

What if we choose to accept AWWA's demands regarding how NEWWA, a Section of AWWA must be restructured and managed? (AWWA's "two entity" cure)

The "Two-entities" cure per AWWA:

- 1) The New England Section is reorganized as a new, separate, IRC 501(c)(3) legal entity (corp. or LLC)—the "New Section."
- 2) The New Section signs a new Affiliation Agreement and the old Affiliation Agreement with NEWWA is cancelled.
- 3) The New Section will have a separate, distinct Board from NEWWA Inc.
 - i. A majority of the New Section's Board members must be independent directors (i.e., cannot concurrently serve as a NEWWA Inc. Board member).
 - ii. The New Section may not have joint officers with NEWWA Inc. (i.e., no current NEWWA Inc. officer can also be a current officer of the New Section).
- 4) NEWWA Inc. may choose to be the sole source management firm of the New Section per a three-year management contract providing as follows:
 - i. The New Section will compensate NEWWA Inc. for all management services (including rent, office expense, conferences, training, etc.), for the first three years, by payment of 50% of the amounts received by the New Section from AWWA as its annual allotment and assessment.
 - ii. Retention of 100% of conference & training revenue by NEWWA Inc. will continue for the initial three-year term of management contract.
 - iii. So long as NEWWA Inc. provides management services to the New Section, members of the New Section must get the same discounts on training, conferences, etc. that are offered by NEWWA Inc. to anyone else, including NEWWA Inc. members.
 - iv. After three years, NEWWA Inc. and the New Section may renew the management contract on the basis of arm's length negotiations.
 - v. Any renewed contract must begin the process of equitably allocating conference & training revenue, as it may be offset by management fees.
- 5) The New Section will have separate finances, books, budgets, ledger, bank accounts, etc.
- 6) The New Section will have a separate financial audit at least every three years.
- 7) Only the New Section has the rights provided in the Affiliation Agreement for the Section, including the rights to use AWWA IP & branding.
 - i. NEWWA Inc. will have no such rights.
- 8) AWWA would not interfere with or object to the sale of separate NEWWA Inc. memberships.