

Orient Land Trust Board of Directors Regular Meeting
Seitz Residence – OLT/Valley View Hot Springs
Saturday, May 13, 2006 – 9 AM

MINUTES

- I. Record attendance – Barb, John, Terry, Chris, Bruce, Doug, Mark, Mia, Neil and Betsy in attendance. Harold's absence acknowledged with prior notice.
- II. Meeting called to order at 9:09 AM.
- III. Changes to Agenda – Correction to item XIIj (number only.) Item XIIIe removed at John's request.
- IV. Approve Minutes from March 11, 2006 annual meeting and executive session (attached.) – Doug moved to approve the minutes from the March 11, 2006 regular meeting, John seconded. There was no discussion and the motion was adopted: all in favor, none opposed, no abstentions. Chris moved to approve the executive session minutes from the March 11, 2006 meeting, Doug seconded. There was no discussion and the motion was adopted: all in favor, none opposed, no abstentions.
- V. Questions/comments from guests – Board nominees Amy Beatie and David Van de Water were introduced; Annie Pace thanked the board for their work, the board thanked Annie for attending the meetings.

ED, Officer, and Committee Reports

- VI. Executive Director's report (attached.) – Neil discussed items related to Fundraising, Outreach, Programs, Current Land Projects, Recognition, Staff Notes and Administration. There was discussion of the raffle specifics (attached,) including laws regarding sales. Neil gave a brief overview of the post-lease plan issues. Mark suggested utilizing academic resources to assist with the baseline surveys, especially the documentation of native species. Bruce stated that while volunteer labor such as students might be helpful, it may be difficult to coordinate and complete work in conjunction with other aspects of the baseline study in a timely and consistent fashion. Bruce called attention to a baseline/management report done by a private consultant that he had brought for viewing, and noted that using such a consultant might be the best solution. The Deputy Directory position was posted May 10, 2006 (attached.) OLT has received notification from the IRS of permanent 501(c)(3) status after a five year review period. Neil also noted Chris Miller had donated a lot of time in assisting with the database revisions and emailer. There was some discussion of the ranch management plan.
- VII. Secretary's report/Correspondence/Board Task List (attached.) – Betsy and Doug presented the draft Board/Staff/Done task lists, which Doug compiled. Chris asked how the list is to be managed. Barb suggested a work session at the July board meeting weekend to review the list and prioritize the tasks. The board agreed to meet Sunday, July 9 at 9:30 am. Tasks may be emailed to Betsy for addition to the task list. Neil will review and prioritize the Staff Task List perhaps when the DD is onboard (job description attached.) John thanked Doug for his work compiling the lists.
- VIII. Treasurer's report – John Eiseman, Chris Miller
 - a. Income statement, Balance sheet, Cash flow statement (attached.) – John reported March and April were good to OLT. Gross income exceeded the budgeted amount; expenses were slightly higher because the insurance was paid in full. For the year, OLT is on budget and John noted the good budget projections provided by Neil and Terry. Cash flow in the winter was better than expected during the slow season, and OLT is in a good position going into the busier, higher-income season. Neil noted that donations letters would be going out soon to boost those figures and also discussed

status of the various restricted accounts. John noted having such funds invested in low-risk, short-term CDs (as opposed to more high risk ventures) is appropriate. Chris moved to approve the Treasurer's report, Mia seconded. There was no further discussion and the motion was adopted: all in favor, none opposed, no abstentions.

