

CHESS FEDERATION OF CANADA

GOVERNORS' LETTER EIGHT

2007-2008



Responses may be mailed, faxed or E-mailed to the Chess Federation of Canada, E-1 2212 Gladwin Crescent, Ottawa, ON, K1B 5N1, fax: 613-733-5209, E-Mail: info@chess.ca

ATTENTION ALL GOVERNORS: Anyone with an E-Mail address can have their Governors' Letter sent to them via E-Mail and save the CFC paper and postage costs. Please E-Mail info@chess.ca if interested.

Deadline for submissions to GL#9 is Friday June 6, 2008

President's Message

Dear Governors;

Thank you for your indulgence in recent days.

I wish to extend a warm welcome to our new Treasurer, Peter Stockhausen.

Restructuring Committee Chair Gordon Ritchie has tendered his resignation, unable to continue for personal reasons. I am deeply saddened by this news. Gordon's contributions throughout this process have been invaluable. Ilia Bluvshtein has been asked to join the committee and he has agreed. Thanks Ilia! I hope this committee can have their recommendations for us by GL 9.

The AGM will be upon us in less than 2 months, on July 21-22 in Montreal. I would like all Governors to contact their provincial Secretaries or Presidents with a view to getting their lists of Incoming Governors for 2008-09 to the Business Office ASAP. Several provinces were not represented at the AGM last year because they hadn't taken this simple step.

Sincerely

Hal Bond, IO, IA
President, Chess Federation of Canada

Message from the Secretary:

First off, here is the calculation of CFC Governor allocations for 2008-2009. I ask that this info be sent to all provincial presidents and secretaries with a view to getting their federation's nominees for the incoming list of Governors. GL #9 will be the last Governors' Letter before the CFC Annual General Meeting and we would like to get all motions to be discussed at the AGM plus the incoming Governors lists as quickly as possible.

Calculation of CFC Governors for 2008-2009 (Source: <http://www.chess.ca/MemStats.htm>)

		F	H	J	L	O	P	Total	Prorated Total	2008-2009 Governors
Alberta	AB	2	1	26	27	150	29	235	206.00	5
British Columbia	BC		8	40	70	96	25	239	209.00	5
Manitoba	MB			10	4	53	6	73	65.67	2
New Brunswick	NB	2		5	7	52	5	71	65.00	2
Newfoundland	NL			1	6	15	6	28	23.67	1
Nova Scotia	NS			6	14	40		60	58.00	2
Nunavut	NU				1			1	1.00	1
Ontario	ON	9	27	110	164	523	87	920	820.83	17
PEI	PE			3	2	5	2	12	9.67	1
Quebec	QC		16		26	33	10	85	78.33	2
Saskatchewan	SK			3	14	14	1	32	30.33	1
Yukon	YT				1	2		3	3.00	1
USA	US		4		24	11		39		
Foreign	FO		5		6	2		13		
Total		13	61	204	366	996	171	1811		
CFC Fee		18	36	24	36	36	12			

The above calculation is done in accordance with paragraph 1 of By-law Number Two of the CFC which can be found at http://chess.ca/section_2.htm. Besides these, the Canadian Correspondence Chess Association President and the Chief Trustee of the Chess Foundation of Canada serve as CFC Governors.

As per paragraph 6 the reigning Canadian Closed champion and runner-up are also entitled to serve as Governors.

Secondly, Governors are reminded that motions expected to be voted on at the Annual General Meeting need to be submitted 30 days before the AGM thus anyone with motions intended for the AGM should get them in without delay.

The last month has been a tempestuous time for the Federation and while there seems a strong consensus that major reorganization is required it is not clear that there is a consensus as to what it should be. The Restructuring Committee is busy at work with recommendations for vote at the AGM and the mandate is to bring forward what is required to get the Federation moving ahead in a sustainable manner.

More needs to be done to support clubs and tournament organizers since these are the guts of the CFC's activities on a local level. Seeing the CFC's membership drop below 1000 regular members was hard to bear and with more activity this should improve. While there has always been natural turnover amongst TDs we need to support them in every way to retain this valuable resource to the chess community.

