

Colorado Mountain Club Board of Directors Minutes of January 22, 2005

Attendees

Officers: Sherry Richardson, Lon Carpenter

Board: Colleen Back, Susan Baker, George Christman, Sandy Elliott, Jay Fell, Kent Groninger, Janice Heidel, Cheryl Katschke, Carol Kurt, Ed Seely, Wynne Whyman, Alice White, Frank Drumm

Board Candidates: Art Hogling, Earl Hughes, Gavin Maurer, Jose Vallejo

Staff: Kristy Judd, TJ Brown, Gretchen Hanisch, Cathy McGuire, Vera Smith

Committees: Jeff Parsons: Risk Management; Russ Allen: Toponymics; Bea Slingsby:
Adventure Travel

Others: Nancie Biery, Pueblo Group Chair; Blake Clark, Denver Group Chair; David Hite,
Denver Group

The meeting was called to order by President Sherry Richardson at 10:10 am, with introductions and member comments:

Nancy Biery and the Pueblo Group meet two months ago to discuss dissolving the group. The group will meet at a local nursing home in two weeks to honor a long time climber who is now in the home. They will also discuss the dissolution. Nancie feels the area's population (100,000) is large enough to support having a group there, and that there are many active hikers and outdoor opportunities. She invites the board to visit (note: The April Board meeting is tentatively scheduled to be in Pueblo). Sherry thanked Nancie for her efforts.

George Christman reported that a long-time member, Jean McGuey died recently, and that the group will hold a commemorative on June 30th on top of one of her favorite mountains in Vail.

Carol Kurt reported that Barbara Buettner recently died of cancer. She was a member for 40 years, and had been active in the group as secretary and treasurer.

Additions to the Agenda:

Toponymics Committee discussion of CMC endorsement for naming of Mt. Mahler – Russ Allen;
Lobbying permission for Conservation Department – Vera Smith

Approval of Minutes for 9/22/04, 10/16/04, 11/8/04

Ed Seely suggested one correction to 10/16 minutes

MSC: Drumm/Baker

2004 Audited Financial Statements – Report by Auditor, Sue Engle

Note: Comments are tied to the following handouts:

Financial Statements for fiscal year ending September 30, 2004, with Independent Auditor's Report;
Highlights of Financial Statements
Auditor's letter with comments

Auditor's Comments and Questions/comments from the Board:

- ☐ Current net worth is \$2,332,520, with the biggest portion (\$1.8MM) coming from building, furniture, and equipment;
- ☐ The remainder leaves operating expenses of about 3.5 months.
- ☐ A discussion followed about these first items.
 - Susan Baker asked a question about building appreciation, '03 vs. '04, and Alice asked for clarification on restricted net assets in Note 4 (Page 10 of the Notes to Financial Statements).
 - Sandy Elliott asked several questions:
 - Q: What is a "normal" proportion of Reserve to Revenue, and how much reserve should we carry? A: Sue Engle answered that a 3-6 month reserve is normal;
 - Q: Is there a normal percentage of Operating Costs to Cash? A: It's typical to frame this as the number of months of operating expenses available. Comment from Sandy that cash flow is critical.
 - Uneven cash flow results from Adventure Travel trips
 - Ed Seely asked about the cause of the Unrestricted Operating Loss (5th bullet in the Highlights).
 - Lon answered that this is a result of depreciation on the building and furniture, and that the bigger issue is not of depreciation but that 2004 was the third year in a row with negative cash flow
- ☐ Though no abuses have been found, the Auditor recommended that a regular review of the executive director's credit card reimbursements be instituted. This is common practice in large organizations.
 - A brief discussion followed in which a recommendation was made to ask the Treasurer or Controller to review the Executive Director's credit card charges at least quarterly.
 - Motion from Lon: Forward this recommendation to the Finance Committee for their March Report.

MSC: Carpenter/Groninger

- ☐ The auditor reported that two items of concern:
 - A ten-year non-cancelable lease for office space was entered into by one of the groups without the knowledge of the executive director; and

- One of the groups invested funds in a 6-month CD under the names of two of the group's members.

A discussion followed about how these issues should be handled in the future , with recommendations that the Board approve all of these types of commitments.

