sup>th</sup> anniversary. The historical committee would like for WFCAs to host a large celebration event.

**IICRC Update** – Dennis Blake

Blake is the WFCAs representative on the IICRC board. The IICRC has four meetings per year. The IICRC is in the process of finalizing the S600. As of May 24<sup>th</sup> the second appeal has been approved and gone through.

**fcB2B:** Phil Zolan

Zolan reported on the progress of the fcB2B program. There are currently 59 active members. Membership is made up of distributors, retailers, manufacturers, software companies and trade associations. There are currently 44 different manufacturers being targeted for membership. The fcB2B had their annual meeting in April 2016. This meeting had record attendance and Zolan received positive feedback from everyone that attended. The fcB2B has six established EDI standard in use. There are also two web services being utilized. The fcB2B has three active committees: X12 and Best Practices, Web Services and Adoption and Outreach. New initiatives include four new web services that are currently under development: Product Reservation, Order Status, Invoice Payment, and Marketing Materials. Additional initiatives are Certification, B2B Metrics, New Membership Recruitment and active ASC X12 participation.

The fcB2B board has proposed that WFCAs purchase all fcB2B assets for \$1. On March 31, 2016 the WFCAs Executive Committee voted to conduct due diligence to pursue the purchasing of fcB2B for \$1. On June 2, 2016 the WFCAs Executive Committee agreed to recommend to the WFCAs board to approve the purchase of all fcB2B assets.

Abernathy stated the purchasing of fcB2B would reduce WFCAs out of pocket cost by \$41,637 in 2016 and \$67,000 in 2017. WFCAs would also benefit from membership revenue. The fcB2B has a net asset value of \$125,000 in cash. The consolidation would result in a positive impact for WFCAs.

It was **M/S/C Freadreacea/Howell** to approve to move forward with purchasing fcB2B for \$1.00.

**CFI UPDATE:** Robert Varden

Varden informed the board that CFI is having an issue with attendance to their classes. Time and geography are two major factors. CFI is looking into making their classes mobile and shorter to help offset these factors. Manufacturers and retailers simply can't afford to allow their installers to be away from their business for long periods of time.

Varden has received requests to open a CFI school in China. Varden will be attending meetings to discuss this opportunity at Neocon. Mohawk has asked CFI to take over their Karastan training program. CCA requested custom training programs that will be conducted at the CCA convention in July.

Varden made the attendees aware of an upcoming event called "The Installation Summit". Key individuals were hand selected to attend this brainstorming session to discuss the issues that impact our industry and work towards solutions. Informa was purposefully selected to manage the event as an outside party so that it doesn't appear to be hosted by any one group. The event will take place August 2<sup>nd</sup> and 3<sup>rd</sup> in Dallas, TX. Varden extended an invite to the WFCAs board of directors to attend the installation summit and the CFI convention.

**WFCAs SERVICES, INC.** - Tom Jennings

WFCAs Services Inc. has over \$1,000,000 written in premium. The goal is to have \$2,000,000 by the end of 2016. . Willis negotiated a collateral release of \$175,000 to be returned to WFCAs Services Inc.

### **WFCA UNIVERSITY** - Tom Jennings

Jennings provided the board with a schedule of upcoming training classes. WFCA has approved discounted cost for board members only. Jennings will host a private event at board members stores upon request.

### **LEGAL/LEGISLATIVE ISSUES** - Jeff King

King gave an overview of the things he has been working on for WFCA. The primary matters have been legislative regulatory issues. King has written numerous contracts and has been closely involved with the closing of the Anaheim office as it relates to staff members. Other projects include CFI, fcB2B, and supporting WFCA affiliates and other groups on administrative issues.

WFCA is heavily involved in regulatory/legislative issues that impact its members. Some of the items impacting WFCA members are internet sales tax, crystalline silica, white collar overtime exemptions and independent contractor issues. King attends monthly small business conferences and looks for funding opportunities for CFI.

Several bills have been introduced regarding internet sales tax. The Remote Transaction Parity Act is a destination based tax. The Online Sales Simplification Act of 2015 is an origin based sales tax. With this being an election year it is not likely that any action will be taken to resolve the internet sales tax issue.

The proposed rule for crystalline silica would require retailers to measure the amount of silica that workers are exposed to in an eight hour period. Retailers would be required to provide respirators and pay for medical exams every three years for workers among other expensive modifications. WFCA submitted lengthy comments and the rule specifically mentioned WFCA. The rule was revised to exempt retail flooring dealers and installers from all requirements in the standard if there were industry data showing intermittent and minimal amount of exposure to crystalline silica.

The White Collar Overtime Exemption proposed regulation to raise the minimum salary from \$455 per week (\$23,660 annually) to \$970 per week (\$50,400 annually). WFCA submitted comments for changes to encourage the use salary data from the south because it is lower. It was also requested that bonuses be included. WFCA asked for no changes to the duty tests and for an allowance of time to phase in the increase. There were 270,000 comments submitted. WFCA was singled out in the comments. Several revisions were made to the exemption. The changes include using income data for southern states, allowing some bonuses to be counted and automatic increases only every three years instead of annually. Using income data from southern states reduced the threshold down to \$913 per week (\$47,476 annually) and 10% of the salary could be nondiscretionary bonuses if paid at least quarterly.

King concluded his presentation by stating WFCA has no current legal claims, adding the association is well ran and takes proper precautions.

### **MEMBERSHIP**- Freida Staten

Staten made the board aware the affinity membership numbers are down due to NWFA renewals not represented in the reporting presented. She is working with NWFA to get their membership applications processed. The direct and affiliate membership categories are up.

### **CONTINUING BUSINESS**

No continuing business to discuss.

### **NEW BUSINESS**

No new business to discuss.

**ADJOURNMENT**

There being no further business. It was **M/S/C Freadreacea/Adams** to adjourn the WFCB Board of Directors meeting at 4:50 pm mountain time.

Respectfully submitted,  
Scott Walker, Chairman  
By Kay Wiley  
Recording Secretary

**NEXT WFCB BOARD OF DIRECTORS MEETING**  
**September 16, 2016, Loews Annapolis, Annapolis, MD**  
**March 24, 2017, Estancia La Jolla, La Jolla, CA**