The bottom line is that we would be looking at a very different picture financially if we had the membership of 2003 (much less than target of 2500 regular members) though our membership is NOT at our 10 year low (October 2000 shows 1766). Chess has changed in the past 15 years and we need to emphasize the social element in our style of chess – there is much more to chess than G/5! Poker and bridge are just as Internet-friendly as chess and both are thriving as can be.

Sincerely,
Lyle Craver
Secretary, Chess Federation of Canada

Message from the Treasurer:

Dear fellow Governors,

My offer has been accepted and I am your new Treasurer, at least till the Annual Meeting. Thank you Hal in showing confidence in me.

My focus will be two fold:



Regular Treasurer Work

Here I will work closely with our ED, who is a professional accountant. It appears that our state of accounting since Bob Gillanders take over is on solid footing. However, he advises me that there are a number of outstanding issues, some going back two years and more, that might have a further adverse effect on our year end Financial Statement. To expedite the establishment of our year end Financial Statement, Bob has abandoned the quest for a third quarter update and I fully support this step. The former is far more important. We should have the year end Financial Statement by the end of May. We will be using bi-weekly cash flow forecasts as of middle/end of May. We will be on a regular monthly P&L by June for the Executive and will be able to provide the Governors with an up to date quarterly synopsis starting in late August.



Restructuring Committee

As you see in the President's Report, I will serve on the Restructuring Committee under the leadership of Gordon Ritchie. A few days ago I circulated my assessment of our current situation to together with a number of potential options to remedy the situation to the Executive.

My focus on the committee will be:

With the help of Tim Bouma get an RFP posted on our web site and as widely circulated as possible. Provide Financial Analysis for all proposals, third party and other. Provide a Risk Assessment for all proposals, third party and other. Through Les Bunning make sure

that our actions are legal. Provide input on the evaluation committee. Provide input for the final submissions to the Governors for vote.

In both efforts we shall share with you standing and progress, at least in broad strokes.

You can be of great help to us by providing your thoughts and comments. Please do so.

Of course, your questions are always welcome, please ask me at pstockhausen@gmail.com and you will get my answers and comments within 48 hours.

Regards
Peter Stockhausen
Treasurer

Executive Directors' Report

With regrets, I am unable to provide a 3rd quarter update as promised. The challenge of maintaining day to day operations has taken precedence. Considering the date, I will bypass a 3rd quarter update and go straight to work on the yearend financial statements.

I am absolutely delighted that Peter Stockhausen has volunteered for the position of Treasurer. Peter brings valuable experience to this key role as we navigate the choppy waters of restructuring the CFC.

In recent weeks we have focused our efforts on improving the reliability of our member database. For too long, this has been a major source of embarrassment as TD's no longer relied on it to verify valid members. Obviously, we can't guarantee no errors, but I encourage all to once again consider it reliable. Please help us keep it reliable by reporting errors promptly.

Current CFC membership stands at 1,811 as of May 1, 2008. This is an increase of 48 members from a year ago. This is a relief after 3 years of declining memberships. A breakdown of members by province and type are available on our website. Another positive statistic is a 7% increase in tournament activity for the first 4 months of 2008 over last year.

Respectfully yours,

Robert Gillanders
Executive Director
May 5, 2008

RESULTS OF VOTING:

Special Motion 2008-01 (Ordered by the President for e-mail vote)

MOVED: Urquhart SECONDED: DeKerpel

That the Executive enact the four-point plan as laid out in G.L. #7.

This four-point plan consists of:

1. Outsourcing CFC office operations to TKS
2. Broker the merchandise business to *Chess and Math Association*
3. The sale of the CFC building
4. Replacing the *Chess Canada* magazine with an on-line version

Votes Yes (16): Bluvstein, Bond, De Kerpel, Dutton, Gladstone, Hughey, Langer, Mallon, McDonald, McKim, Posylek, Ritchie, Starr, Tsui, Urquhart, von Keitz

Votes No: (32) Barron, Bunning, Cabanas, Craft, Craver, Demian, Dénommée, Divinsky, Duff, Einarsson, Farges, Haley, Lebedev, Long, Luiting, Molchanov, Nadeau, Niksic, Palsson, Pechisker, Profit, Regimbald, Smith, Steer, Stockhausen, Stringer, Thomas, Thorvardson, Varmazis, Wong, Wright, Wu

Abstentions: (1) Zugic

Pierre Dénommée: There are several reasons to refuse this plan.