- An in-depth discussion followed about the overall financial health of the organization:
 - Of the operating loss of \$69,055, \$60,000 is non-cash-related;
 - CMC is operating at a \$30,000 cash loss for each of the past two years;
 - Depreciation has not been added to the 2005 budget. Lon Carpenter suggested that this is a weakness in the plan, and should be taken into account, though a bigger concern is that assets are shrinking;
 - A discussion about the effect of the dues increase and current status of membership followed. Kristy Judd reported that the club attracts between 1,800 and 2,000 new members each year, but that is more than offset by the approximate 30% attrition rate. Ms. Judd reported that this rate of attrition is normal across all clubs;
 - Kent Groninger stated that over the past five years, the Club has dropped by an average of 3.5% in total membership each year;
- Kent Groninger asked about where the \$200,000 contribution from the Gates Foundation was reflected in the statements. Kristy Judd responded that the contribution was earmarked for improvements to the building and for the museum. When the joint venture was dissolved, the contribution was sent to the American Alpine Club. Gates has sent a letter asking for a report, and Kristy will meet with Sherry Richardson to discuss.
 - Sandy Elliott asked Kristy Judd what the conditions were for transfer of the funds to AAC, and Kristy responded that the CMC agreed to step away from the museum as part of the separation agreement. She does not know whether this agreement has been formalized.
 - The auditor, Sue Engle, added that the Gates funds are still on the AAC books (Page 2 of the Financial Statement)

Motion to accept the Auditor's Report.

MSC: Carpenter/White

Consent Agenda

Several questions were raised:

- Ed Seely was unclear about how Executive Committee budget items have been passed to the board and asked for clarification;
- Janice Heidel asked whether the request from Brenda Porter about a refund policy applied only to the State Education Department. Kristy Judd affirmed that it does.
- Several questions were asked about the cost of the filings for our portion of the advocacy of the Environmental Policy Act. After some discussion, it was pointed out that Western Resource Advocates' representation and filing on our behalf has been pro bono, and that the fees we will cover mostly the costs of copies.

The Consent Agenda was approved without objection.

Budget Review – President Sherry Richardson

President Richardson reported that after a lengthy process, the 2005 budget is balanced. The CMC Foundation made a generous contribution of \$20,000 to close the final gap.

Questions, comments and discussion:

- ☐ Ed Seely suggested that there is an expectation among CMC members that their dues make up a significant portion of the yearly revenues, and asked about how members would perceive the the impact of the dues increase on member services;
- ☐ Kent Groninger mentioned that the fact that the budget does not assume SCFD funds are applied to membership services is a positive accomplishment;
- ☐ Lon Carpenter responded that, in the budget-building process, the board wanted to tie member dues directly to membership services. He also said that with the help of Jose Vallejo, we will standardize the form and process for building the budget. Within the process, he also suggested that the Conservation group, CMC Press, and Educational programs will have allocations that pay for a share of the building costs and depreciation. In addition, it will be a couple of years before the Board can consider a dues increase;
- ☐ Sandy Elliott asked whether other assets, such as computers, are being allocated across the groups, and Kristy Judd affirmed that they are, but that depreciation expenses are not in the budget;
- ☐ Ed Seely made several points:
 - The Board should be willing to address cost-cutting as a way to balance the budget;
 - The Board should consider creating a new class of “affordable membership” as part of the ongoing mission to make CMC accessible to as many members as possible;
 - The Board should consider how the CMC can be relevant to members who use the mountains “today.”
- ☐ Jay Fell reiterated the importance of building a budget that takes into account the fact that there will be no dues increase in the near future;
- ☐ Kristy Judd recommended that the Board create a task force to directly address the above issues as they relate to membership services and membership issues—how can we be most effective, and what services should we provide? It is important to define the issues that are most important to our members;
- ☐ Alice White suggested that the market research should articulate what members want and expect, and this was followed by a brief discussion about the best way to implement a market research study to address these issues and opportunities.
- ☐ Lon Carpenter suggested that the committee be made up of Board participants, and asked for volunteers. Colleen Back, Nancy Biery, Sandy Elliott, Art Hogling, Gavin Maurer, and representatives from Ed Seely’s and Blake Clark’s groups volunteered.
- ☐ Lon Carpenter also suggested that other task groups be considered, and that each committee provide monthly reports to him so that he can communicate this to our members.

Motion to approve the 2005 budget as given.

