

BOC meeting minutes
In-person meeting, Arlington VA
March 31, 2009

BOC members participating – Beverly Baskin, Chair, BBB Raleigh, NC; Jane Driggs, BBB Salt Lake City, UT; Carrie Hurt, BBB Austin, TX; Bob Shomphe, BBB Concord, NH; and Linda Carmody, BBB Indianapolis, IN. Don MacKinnon, BBB Halifax, NS represented the Canadian BBBs. CBBB staff included Nora Carpenter, Steve Salter, Dave Johnson and, for parts of the meeting, Steve Cole and Alan Cohen.

Approval of Minutes

The BOC approved the minutes of its March 10, 2009 meeting. Those and all BOC minutes are posted at <http://intra.bbb.org/policy/boc/index.asp>.

CBBB Financial Report

Nora Carpenter updated the BOC on CBBB's 2009 financial performance. No BBBs were in arrears or not in good standing.

Ratings Compliance and Extension Requests

The BOC meeting date of 3/31/09 was also the last date for a number of BBBs to launch ratings in keeping with extensions to which BOC had already agreed. Continuing extensions were requested by some:

Linda Carmody announced that BBB Indianapolis had dropped its request for an extension and launched ratings March 30.

BBB of Southeast Florida/West Palm Beach had launched ratings under the Caliber system back in August 2007. At that time it agreed to switch to the agreed-upon BBB system ratings formula whenever it was adopted. However, the BBB did not do so with the January 1, 2009 system launch of BBB ratings. The BBB also had agreed in September 2007 that should it fail to join the system ratings program when launched, it would bypass a Special Committee hearing and go straight to a membership revocation process with the CBBB Board of Directors. In March 2009 the BBB indicated it did not intend to comply with the extended March 31 deadline to join the national ratings program. As a result, the BOC invoked the Board expulsion process. It also offered to meet by teleconference with the BBB to discuss its concerns before the April 1 Board meeting.

In a March 17 teleconference including representatives of the West Palm Beach BBB, BOC, COR and CBBB, the BBB agreed to launch ratings by March 31, and send written confirmation. When the BOC sent a letter summarizing the agreement for signature, the BBB returned it undated and indicated it expected to launch ratings around April 4-6. In response a resolution moving the expulsion of the BBB was drafted for the Board, which the BOC voted to approve by 5-0. (NOTE - The BBB implemented ratings shortly after the Board meeting, eliminating the need for an expulsion hearing.)

BBB Chicago requested a ratings launch extension to May 15, citing concerns over the ratings formula and associated adverse publicity, as well as data clean up issues. The BOC denied the extension request by a 4-1 vote, Ms. Carmody voting in favor. For failing to implement ratings in accordance with approved BBB policy, the BOC voted to request that the CBBB Board establish a Special Committee to consider the

expulsion of the Chicago BBB from the Council of BBBs by a vote of 4-1, Ms. Carmody opposed.

BBB New York City requested an extension without a specific end date but aiming to launch by June 1. It also promised to work closely with its regional BOC representative and report progress to the BOC no later than May 1. BOC did not approve the request, and voted to request a Special Committee to consider the expulsion of the New York City BBB from the Council of BBBs by a vote of 4-1, Ms. Carmody opposed.

BBB of Western Pennsylvania/Pittsburgh requested a further extension of the launch deadline until the week of April 17-21, citing concerns with the implementation of a new MIS system. The BOC did not approve the request, and voted to request a Special Committee to consider the expulsion of the Pittsburgh BBB from the Council of BBBs by a vote of 5-0. (NOTE - The BBB implemented ratings in mid-April, eliminating the need for Special Committee.)

BBB of Nebraska and South Dakota/Omaha requested a further extension to June 30, 2009. It cited recent staff turnover and data integrity concerns. The BOC did not approve the request, and voted to request a Special Committee to consider the expulsion of the BBB in Omaha from the Council of BBBs by a vote of 5-0.

BBB of Metropolitan Houston did not launch ratings by March 31 and had not informed the BOC of a plan to do so, despite written requests from BOC. Accordingly the BOC voted to request a Special Committee to consider the expulsion of the BBB from the Council of BBBs by a vote of 5-0.

Don MacKinnon updated the BOC on the implementation of ratings in Canada. All Canadian BBBs had launched ratings except Montreal, which was delayed by the need to translate all materials into French. Mr. MacKinnon said the Montreal BBB expected to implement ratings in mid-April.

Canadian BBB Evaluation program

The BOC reviewed a proposed Memorandum of Understanding to allow Canadian BBBs to participate in the online evaluation process now used by U.S. BBBs. Under the two-year agreement, CBBB staff and the BOC will be responsible to review Canadian BBBs' initial compliance with standards, but the Canadian Council of BBBs (CCBBB) will be responsible for enforcing recommendations made via the BOC-based evaluation process, e.g. convening Special Committees. In matters relating to Canadian BBB evaluations, the Canadian BBB representative to the BOC would have full voting rights, and the CCBBB President would participate in meetings and report back to the BOC quarterly on any CCBBB Board actions resulting from evaluation recommendations. The agreement was approved by a 5-0 BOC vote, with Mr. MacKinnon assenting as well, and sent on to the full Board for a vote.