1. The solution is not sustainable. The plan is like putting a plaster on a fatal wound: it may make you comfortable about the fact that you did something but it has no real effect on the survival of the CFC. It is unlikely that the CFC would be able to pay \$90,000 per year and still survive
2. The contracts that requires approval are so bad that it would be irresponsible to enter into them and to go to arbitration later (arbitration is far from being free). The parties are not even correctly identified (who is TKS, in case of lawsuit, anybody could deny being a partner in TKS). Furthermore, the obligations of both parties are not fully described in the contract, making any future enforcement of the contract very problematic. There is also missing a description of the penalties facing each party for non-performance. This is a serious omission.
3. There is no business plan to support this reorganization.
4. The Governors have not been involved from the beginning and there is still some information that we do not have.
5. It does not seem that alternatives have been properly studied. For example: leasing the second floor, leasing the entire condo (recurrent stream of income), keeping the sales of equipment and software while getting out of the book business. The profit margin on Chess tubes are excellent and there is no good reason to get out of this business.
6. There is a very serious risk that CMA will try to convert the CFC clients into CMA clients in order to avoid the payment of the commission.
7. CMA could be asked to take over many international expenses related to the participation of Team Canada to the CYCC, the World Juniors and Girls Championship and the World Individual School Championship.
8. The plan concentrates only on assets and neglects to look for structural problems within the organization. Adapting the CFC Constitution to the reality has to be done.
9. Income from the certification of Arbiters, Organizers and Coaches have not even been taken into account. FIDE makes a lot of money with that. A few thousands can be quickly made by collecting certification fees from all those on the Arbiters list that have appeared in a former GL
10. The building is a very valuable asset. We should strive to keep it. If we run out of money without a real estate asset, we are heading directly toward bankruptcy.
11. No public tender have been done. It is likely that we could get the same service for less if we take the time to look around. We might also be sued for favoring TKS.
12. Taking one more month to solve our problem could save us far more then what we are currently loosing.

I would like to express my appreciation for the excellent work of Bob Gillanders. We do now know the true financial situation of the Federation and tough decisions are lying ahead. We should take that decision *together* and fast enough to save our Federation. It is my humble opinion that the actual plan could easily ruin us completely.

I am willing to serve on any suitable committee to help finding a solution to this very serious problem.

Pierre Dénommée: The aim of the motion is to give us time to seek a fair solution to the serious problems facing our Federation. It is not the final solution, it is like stabilizing the patient to transport it to the hospital. We must stop the bleeding (loss of \$) before saving the life of the patient.

Off course, the primary problem of the CFC is *insufficient membership*. Unfortunately, this is not something that can be fixed overnight. Monetary losses must be stopped while we actively look for a solution.

This will also give us the time for writing a business plan for the CFC. Without accurate financial prevision, we cannot take a good decision.

Maurice Smith: The biggest mistake ever made in my eighteen years of being a Governor, has now been made by this Executive. By-Law Number One of the CFC states "The Head Office of the corporation shall be located at the City of Ottawa etc. etc." To change this obviously requires a constitutional amendment requiring two thirds approval. In any case divulging the Federation of all its assets including the building, chess supplies and magazine has to be a decision for the Governors. Didn't the President and any of the Executive know this or understand this? If they did, did they choose to just ignore it? If so, their decision was underhanded, unconstitutional and an insult to the Governors. You could also classify this as "How to lose your credibility in one easy lesson." If you lose your credibility, then how does that affect your decisions in the plan itself. After input from other Governors it seems that this may not be the best way to go after all. This is indeed unfortunate. Hal, Stijn and Bob have worked very hard to make the Office more effective and actually save the CFC. Until now they would have and should have received high marks from everyone. What I would still like to see is the present plan with a lot more financial information on each aspect. Also, I would like to see an alternate plan. Then we can better decide what the best plan is for the CFC to succeed. Keeping Robert Hamilton in the mix would be an asset because he is a proven chess promoter.

