

MINUTES
Colorado Mountain Club
Board of Directors Meeting
American Mountaineering Center
July 23, 2015

Call to Order: Kevin Duncan (3:01pm)

Attendance: Jeff Flax

Present: Kevin Duncan, Matt Biscan, Linda Lawson, Jeff Flax, George Barisas, Craig Clark, John Fernandez, Jason Kolaczowski, Donna Lynne, Bruce McClintock, Ray Shem, and John Spidell

Not present: Bill Landsberg, Scott Otteman, Matt Stevens, and Kevin Volz

Staff present: Scott Robson (Executive Director), Chun Chiang (Director of Finance), Rachel Vermeal (Marketing Director), Leslie Woolenweber (Development Director), and Krista Williams (Accountant)

Guests Present: Bob Collins (Denver Group Safety and Leadership Committee), Sue Henley (Denver Group Safety and Leadership Committee), and Art Hogling (CMC Foundation President).

3:14 pm Additions to Agenda - None

3:14 pm Member Comment Period - None

3:15 pm Consent Agenda Additions - None

3:16 pm Approval of April 2015 Minutes: PASSED

- Moved by Kevin Duncan, seconded by Jason Kolaczowski
- Minutes for April, July, and October 2014 still required approval – Jeff Flax will get these to Chun Chiang for distribution.

3:20 pm

Finance Report: Linda Lawson, Treasurer

Financial Highlights Discussed

There are nine Months Ended on June 30, 2015 – one quarter left, few changes remaining.

2014/2015 Budget Assumptions were reviewed. The 2014/2015 Assumptions are consistent with all prior quarters financial discussions.

Actual results through June 30, 2015, were shown in a PowerPoint presentation. With only one quarter remaining in the fiscal year it is unlikely there will be any big changes in results.

Revenue Highlights: Membership, contributions and school revenue continues to be lower than budget. AT is considerably below budget due to trips not being filled or being canceled. Press sales are higher than expected due to new titles. SCFD funding is higher than budgeted.

Expense Highlights: - Salary and contract combined are over budget by \$40K. Events contribution is lower than budget due to lower revenue and higher expenses. AT expenses are lower than budget as a result of lower revenue but the cost ratio is higher than budget.

2015/2016 Proposed Budget Assumptions

Staff:

- Merit salary increases budgeted at 2½ to 3%
- Benefits remain constant
- FTEs remain at 23

Grants:

- SCFD funding estimate is \$213, and increase of \$5K

Members and Groups:

- Current membership count remains static with the exception of Denver Group, which is expected to generate a 10% increase as a result of lower dues (see Restructuring Task Force)
- Individual contributions remain relatively flat at \$100K (exclusive of capital campaigns)
- Board contributions increase to 2½% of total revenue, or \$50K, an increase of \$25K
- Processing fee for new members eliminated as part of flat fee; section dues remain in place

- Dues flat rate of \$70 individual and \$90 family, with assumption any members lost due to dues increase in smaller groups will be offset by equal number of new Denver Group members

State Financial Position:

- Tight cash position
- As needed, it will be necessary to temporarily operate on cash from schools and AT
- Expect losses early in year until SCFD funds received; there are also fewer schools in summer with the number of school offerings increasing in fall
- Accounts Receivables will increase due to new titles from CMC Press and SCFD

Depreciation Expense will be for the following assets:

- AMC = 50% of building
- Vehicle bouldering bus
- Trail crew truck, which was donated to CMC

Scott Robson and Chun Chiang gave the following report on 2015/2016 new member initiatives:

- Spring drive
- Conservation expense will decline in 4th Quarter
- AT will not increase
- Four new events to generate revenue:
 1. Happy hour - \$300 each
 2. Wild and Scenic Film Festival
 3. 3rd Party activities
 - Colorado Outfitters
 - Fund Raising Fall Fling
 - CMC receipt of pro deals – unsure of projected income
 4. ARCTRYX events - % of sales donated to CMC

General Interests

- Partnership with travel groups (*e.g.*, Road Scholar)
- More ads in OUTSIDE Magazine (900K distribution)
- Need more data on trips (*e.g.*, member v. non-member)
- Get the right leaders for the right trips (including personality and interests)
- More statewide uniform leader training
- Feedback after trips

**3:44 pm State Council Update and Current Status of Council:
Matt Biscan, Vice-President**

Groups did not want to consolidate as part of restricting. The goal is to revitalize State Council with the State Board of Directors and CMC staff.