MSC: Heidel/Kurt

Board Resolution of Unity – Alice White

Alice White presented the resolution for consideration and comments. Its purpose is to demonstrate the Board's unified feelings of appreciation for CMC members, to underscore the value of—and respect for--membership diversity, and to express appreciation for the CMC Foundation and membership in the SCFD.

Considerable discussion about the purpose of the resolution and its wording ensued. Several Board members expressed their thoughts and provided some historical context for why the resolution is important at this time. After further discussion and an early suggestion to take the piece back to committee for re-write, the Board members made some suggestions for minor wording changes and additions, after which the resolution was carried unanimously.

S&L Policy Change – Ed Seely

Ed Seely presented an issue of whether the CMC Board should adopt new wording regarding the Club's liability for events that may happen as a result of alcohol being consumed on CMC outings. There is already a policy in effect, and suggestions were made to send this issue to the Risk Management committee for further review and recommendations.

Motion to refer this issue to the Risk Management Committee.

MSC: Seely/Elliott

Adventure Travel Report – Janice Palmer and Bea Slingsby

Janice Palmer introduced Bea Slingsby, Chair of the Adventure Travel Committee. Ms. Palmer provided some context about why the task force was created.

Bea Slingsby provided an overview of the committee's issues, goals, and accomplishments in 2004:

- ☐ A new brochure was printed in 2004;
- ☐ The committee is updating their manual, and it will be available on the web site;
- ☐ They are talking to the Seattle Mountaineers to see if that group would like to advertise CMC trips, in return for which Seattle Mountaineers members might receive a CMC member-discount rate on trips;
- ☐ They are adding wording to the trip information packet to state that trip participants must assume the risk when certain unsafe conditions are present on trips;
- ☐ They are making a list of outfitters and past leaders;
- ☐ Trip participation is down due to several factors, including fear of terrorism, the economy, and availability of other companies and organizations who provide similar services and trips;

A discussion about the Adventure Travel activities and finances continued. Sandy Elliott asked about how much revenue the trips represent. Kristy Judd replied that in addition to being a key revenue source, the Adventure Travel Trips are important in helping CMC qualify for SCFD Tier 2 funding. Colleen Back stated that approximately 60%-70% of the trips are international, and 30%-40% are domestic. Bea stated that leadership and leader-funding are key issues. Two past leaders stated that the new 10% leader fee will keep them from leading trips in the future.

Janice Palmer proposed that the current committee structure be retained. After further discussion, a motion to move forward with the status quo and accept the report of the committee was tabled.

A new motion to raise the CMC portion of outings from 6% to 10%, with a \$25 minimum was put forward by Janice Palmer.

MSC: Palmer/Christman

Final Comments from President Sherry Richardson

Sherry Richardson said that “It’s been a strange year.” In the midst of all of the challenges, the Board made a number of significant accomplishments, including:

- ☐ Amendments to the constitution and by-laws to establish term limits for Board members, and to extend the term for officers to two years. This was not an easy process, and it took time. It also required the support of the groups, and Sherry thanked Earl’s group (Weld County?) particularly for their support. Said Sherry, “These were good changes, at remains for future Boards to determine if they worked.”;
- ☐ In light of the requirement that ____% of the groups approve changes to the constitution and by-laws, Sherry suggested that the Board consider a policy that will require all groups to make a statement about any proposed change.
- ☐ The new web site went live in January. While it has received strong support from some groups, others are less complimentary. Sherry stated her confidence that the site will be better and better.
- ☐ A dues increase was implemented, though this created considerable tension, including the resignations of the Secretary and Treasurer. Sherry stated that she is pleased that the dues increase is commensurate with what it actually costs to serve our members, but was sad about some of the losses that resulted from the decision and process.

President’s Awards

Blake Clark – Denver Group Chair Elect

Tom Maceyka – Denver Group Chair

Kent Groninger – For his help on the budget and the dues-increase process

Final comments: “Even though it’s been a tough year, I can’t get my arms around why the CMC isn’t worth twice what we charge, especially considering the broad range of services that we provide, including the library, the incredible staff and support, and other member services.”