Bottom line? We have the most important plan ever involving the CFC that needs more details. It was given to the Governors in the worst way possible. That must not happen again. Let us move ahead quickly and decide on the best plan based on all the available information.

Peter Stockhausen: Dear fellow Governors,
Please consider my following comments before voting.

The four part motion to re-structure the CFC operation fails to provide:

- 1, a Business Plan.
- 2, a Financial Projection over three years and rationale.
- 3, a Comparative Analysis between the last three years and the projection for the next three.

TKS Contract

This contract has serious deficiencies:

- 1, There are no proper identifications to the legal entities of this agreement, complete addresses, offices, legal representation etc.
- 2, There is no reference whatsoever that TKS, its officers and/or employees have any record or qualification of performing the tasks that the CFC wishes to engage it for.
- 3, There is no **Cancellation Clause**.
- 4, There is no list of **definition of terms**.
- 5, **The renewal option** should be in favour of one or the other party.

6, **Chess Canada Online**, dates are specified but no reference whatsoever to content, format, structure, size, access protection etc. This has to be far more specific.

7, **Ratings**, again this has to be spelled out in far more detail, i.e. when, how, format, crosstables, backdating, archives, how to implement changes to calculations etc.

8, **FIDE**, the agreement is silent about registration for FIDE Championships, making payments for such, arranging travel for our players, submitting norm details, insuring that norms get awarded, follow up, correspondence, CYCC, WYCC, Canadian Closed, Canadian Junior etc.

9, **Fees**, Can a third party issue charitable receipts? The bi-weekly reconciliation has to be properly spelled out.

10, **Communication** needs really fleshing out. The quality of communication with our members is an absolute top priority. What is stipulated here is TOTALLY insufficient.

11, **Commerce site** provisions have to be specified. What is written is meaningless and cannot be enforced.

12, **Important document** provisions have to be specified, exactly what documents, how they will be shipped, when, to which address etc. (What is an “important” document to one party, may not appear that way to the other party There are also legal requirements to document keeping.)

13, **Technology Development**, Appendix A is not provided, the written paragraph is meaningless and unenforceable.

14, **Technology Reporting**, same comments as to 12 apply.

15, **Compensation**, this should be split into a base fee and an incentive fee based on membership, membership revenue, rating revenue and even measurable quality indicators. Date of payments has to be specified. Annual increases should be tied to the CPI for Ottawa.

16, **Increased membership**, this is an incomprehensible, non enforceable and meaningless paragraph. Objectives have to be measurable at set time intervals to become meaningful.

17, **TKS status**, who is/are the proprietor(s), address, legal representative etc.

18, **Binding Arbitration**, well at least there is a somewhat coherent paragraph. It should be strengthened. Overall, meaningful remedies to non performance of either party are really not covered in this agreement. Matter of fact, non performance is really not spelled out.

If the agreement is approved as above, it will put all risks on the CFC.

Financial Projections

Below are two financial projections which demonstrate that the proposed course will not help the CFC.

**CFC Proforma
Realistic**

	April 1 2008 March 31 2009	April 1 2009 March 31 2010	April 1 2010 March 31 2011
Commission 1	\$ 10,000	\$ 9,000	\$ 8,000
Membership 2	\$ 35,000	\$ 41,000	\$ 44,000
Rating Fees 3	\$ 21,000	\$ 24,000	\$ 26,000
Income from Found 4	\$ 5,000	\$ 9,000	\$ 9,000
Total Income	\$ 71,000	\$ 83,000	\$ 87,000
TKS 5	\$ 90,000	\$ 92,970	\$ 96,038
Int. Expenses 6	\$ 11,000	\$ 11,000	\$ 11,000
Audit, Bank, Phone etc	\$ 15,000	\$ 8,000	\$ 8,500
Total Expenses	\$ 116,000	\$ 111,970	\$ 115,538
Profit/(Loss)	\$ 8	\$ (45,000)	\$ (28,970)
			8. Clearly, significant revenue increases are required to break even.

1. This is an assumed payment from CMA.
 2. We cannot charge the same fee without printed mag. The decline maybe steeper and the recovery maybe slower.
 3. Rating fees closely follow membership.
 4. This assumes the proceeds from the sale of the condo to go to the foundation.