3:45 pm Nominating Committee: Craig Clark

The Nominating Committee is comprised of Craig Clark (Chair), Kevin Duncan, Jeff Flax, and Scott Otteman. The committee met and determined there is a need for a total of 15 board members in total with six seats coming open (these include seats in which board members wish to continue to a second term).

The goal is to have candidates identified by the end of August. Interviews will be conducted in September with recommendations to be made at the November 2015 Board meeting, including time to consult the State Council for their approval of new Board members. The Committee will seek candidates representing diversity in age, gender, skill set (*e.g.*, fund-raising, database, strategic planning), and color. Linda mentioned the Black Climbers Association.

Craig is reaching out to potential candidates. The candidates do not necessarily need to be current CMC members – they would, however, need to join if not. It is recognized that the Denver Group Council (DGC) has six openings and that the Committee take care not to compete for the same candidates (although it was noted that members could serve concurrently on the Board and DGC).

Matt Biscan indicated that candidates are needed to represent non-Denver Groups. The focus should not be just climbers, but consider fund-raising skills as well. Some boards require each trustee to raise \$5K per year.

Kevin Duncan advised he would reach out to the Ft. Collins and Boulder Groups. The bylaws require the representation of at least five CMC groups. Additionally, there are five Board committees, which require Board member participation. We hope to receive more candidate applications than there are open Board seats.

3:55 pm CMC Awards Committee Update: Kevin Duncan, CMC President

Currently there are two CMC awards; the Ellingwood Award and the Blaurock Silver Piton Award. The Awards Committee requires new Board members. The Ellingwood award is based on mountaineering skills and accomplishments. It is awarded at the Fall Denver Group annual dinner. The Blaurock Silver Piton Award is given to a member who has made substantial volunteer contributions to the CMC over many years.

The chair of the Awards Committee has resigned. There is a need to refresh the Committee. Scott Robson advised he was not aware of the activity and the process of the Committee. There has never been an effort to solicit nominations for the awards through the *Trail and Timberline* publication.

There is not a wide recognition or exposure of these awards within the club. There should be input for the awards within the CMC among members across the state. These awards should be a big deal and have a scope beyond the group annual dinners.

Linda Lawson indicated 40-year and Life members who have a great deal of experience in the CMC should be considered for the Committee. We might consider committee members who are not CMC members, such as active climbers and hikers in the state.

New awards, in addition to the two awards currently given, should be considered. There should be an effort to identify members in the younger demographic in order to send a message to younger members about their importance to the CMC.

Scott Robson suggested awards might be considered for members and non-members who are doing something remarkable (*e.g.*, the climber who just completed all of the 14'ers), and those who have accomplished outstanding achievements. These awards should be publicized in the press.

Motion to create two new awards offered by Matt Biscan and seconded by Linda Lawson: Passed Unanimously

There will be two new awards created awarded, but not necessarily annually. The awards are subject to additional study. One award will be called the CMC Merit Award. The second will be for members 35 years old, or younger, who have made significant achievements with the CMC. These will be subject to the Awards Committee. There may be more criteria for awards than currently exist. It was suggested that plaques be displayed around the CMC office with the names of the awardees. Matt Biscan suggested a new award be for achievement, but not necessarily over a lifetime.

Scott Robson advised staff would refine the terminology and language for the awards. There may be an additional award given to women members called the Mary Cronin Award. Scott will send a memo in coming days to the Board detailing the award criteria and the process.