Columbus, GA BBB Special Committee

At its previous meeting the BOC had approved a Special Committee to consider the membership in CBBB of the Columbus, GA BBB in light of the findings of a February 2008 on-site evaluation and previous history of non-compliance with BBB Operating Standards. The BBB's Board of Directors then petitioned the BOC for a stay of the SC, to allow it to address the deficiencies named in the on-site report. The BOC subsequently met with representatives of the BBB's Board by teleconference. As a result of these and further discussions, the BOC asked the BBB's Board to submit

within 30 days plans to address the standards found not to be in compliance during the BBB evaluation. The BOC will consider the Board's plans at its next meeting on April 28. The BOC provided the BBB with a sample plan with the necessary level of detail, and recommended a BBB system veteran as mentor to the BBB and its Board.

Triennial Evaluations

BBB Columbia SC had resolved all previous evaluation issues except standard 17, ad review. The BBB provided evidence of a number of ad review cases completed in the last year, and more currently in process. The BOC found that the BBB had demonstrated compliance with the standard, and therefore congratulates the BBB on being in compliance with all BBB operating standards.

Idaho Falls BBB had previously been subject to a Special Committee, which had been put in abeyance in light of BBB management changes made in 2008. It had been subject to an on-site evaluation in December 2008, following which BOC asked the BBB for a staff training plan in light of the departure of their most experienced operations person, including the use of a mentor. The BOC also had concerns about an apparent decline in membership, finances, and the termination of the BBB's participation in a national sales program. As a result of all its concerns, a resolution was made and seconded to lift the abeyance and proceed with a Special Committee hearing. The BOC approved the motion by a 5-0 vote.

Lima OH BBB had also previously been subject to a Special Committee, put in abeyance initially to allow the BBB to consider merging with a neighboring BBB or to otherwise address the relevant standards. The BBB had been due to submit a comprehensive progress report by the end of March but it arrived too late for a full review at this meeting. The BOC will fully review the report at its next meeting.

BOC continued to monitor the progress against standards of BBBs in Dayton OH (Standard 3, finances) and Wichita KS (Standards 3, finances, and 17, ad review).

Online evaluation input

BOC previously determined that all BBBs should input Financial & Accreditation and Governance data into the new online evaluation forms by April 15, 2009. BBB Delaware asked for an extension, citing conflicts with its annual meeting and other issues. BOC asked regional rep Bob Shomphe to request that the BBB enter financial data by April 15, with remaining data input by May 1.

TrustLink

After reviewing a report submitted by the TrustLink BBBs, BOC sought clarification of three things:

- a. Is TrustLink driving traffic to the BBB, or vice versa?
- b. How many current TrustLink accounts are there?
- c. Are there any revenue development plans or prospects for TrustLink?

Innovative tests

BBB of Eastern Michigan/Detroit sent the BOC a plan to test the provisional accreditation of start-up businesses. It proposed to allow new businesses to qualify for Provisional Accredited Business status, based on meeting all standards other than time in business, plus undergoing additional training in BBB standards and the BBB Trust Index, and including a site visit. The BOC asked the BBB to consider a three-month time in business requirement instead of no time, and indicated concerns over

the ability of Provisional ABs to use the same seal as full ABs. The BBB will respond prior to BOC's April 28 meeting.

BBB Denver asked BOC for permission to join the Boston BBB test on consumer compliments, triggering the realization that the Boston test is now scheduled to be finished. BOC will ask Boston to report on the final outcome of its test, and to either recommend a change in policy to allow all BBBs to implement the program, or discontinuation.

Data Warehouse

Carrie Hurt is leading a BOC effort to ensure regular, consistent submissions to the data warehouse from BBBs and their IT vendors. She reported on her efforts to work with Hurdman and Chris Garver to understand the cause of inconsistencies between Austin BBB data in their MIS and that in the data warehouse. Ensuring consistency and accuracy of data in the warehouse will be even more important when the new data warehouse interface is launched in May 2009.

Steve Salter, Jane Driggs and Carrie Hurt will team to coordinate data warehouse requirements with online evaluation requirements, to avoid duplication of BBB effort and work towards consistency in the BBB operations section of the evaluation, which is next to be launched.

Web Improvements and WAG

Steve Cole updated the BOC over lunch on the initial work of the Web Advisory Group (WAG) to improve BBB's Web presence. The WAG consists of the Chairs of five CBBB Board Committees: Dave Polino, Reports; Doug Broten, IT; Kip Morse, Sales and Marketing; Bonnie Dean, Communications; and Charlie Mattingly, Brand Management. The group will look at all aspects of BBB Web sites including ease of navigation, logic, increased use of major functions and more. The WAG will keep BBBs updated of changes and progress as they go.

Other Business

- The BOC discussed topics to be covered at upcoming regional meetings including the evaluation process, the idea of a new CEO mentoring program, CEO succession planning for BBB Boards, and strides taken to clean up the data warehouse.

- BOC will continue to contribute to the Monday Morning newsletter and set the following contribution schedule for itself:

- April – Linda Carmody
- May – Carrie Hurt
- June - Don MacKinnon

- The BOC reviewed and/or set the following schedule for its upcoming meetings:

- April 29, teleconference, 1-3:00 p.m. eastern
- May 29, teleconference, 1-3:00 p.m. eastern
- June 30-July 1, in-person, Chicago
- August 28, teleconference, 1-3:00 p.m. eastern
- September 18, teleconference, 1-3:00 p.m. eastern
- October 2-3, in-person, Boston Assembly

- Linda Carmody passed along a request that the Quality Assurance Program (QAP) be resurrected.

There being no further business, the meeting was adjourned.

Steve Salter, Recorder
April 27, 2009