**CFC Proforma
Optimistic**

	April 1 2008 March 31 2009	April 1 2009 March 31 2010	April 1 2010 March 31 2011
Commission 1	\$ 10,000	\$ 11,000	\$ 12,000
Membership 2	\$ 38,000	\$ 44,000	\$ 50,000
Rating Fees 3	\$ 25,000	\$ 27,000	\$ 29,000
Income from Found 4	\$ 5,000	\$ 9,000	\$ 9,000
Total Income	\$ 78,000	\$ 91,000	\$ 100,000
TKS 5	\$ 90,000	\$ 92,970	\$ 96,038
Int. Expenses 6	\$ 11,000	\$ 11,000	\$ 11,000
Audit, Bank, Phone etc	\$ 15,000	\$ 8,000	\$ 8,500
Total Expenses	\$ 116,000	\$ 111,970	\$ 115,538
Profit/(Loss)	\$ (38,000)	\$ (20,970)	\$ (15,538)

1. This is an assumed payment from CMA.
 2. We cannot charge the same fee without printed mag. The decline maybe steeper and the recovery maybe slower.
 3. Rating fees closely follow membership.
 4. This assumes the proceeds from the sale of the condo to go to the foundation.

5. Since we are not paying bills, we will foot the GST.
 6. Mainly various FIDE Expenses, steady for years.
 7. First year has extra expenses after this audit, bank, phone and other expenses remain.

Hal Bond: I owe you all a sincere apology for the insult and even anger that many of you are feeling due to the lack of consultation with the restructuring placed before you. I have been caught totally off guard by your reaction. I believed that I was operating within my mandate. I really expected you to be happy with the positive changes in store for our Federation. Alas, how very wrong I was!

If I thought for a minute that our best strategy was to simply adapt to a shrinking Federation I would not have run for office. Our survival depends upon substantial growth on the revenue side of our income statement. This belief was a governing principle within our strategic committee. I referred to this plan as a no-brainer because:

1. It is less expensive than our current operation

2. It embodies a number of revenue generating programs

1. Less Expensive than our current operation:

Our current ED Bob Gillanders has provided some historical numbers and a 3 year forecast. Bob is a professional accountant (CMA). I have great respect for CMA's - I am a former CMA myself. Bob's assumptions in his forecast call for a 10% decline in adult memberships in reaction to the online magazine, followed by a 5% annual growth of membership and rating fees, and flat sales. Given that our new website will be open to the public and all sales generated from our website will be subject to a 12% commission, these are conservative assumptions but they provide a useful baseline.

From Bob's analysis, we see losses of \$112,065 over the past 3 years, for an average of **\$37,355** per year. The forecast calls for losses of \$45,324 over the next 3 years, for an average of **\$15,108** per year, with losses shrinking each year. I believe these projections are also conservative but the improvement over the status quo is clear enough: **an average of \$22,247 per year before any new revenues.**

2. Revenue generating programs

1. E-mail Marketing

Under TKS management the CFC will concentrate much more heavily on gathering and keeping current the e-mail addresses of all members. This will have a substantial impact on the CFC's bottom line.

With CFC member e-mail's, data-based communications between the CFC and its members can occur at almost no cost.

This will enable the CFC to promote chess events to its members freely, thereby increasing participation, membership and rating fees from events. It will enable the CFC to promote product sales through e-brochures. It will enable the CFC to issue renewal notifications and special offers to its entire membership base.

2. National Websites

TKS will be developing advanced websites for all major national CFC events. The website for the Canadian Open, for example, will include historical results and allow navigation by year for each event. Along with the national websites, TKS will be providing event images, promotional materials such as ads, posters and event stationary all of which will offset the costs of staging professionally run national events.

In consideration of providing a range of services to national events the CFC will charge national events a commission on entries of 20%. Based on a typical Canadian Open this would amount to approximately \$4,000 in revenues to the CFC. Based on a typical year of national events this will result in \$10,000 in revenues to the CFC.

Unlike existing websites for national events the new websites would aggressively promote the sale of CFC memberships, merchandise and related products.