4:08 pm CMC "Approved Activities" Discussion – Amendments to the Board Manual: Scott Robson, CMC Executive Director

There have been discussions about various activities, which may be added to list (*e.g.*, certain Adventure Travel (AT) activities and scuba diving). In 2002, the Board listed activities, which were permitted and not permitted. The CMC insurance coverage is based, in part, on what activities the CMC engages. For example, the AT committee has indicated they would like to add kayaking and other water sports. We would need to

ask our insurance providers what activities could be added as part of our policies, along with the cost impact of any additions.

Matt Biscan discussed the compliance with standards and exposure with respect to our coverage of not doing so. Sections should be removed if the insurer does not require certain conditions.

Scott Robson indicated we should explore the use of rental cars by AT travelers, high altitude issues, and other specific activities.

Chun Chiang advised the current insurance policy is based upon underlying activities. It may be harder to obtain insurance now due to increased risks. There needs to be a distinction between outfitters and our leaders, some of which concerning outfitters are not included in the present CMC Liability Release Form.

Rachel Vermeal advised there are some loopholes in many policies. She suggested there is a need to work with insurers who write policies for the outdoor industry. We should shop around because of our outdoor activities. There have been changes in the insurance industry over the past 10 years.

George Barisas indicated we would need to make full representations of our current activities as part of any application process.

Ray Shem suggested the Board Manual should be revised in small sections, with a review of that section at each Board meeting. This could be assigned to the Governance Committee. Bruce McClintock noted that part of the Board Manual is operational.

Scott Robson questioned the immediate need to shop our coverage. Instead we should ask our current carrier about approved and proposed activities. The current activities should be in the Board Manual. There is a question whether the coverage is for human powered activities only, or if there should be an AT component added. And, what is the definition of human powered? Also, could added coverage be offered individually to members participating in certain activities? We need to update the Board Manual as soon as our insurers provide clarifications. Additionally, how is our coverage affected when our activities are conducted with partners, such as outfitters? Scott will approach the current insurer to better understand the coverage for AT activities, and the impact of adding activities such as scuba diving, including the impact of 3rd party liability with partners where CMC resources are used. Scott will also meet with AT Committee Chair Linda Ditchkus regarding their suggestions for additional language and coverage.

It was agreed there would be no action on this matter at this time.

4:45 pm Restructuring Task Force Update: Scott Robson, CMC Executive Director

The results from the Task Force primarily address dues structure across the club, group website consolidation into CMC.org, and improved group financial management. There needs to be more discussion about the consolidation of smaller groups.

Last month, Scott met with several of the groups regarding the task force, including group consolidation. There was considerable pushback from the groups regarding this proposal. The groups believed consolidation would add another level of red tape and delays, including an increase in driving to meetings around the state. Members like being associated with each other in their group.

The Task Force recommendations are:

1. Financial Information – insufficient and incomplete information from some groups. This is not an area of flexibility with the auditors.
2. Group Website Consolidation to CMC.org:
 - There is general buy-in from the groups that operate their own websites (the three larger groups; Denver, Ft. Collins, and Boulder).
 - Their concern is to retain current functionality and editing capabilities.
 - Denver Group is particularly concerned given the quantity of information on their site
 - Ft. Collins Group (the smallest of the three) will migrate first in order to workout the process and procedures. The Boulder Group will follow the Ft. Collins Group's migration.
 - The migration will begin as soon as possible. Staff time will be adjusted to accomplish and support the project. Jeff Golden will be moved to full-time and will take the lead on the migration of group websites.

3. Financial Management:

Group treasurers will be required, as of October 1, 2015 (start of FY 2016), to provide their quarterly bank statements, quarterly P&Ls, QuickBooks records (in place of check registers), and back-up documentation. The CMC Executive Director shall sign-off on all contracts, building leases, and agreements with corporate partners. Further, he shall be the second signatory on all group bank accounts. These steps will ensure good financial management using Generally Accepted Accounting Principals, including recognition of applicable recommendations by the financial auditors. The manual for group treasurers is being updated to implement these requirements.