New Business

President’s Report and Opening Comments – Lon Carpenter

New President Lon Carpenter presented Sherry Richardson with an award and thanks for her fine service, and made opening remarks. “Sherry has laid the ground work for moving forward.” He went on to make some observations as he moves into his two-year term as President:

The budget process forced us to take a hard look at all the levels of the CMC. The Club has made dramatic growth in the past 10 years, including the relationship with AMC and achieving the support of the SCFD. During this time, some members have felt disenfranchised, and even though we weren’t ignoring them, we may have lost some of our focus on the members.

Mr. Carpenter also said that he is humbled by the people and volunteers who have stepped forward to help the organization meet its challenges. Among these will be a financial overhaul, more effective and innovative fundraising, and increased Board member commitment to help raise funds within their communities. Improving communications with the membership is very important, and we will use the new web site as a key communications tool with our members. We must also provide increased membership value, and look at the organizational structure to determine how we can improve our effectiveness. He encouraged the Board to be creative in our approach, and to join him in meeting our upcoming challenges and seizing our opportunities.

Election of Officers – Alice White

Three Officer positions are open, and Alice White place in nomination the following individuals for those positions:

Vice President: Janice Heidel

Ms. Heidel is filling a vacancy, and her term of office as Vice President will be two years;

Secretary: Gavin Maurer

Treasurer: Jose L. Vallejo

Motion to approve all nominated individuals for these positions.

MSC: Heidel/Drumm

Appointment of Directors to Fill Open Vacancies – Alice White:

Art Hogling is nominated to fill a three-year vacancy left by John Mill in the Denver Group; Earl Hughes is nominated, and is from the Weld County Group.

Motion to accept and approve these vacancies.

MSC: Seely/Kurt

Treasurer Jose Vallejo made some opening comments about some of the issues and challenges that we must address from the financial and budgeting perspectives. It is very important to simplify the budget and financials, as well as standardizing the process by which the budget is built and maintained. In addition, building a reserve is critical, as is developing a stronger cash-flow management system. The Finance Committee will be challenged to develop these important systems and processes.

Election of Three Member to the Executive Committee – Lon Carpenter

In addition to the President and Vice President, three members of the Board serve on the Executive Committee. Lon Carpenter recommended that Kent Groninger, Carol Kurt, and Ed Seely be approved by the Board.

Motion to approve Kent Groninger, Carol Kurt, and Ed Seely to the Executive Committee.

MSC: Fell/Christman

Election of Five Committees to the State Council

Ed Seely recommended that this item be postponed until the April meeting, but after a review of the By-laws it was determined that this item must occur in the first Board meeting of the calendar year, so the election proceeded as scheduled. Mr. Seely made a general statement that the committees should be determined based on their ability to strengthen the voice of particular issues at the state level.

Committees under consideration included:

Finance, Risk Management, Adventure Travel, CMC Press, Education, Membership, Archives, Library, Awards, Safety and Leadership, Toponymics, Peak Canister/ Register, Computer, Natural History. Each board member voted for five committees. The results are:

- ☐ Safety and Leadership
- ☐ Library
- ☐ Finance
- ☐ Education
- ☐ Membership

Sherry Richardson asked whether she should sit on and Chair the State Council as Past President.

Motion to appoint the immediate Past President as Chair of the State Council.

MSC: Groninger/White

Approval of Officer Signatories on Bank Accounts

The officer signatories on all CMC bank accounts for the next year are the President (Lon Carpenter), Vice President (Janice Heidel), Treasurer (Jose Vallejo), and Executive Director (Kristy Judd).

MSC: Baker/Christman

Appointment of Toponymics Chair – Russ Allen

Russ Allen was introduced, and asked to Board to consider an issue about whether CMC should support the naming of a peak in the Never Summer Range, to be permanently called Mt. Mahler. The USGS looks to local expert groups and individuals when peak-naming issues arise, and so the CMC has been asked to provide a position on the naming of this peak. After some discussion it was agreed that the CMC would support Russ' recommendation to write a letter to "not oppose" the new name.

MSC: Christman/Back

Natural History Committee Consideration – Mike Foster

Reports:

CMC Foundation Report & Board Training – Kent Groninger and Kristy Judd

A joint development committee was formed two years ago to address long-term issues surrounding funding. Among the committee, there are four members from the Foundation, three from CMC, and there

is one vacancy. Currently, there are about \$350,000 of funds in the endowment, though some are restricted. The committee meets each month, and has identified four general endowment levels: Annual Giving; Mid-level (\$250 - \$1,000 per year); Major Givers (\$1,000 plus); and Planned Giving. The committee has also developed four stages for identifying, contacting, educating, and getting commitment from prospective givers. These stages are prospective identification, cultivation, solicitation, and stewardship.