3. National Chess Day

The CFC intends to work with TKS to establish a National Chess Day that would coincide with Father's Day each calendar year. All communications and the sales program for National Chess Day would be developed by TKS. Execution of the events would occur in co-operation between TKS and Provincial Association representatives.

On this day there will be simultaneous events staged in shopping centers from coast to coast featuring masters from throughout Canada. Typically shopping centers pay in excess of \$2,500 for such events. A revenue splitting arrangement would be established for these events that enabled provincial associations an additional revenue stream.

4. Online Advertising

The all new CFC websites to be developed would be aimed at a much broader demographic of chess players than the current CFC websites. Numerous initiatives such as search engine optimization will occur with the goal of attracting a much larger visitor base than the current CFC websites.

In addition to increased product sales, all websites would feature advertising from all conventional Canadian chess advertisers. Also, these websites would feature participation in affiliate programs for advertising the sale of a broad range of products. So, for example, one section of the website could feature the sale of Roger's cell phones, another airline tickets for Westjet, etc. All affiliate partnerships would be monitored with the most successful becoming benchmark programs and new ones being tested frequently.

The above initiatives would create new revenue streams for the CFC in online advertising.

5. Canadian Biographies

Currently there is no company that markets a personal biography website to chess players.

TKS will develop and market a self-customizable website for the CFC to promote. On this website, CFC members and others would be able to add biographical information, input games, add photo's and have the biographical website hosted by the CFC.

The cost of purchasing all of the software tools to do the above will be \$99.00. If, after the above described membership changes the CFC has 2000 members and 50% of them were to purchase the above software, revenues to the CFC from its members would be about \$100,000.

TKS has developed such websites in the past year. Please visit www.dllugy.com

6. Sponsorship Websites

Most Canadian organizers are ill equipped to approach government/corporate sponsors about sponsorship of chess events in Canada.

TKS will develop an attractive sponsorship website complete with "how to" kit for any organizers in Canada who wish to use it as part of their revenue generating initiatives.

Usage of the site would be licensed out by the CFC to event organizers who would be provided access to it. The CFC would receive a commission of all sales achieved by organizers who use the website.

TKS has generated revenues in chess from corporate sponsors, government sponsors and private investors

of approximately \$7,000,000. As the relationship between the CFC and TKS evolves a natural extension of the CFC's could be to have TKS assist the CFC more directly with revenue generation.

7. Membership Structure Change (subject to future Governor approval)

I believe we should revisit this issue, as mentioned in GL #7. This will require input from provincial associations as well as the governorship. Please reconsider the merits of a membership fee increase.

Conclusion:

It is our collective opinion that the combined impact of the foregoing initiatives will return the CFC to profitability within a timeframe much shorter than the duration of the TKS agreement.

Inspite of the awkwardness associated with this whole process, (again, I apologize!) I hope that you can join be in embracing this exciting new future in Canadian Chess.

Motions for Final Vote:

Motion 2008-10: (Moved/Seconded Peter Stockhausen/Lyle Craver)

Bonus Points in the Rating System

Comments

About ten years ago we removed just about all bonus point provisions from the CFC rating system. This had the effect that any trace of inflation was removed. While theoretically appropriate, as in the general economy, it is a VERY bad idea. A little inflation is absolutely necessary to keep the system and our customers going.

Therefore we propose the following:

A, Participation Bonus (No Restrictions)

Rated 0000 - 1000	2.00 Points per game played
Rated 1001 - 1800	1.50 Points per game played
Rated 1801 - 2000	1.00 Points per game played
Rated 2001 - 2200	0.75 Points per game played
Rated 2201 +	0.50 Points per game played

B, Result Bonus

(Performance Rating must exceed highest CFC Rating ever)

0% - 59%	No points
60% - 70%	5 Points
71% - 89%	10 Points
90% +	15 Points

Lyle Craver: In periods of declining membership some rating deflation is inevitable if no special measures are taken. Few if any players leave the rating pool lower rated than when they started. This is hardly surprising since nearly everyone learns something from playing tournaments which they apply to future tournaments. The mere experience of participating in tournaments causes players to better their skills and thus raises their playing strength. I think Stockhausen's motion should be adopted and the sliding scale makes it clear that no one will reach for the top other than by his/her own merits.