Chun indicated this might be an issue for smaller groups with revenue under \$1,000. For example, there has been an issue with the Western Slope Group not

cashing all of its checks. However, the state will work with these groups to ensure compliance. This may include incentives for CMC insurance coverage for their leaders and volunteers. A question was raised about decertification groups as a penalty. It was noted that 85% of funds are in Denver Group accounts. Kevin Duncan recommended these financial requirements be implemented, and then deal with any group that does not respond in terms of decertification. Scott Robson advised that he will notify of these requirements the groups of potential consequences. George Barisas suggested a level of sensitivity in this matter and not lose sight of the history of the smaller groups.

4. Dues Structure:

The new dues structure will add funds to group budgets, and could increase their dues revenue from hundreds to thousands of dollars. There was consideration of a two-tier structure, one for the Denver and Boulder Groups, and second for the rest of the groups in the state. However, the Task Force recommended single statewide dues. Additionally, there was consideration of pay-to-play costs to members for certain activities and sections. The decision was to not include any play-for-pay charges under the new dues structure. The new dues structure continues to allow groups to charge dues for sections, such as the Photography, Trailblazers, and Rocky Mountain Over The Hill Gang. The new dues structure will go into effect on October 1, 2015.

The new dues will be \$70 for single members, \$90 for family memberships, \$30 for young adults under 30 years old, and \$35 for Friends of Colorado memberships. The new dues structure will mean 84% of members will see their dues remain the same or decrease (16% will see an increase in their dues). Most of the 84% of these members are in the Denver Group. The one-time \$25 charged for new members and memberships will be discontinued under the new dues structure. Ray Shem pointed out that the state constitution allows each group to set its dues. Therefore a change in the bylaws may be needed.

The CMC will incur a \$17K loss under the new structure. This will be offset in the next year based on a 10% growth in the Denver Group. It is recognized that 10% is an aggressive figure, but this step is reasonable given the decrease in Denver Group dues.

Current state memberships are 3,834, with a projected increase to 4,057. 3,392 members will be paying lower dues, and 665 memberships will be paying more. With exception of the Denver Group, the breakout on dues will be \$55 to the state and \$15 to the respective group. The Denver Group breakout will be \$65 to the state and \$5 to the group. The groups will retain any school revenues. Under this model, the Denver Group will no longer pay the Fee For Service, however the group will continue to pay for room usage at the AMC. It was noted

that some groups that now receive \$2 to \$5 dues per member will now see \$15 per member in dues revenue. This will provide an incentive to recruit new group members.

A discussion took place regarding the next steps toward implementing the dues structure, including whether to seek concurrence from the groups and/or the State Council, and what would be the consequences if any of the groups do not agree to these changes. Donna Lynne indicated this is an action for the Board to decide given it is the best interest of the CMC. The CMC Bylaws, Article 3.1, states, in part, that, “(a)uthorizing any changes in membership fees and all charges within the Club.”

Jason Kolaczowski stated it is optimistic to expect those who will see a 16% increase in dues may not renew their memberships and that CMC will realize a 10% growth. Scott Robson advised there would be an increase in the marketing budget in 2016, with a shift in focus from other projects to an increase in membership growth and retention. There is an expectation in the loss of some membership, however this is in line with the market. It was noted that the state dues revenue would decrease from \$321K to \$294K. However, CMC dues revenue represents only 16% of its \$2M budget. An 8% increase in memberships will offset the loss in state dues. Additionally, new members will likely provide an increase in school and other revenue.

Rachel Vermeal advised she will add the dues changes to the list of priorities for the website developers, along with the implementation date. They can begin the programming on August 1, 2015.

Motion to create the new membership dues structure across the state, with dues to be set by the Executive Director, offered by Bruce McClintock and seconded by Linda Lawson: Passed Unanimously

5:35 pm Update on current web database issues: Scott Robson and Rachel Vermeal

The Denver Group Safety and Leadership (DS&L) committee proposed in a memo to urge staff and the Board to undertake a capital campaign in FY 2016 to raise funds (in six figures) to design and implement a new database and website. Linda Lawson advised the role of DS&L is to manage and certify leaders, and to investigate accidents, with the Denver Group. The current database does not address many of the committee’s needs. For example, there is no method of determining when a leader was first certified, which classes they had taken and passed, and whether and when they had taken avalanche training in order to be certified to lead winter trips.