Executive Director's Report – Kristy Judd

Kristy Judd talked about progress and ongoing fund-raising activities.

- ☐ The CMC expresses its gratitude to the Foundation for providing \$20,000 to help balance the budget.
- ☐ The Planned Giving program is designed to provide potential donors with the opportunity to give to the Foundation as part of their estate planning. The committee has allocated \$7,000 for Lynn Thomas, a Planned Giving expert, to help design and put in processes for the program.
- ☐ Mailing. At the end of last year, a mailing was sent to 2100 prospective donors. The list was generated from people who have given in the past three years. From the mailing, 160 responses were received. The 2005 goal for the program is \$80,000, of which 41% has already been raised.
- ☐ Other ongoing Foundation programs are Grant Writing and the Corporate Sponsorship program. Previous sponsors for the Corporate Sponsorship program have been contacted and it is expected that most sponsors will renew their pledges.

Conservation Department – Vera Smith

The department is working with non-traditional outdoor committees to strengthen awareness and stewardship of Colorado's wild areas. A Sportsman's Community bill is before the state legislature. The bill as proposed will place a \$10 annual, one-time fee to access state wildlife areas. The money (about \$6MM to \$10MM annually) will support habitat acquisition, access ways, and habitat management. The proposed inter-community advisory committee will be comprised of four sportsmen, two members from conservation groups (non-consumptive organizations), and one wildlife biologist.

The CMC, on behalf of the conservation community, has raised three issues:

Creation of the advisory committee should include seats for two members from conservation groups, and a wildlife biologist;

The money raised should be used to acquire land, with a cap on access dollars after three years;

Funds should benefit all wildlife--not just game wildlife--with the goal of furthering the health of the ecosystem.

Discussion

Sandy Elliott raised that thought that this is a good idea, but a bad bill. Vera Smith replied that the language in the bill is very similar to that in the GOCO bill. Art Hogling said that the bill has a strong chance of passing, and that we should take advantage of our position now so that we have a seat at the table.

Motion to approve CMC support of lobbying for the bill

MSC: Baker/Seely

Web Page Update – Sherry Richardson

The new web site has been launched. In 2004, \$23,500 was allocated for the launch, with an additional \$5,000 allocated for 2005. It is estimated that remaining development will cost \$12,000 in 2005. The

committee hopes to get some money from the Denver group to put other programs and web site sections online.

AMC Update – Sherry Richardson

The Gates Foundation has asked for clarity on the funds that they have contributed with respect to how they have been spent, and where they are being held. With the changes in the AAC, CMC relationship with respect to the AMC, it is not clear where these funds are being accounted. It was suggested that we meet with the AAC to clarify this so that a report can be provided back to the Gates Foundation.

Risk Management Report – Jeff Parsons

The role of the committee is to provide advice on which the Board makes decisions. Over the next year, the Board will have to make a decision on how to deal with “leaderless” outings—outings sponsored by CMC, but where no leader is designated by the CMC. Jeff asked whether leaderless outings are covered by our insurance.

Other observations, items, and comments by Jeff are:

- ☐ The committee currently has only two members: Rolf _____ and Jeff Parsons. This is inadequate, and board members are encouraged to volunteer for the committee.
- ☐ The new waiver on the web site is “packed with disclaimers.” While this is important from a legal perspective, and as part of our risk management approach, it would be a very good idea for Board members to call people who have had accidents while on a CMC trip. Not only is this the right and compassionate thing to do, but it has the added value of mitigating potential issues that may arise as a result of the accident.

Kristy Judd recommended that the Risk Management, Safety and Leadership, and Education committees work together on these questions and issues. She also recommended that we should place a budget item that would enable volunteers and committee members to go to a conference on catastrophic occurrence management.

The meeting was adjourned at 4:15 by President Lon Carpenter.

Next Meetings:

April 16: Pueblo as possible location

July 16: Location TBD. Possibly Fort Collins

October 15: Golden

There is also a meeting of the State Council on May 14th in Golden.