Maurice Smith: I agree with Motion 2008-10 to reinstate bonus points. I do not think we have to worry about anyone becoming a GM from being an active player. We need more incentives for the class players who are dropping like flies. This is a good initiative.

Motions for Second Discussion: none

Motions for First Discussion: None

(Note: these are Notices of Motion intended to be voted on at the Annual General Meeting – ed.)

Motion 2008-11: (Chris Mallon / Michael von Keitz)

That the CFC cancel the interim affiliate status of the FQSE.

Background: The FQSE has apparently done virtually nothing except recruit volunteers for its board and ask for donations - no tournaments, no signs of new memberships. They've had two years. "Interim" is not forever, it was intended to be a stepping stone to full affiliate status. I also note as per By-Law 1, Section 15, any Governors elected by the FQSE are not permitted to vote on this motion, which otherwise requires a 2/3 majority of votes cast.

Motion 2008-12: (Chris Mallon / Michael von Keitz)

To modify By-Law 1, Section 15 of the CFC handbook dealing with interim provincial affiliates as follows:

Add a paragraph after "... are not eligible to participate in that vote. ":

Interim affiliates must actively seek to renew their affiliate status at each AGM, requiring a simple majority of votes cast to maintain their interim affiliate status. They may also request full affiliate status, and should that motion not pass then a vote would automatically be held on maintaining their interim status for another year.

Pierre Dénommée: The following FQSÉ Governors positions need to be elected

- Coordinator
- Director - Communications and Marketing
- Director - Competitions (**Urgent need**)
- Director - Developpement of Players and Coaches
- Director - High Performance
- Secretary-treasurer

The FQSÉ really need an active director of competitions to organize tournaments.

There will also be an election for the incoming CFC Governors for the next CFC AGM in Montreal.

Deadline for becoming candidate: Thursday May 15th 2008.

An election will be held unless all positions are acclaimed.

For more information: csoe@fqsporTechcs.info

General Comments from Governors:

Michael Barron: I was waiting for additional information until last hour, but have to agree with David - there are still many questions that have to be addressed before we could approve the Restructuring plan.

It's obvious that the CFC can't operate the old way.

It's obvious as well that the proposed motion is defeated.

What's next?

I would suggest the following temporary emergency plan, which we could discuss and vote point by point in the coming weeks, before we could address strategic questions:

1. Stop all CFC spending immediately.
2. The only payments that should be made in time are FIDE dues and rebates for Provincial chess organizations.
3. Stop producing printed CFC magazine.
4. Sell book and equipment business to CMA.
5. Sell or lease CFC condo (get quotes and discuss our options).
6. All CFC operations should be performed by volunteers - just like it do OCA, GTCL, and all other chess organizations in Canada.
7. The only exception is maintaining CFC member's database and rating system, because the CFC collects additional rating fees. This function could be done by independent contractor, but the price of this contract can't exceed the rating fees collected.

Any seconder?

Regards,
Michael Barron

Valer Demian: Hello everyone,

While the extraordinary actions taken have been necessary, the lack of communication is regrettable! The real question is not if we agree or not with a done deal, but what is the use to have all these governors if their input is not required when facing tough situations? Are the governors needed just to make motions and small work? Example: CFC is in a critical spot, but governors get to discuss motion 2008-10.

It is very possible this system with several governors is obsolete and what has happened lately points in that direction. Is this situation going to stay the same (keep this governors structure)? Well, given what has happened lately I think this would be a wrong decision! If CFC seeks such dramatic overall changes, all aspects of operation - including governors - should be reviewed.

Pierre Dénommée: At the Ottawa AGM it was decided to send the Arbiter certification issue to a committee. Given the current financial situation of the CFC, I cannot blame the executive for delaying this issue. If the AGM has elected the members of this Committee, the issue might have been already settled.

There has been a weak attempt to resurrect the program: I wrote a new certification exam and I was willing to grade them for the entire country (I have no illusion on the small number of applicants). In fact nobody did apply because of a lack of promotion.

I am ready to serve on this Committee and I have already written a proposal for a new certification program, the only missing thing being the CFC approval.