The current system has left leaders aggravated and unappreciated as there have been many inconsistencies and bugs in the system such as the emailing of trip confirmations, which some members receive and other do not for the same trip. Over the fourth of July weekend rosters were lost or modified, and trips were deleted from the system. The DS&L proposal is a call to action to remedy these and many other issues in managing the activities within the club.

Scott Robson indicated that CMC staff is also frustrated with the system. The Outdoor Alliance based in Washington, D.C., is a grant writing and consulting firm. In turn, the Alliance is working with Percolator, a firm out of Seattle, which is also working with the Mountaineers. Percolator is conducting an analysis of non-profit databases, including the CMC. The Outdoor Alliance is paying Percolator \$18K. Scott Robson advised he approved \$1,400 as part of the analysis of CMC's database. The study is underway which will provide recommendation and costs to improve or replace CMC's existing systems. We will be in a better position to determine fundraising goals following the cost estimates from Percolator. Questions were raised about the cost of the website redesign in addition to a replacement database.

Rachel Vermeal advised the current system is website oriented, rather than database oriented as the CMC requires. This distinction is the cause of many of the recent issues with the website. Our data and web requirements are complex as these include trips, reports, contributions, financial management, etc.

Matt Biscan indicated the CMC should start raising funds now for the project. Kevin Duncan believes that before we ask each member to contribute \$50, we will need to have cost breakouts and other information. Members will require confidence that the redesign is being correctly. Additionally, we will require matching funds. It is harder to raise funds for an intangible project such as a website, than a project such as a building. This especially true for a replacement website that was just created a few years ago.

Linda Lawson discussed the need for deliverables. These would necessarily include user requirements. There has not been a capital campaign other than for the AMC. There have been a number of leaders who have stopped leading due to problems with the website. Bruce McClintock stated the Board and staff must take this issue seriously.

Scott Robson indicated that there is no quick fix for these web and database issues. The new system will include input from members.

5:50 pm New Charitable Giving Policy: Leslie

The new charitable gift policy needs to be approved at the October 2015 Board meeting. A draft was provided and an updated draft will be made available before the October meeting. There are three specific points on fundraising, another policy covers restricted funds.

The new draft includes revised language, existing practices and CMC giving following CMCF's giving policies. However, we should not reference the policy of another non-profit. This policy is needed to specifically define what assets and gifts the CMC is willing to receive, and what it does not wish to receive. Gifts the CMC may not wish to receive might include those that require an undue administrative or financial burden; have potential liability; are not consistent with CMC's mission, do not violate CMC's policies, Bylaws, or Articles of Incorporation; and may present a conflict of interest to the club. For example, the club may not wish to accept real estate, annuities, or stocks. A policy on bequests should also be considered. The new policy aggregates various policies into one document.

It was suggested the policies be set by CMC's Executive Director or by the Board's Executive Committee.

Bob Collins advised every non-profit organization has a gift acceptance policy. Additionally, guidelines should be established as part of the policy.

5:58 pm Executive Director's Report: Scott Robson

Scott discussed the following items, which were provided in more detail in his written report to the Board:

- Focus on database
- Staff changes
- Marketing and Marketing will be combined into one department
- Member growth and retention
- Conservation staff will remain at ¾ time
- There will be a greater focus on technology for data analysis for membership
- SCFD is conducting a survey of all grantees to determine funding changes
- There will be a new Canyonlands book out soon, which represents CMC's 50th title
- The next Board meeting will be on October 17, 2015 at the CMC.
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6:10 pm Adjourn

Respectfully Submitted,

Jeff Flax, Secretary
Colorado Mountain Club Board of Directors