In view of the current outsourcing effort, it may be worthwhile to ponder about outsourcing arbiter's certification to a non-profit organization controlled by arbiters. Canada Basketball is only signing recommendation for the international title, the rest being done by CABO (Canadian Association of Basketball Officials). Since there is no professional Chess league in Canada, it is doubtful that such a model would be successful.

An FQSÉ affiliate has almost finished a level 1 instruction manual for arbiters and has translated the Laws of Chess and all other important rules. Another FQSÉ affiliate has published an information package on how to start a Chess club under Quebec Laws and how to run a chess club efficiently.

Phil Haley: The CFC has a lot of potential to be a successful operation. poor execution over the recent past has led to the present situation...when the ratings are not done properly and on schedule...when renewals are not sought and received...when book and equipment advertising especially for the Christmas season is missing from Chess Canada...when emails are not answered...when Chess Canada has been cut back from 12 issues to four issues a year...when financial updates are not provided on time...it is not much wonder that we have suffered...we need excellence in each aspect of our operations...Bob Gillanders has demonstrated the benefits of excellence in his turnaround of our rating problems.

We are fortunate to have the recent volunteering of the services of Peter Stockhausen and David Lavin. I would suggest that it would be highly worthwhile to have a two day meeting of Hal Bond, Bob Gillanders, Peter Stockhausen, Gordon Ritchie, Les Bunning and David Lavin to review the situation and come up with a proposal for quick discussion and vote by the governors.

It would be helpful to have a year by year tabulation for the past five years of such items as membership numbers, membership income, rating income, gross profit on sales, FIDE expenses, Olympiad expenses, and apportioned office costs allocated to membership, ratings, sales etc.

I believe it was a major mistake to reduce the frequency of publication of Chess Canada from 12 times a year to 4 times a year...and the same holds true if we go to an on-line publication...even if each issue is smaller we surely need one issue per month...with only four issues per year it is impossible to be timely for news, advertising of books and equipment and advertising of upcoming tournaments.. Bob Armstrong already provides regular news well prepared and timely and perhaps this could be integrated with Chess Canada..

I have always been in favour of collaboration with Larry Bevand and I believe that some agreement is essential in this area...the meeting of the group proposed above could give detailed consideration to what is the best arrangement for Canadian chess as a whole in formulating a mutually beneficial agreement with Larry Bevand. The same holds true for an agreement with Robert Hamilton or any other person or group who is willing to submit a proposal. Robert has the experience and know-how and could be expected to do a good job but it has been apparent that in fairness other parties should be given the opportunity to make proposals. The group of six as proposed above would also be able to assess what to do with the present CFC building in Ottawa...regardless of what the final decision is in this regard, we should obtain several real estate professionals' best estimates of potential sales price.

Phil Haley I.A....former president...former secretary...former ratings commissioner...former FIDE representative

Hugh Long: I think doing away with the magazine is a big mistake. The magazine is very good and probably why most people join the CFC. You are worried about membership in the CFC now, without Chess Canada there might not be a CFC. I would make the magazine a top priority.

Motions for Final Vote:

Motion 2008-10: (Stockhausen/Craver) Bonus Rating Points

Please vote Yes No Abstain

Motions for Second Discussion: None

Motions for First Discussion: (it is expected that these motions be voted on at the Annual General Meeting)

Motion 2008-11: (Chris Mallon / Michael von Keitz)

That the CFC cancel the interim affiliate status of the FQSE.

Motion 2008-12: (Chris Mallon / Michael von Keitz)

To modify By-Law 1, Section 15 of the CFC handbook dealing with interim provincial affiliates as follows:

Add a paragraph after "... are not eligible to participate in that vote. ":

Interim affiliates must actively seek to renew their affiliate status at each AGM, requiring a simple majority of votes cast to maintain their interim affiliate status. They may also request full affiliate status, and should that motion not pass then a vote would automatically be held on maintaining their interim status for another year.

Deadline for submissions to GL#9 is Friday June 6, 2008

Responses may be mailed, faxed or E-mailed to the Chess Federation of

Canada, E-1 2212 Gladwin Crescent, Ottawa, ON, K1B 5N1

fax: 613-733-5209, E-Mail: info@chess.ca