- b. Stats Charts (attached.) – Chris presented the graphical representation of income, derived from the database, as compared over three years. Performance information includes Total Income, Admissions Income, Donations and Volunteer hours information. Chris noted volunteer hours are to be sent to Terry for input. The camp host number of hours seems to be skewed, for reasons not known. Neil suggested that camp hosts have time cards to fill out a daily log to help clarify this. Bruce stated having access to the charts is helpful.
- c. Auditor's report for FYE 12/31/05 (attached.) – John presented the Financial Statements from Taylor, Roth and Company, PLLC, for the Year Ended December 31, 2005, together with Independent Auditor's Report. The auditors gave OLT a positive review. "In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Orient Land Trust as of December 31, 2005, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America." John reviewed the report, and noted that the payment of debt was a positive factor in OLT finances as was the increase in net assets. John said in his opinion OLT concluded 2005 in a very healthy position. John covered the recommendations from the auditors regarding procedures. There was discussion of the question of registering in all states (not just Colorado) regarding charitable solicitations (estimated cost \$15,000.) According to Neil, it is an ongoing issue in the non-profit world and staff will continue to investigate. John will inventory blank check stock in response to the "control over blank checks" item. Neil reviewed the computer backup plan, which is still under development. There was discussion of off-site backup. Regarding documentation of disbursements, John said there should always be a record to backup each check, and those documents were in place. It was recommended there be documentation of policies and procedures in the form of a manual. John said it would be good to have a manual and offered to write the financial portions, but would need assistance for other portions, like HR, and asked how detailed the board wanted such a manual to be. Neil and Terry indicated the manual is constantly under development, and that a general overview is in place. There was a concern last year in separating donor restricted grants and contributions and that has been addressed. Questions regarding the setup and tracking of endowment contributions are not critical yet, given the status of the program. Terry is going to check on the fidelity bonding insurance issue for cost; otherwise the insurance situation is good. The auditor wanted better control of the merchandise inventory, but the consensus was that this was of minor concern in the controlled office environment. As a non-profit corporation, the auditor pointed out OLT is exempt from paying county property taxes, but OLT's position is that it is more appropriate as a good citizen to pay those taxes. There was a discrepancy in the QuickBooks reconciliation, but it has been resolved. The accurate recording of all financial activity separately has been addressed, as has the separation of duties issues, to the board's satisfaction. There were no current year issues. Doug moved to accept the Auditor's Report dated March 16, 2006. Chris seconded. There was no further discussion and the motion was adopted: all in favor, none opposed, no abstentions.

Following a break at 10:56 AM, the meeting resumed at 11:10 AM.

- IX. Resource Development Committee report – Neil encouraged new board members to join committees. The raffle is the big fundraising event for this year, with the drawing to be held Nov. 11, 2006 at noon MST. The unclaimed Lost and Found items sale is a great fund-raiser on the annual contributors' weekend. Items that have been given as premiums for contributions (like water bottles) are now being sold, as well. The welcome DVD is in the process of being mass produced with the printed liner and should be available in June for \$15. There was discussion of having a consistent, high-caliber package prepared for presentation to potential high-level donors. Barb stated there needs to be planning to continue to this next phase of fundraising activity, incorporating Bruce's suggestion to target particular contributions to a specific project. Several board members expressed an interest in conducting their own low-key fund raising efforts to make contacts with potential

donors.

- Board annual contributions - Barb just wanted to clarify previous email discussions to say that it is important to have full donation participation from all board members, in any amounts, because it is critical to grant applications and other fundraising efforts. There has been 100% participation in the past, and it is good for this to continue. In regard to the raffle, Barb suggested that, as staff has already agreed, it would not be appropriate for board members to win a significant prize. Chris moved that no board member or officer will put a raffle ticket in his or her name. John seconded. The motion was adopted: Five in favor, Mia opposed, no abstentions.

- X. Post-Lease Plan Committee report – Neil said he would recirculate the presentation Kate made at a previous board meeting. Setting a timeline for the process is a first priority; then identifying the issues that need to be addressed and the people who need to participate. Three phases have been identified: first phase is baseline study of the resources; the second phase is to create draft management plans, and then a final report. Neil said he would start a group mailing list to keep in touch with all those interested. Those currently on the committee are Neil, John, Bruce, Mark, Doug, Mia, Harold and Kate. Bruce offered for board review an example of a plan from a conservation project in Lake County.
- XI. Board Development Committee report – Neil said the committee had interviewed two applicants for one vacant board member position and was recommending Amy Beatie to the vacancy. John moved that Amy be appointed to the board. Doug seconded. Doug asked what some of the recommendation criteria were, and Neil said although both applicants were highly qualified, it came down to the board’s need at the present time for Amy’s legal background. The board encouraged David Van de Water to remain active and involved in OLT. Barb called for the question. The motion was adopted: all in favor, none opposed, no abstentions. Barb reiterated that David was encouraged to remain active and he said he was interested in doing so.

XII. Unfinished business

- a. Debt Policy for General Fund (percentage of total assets that can be borrowed in any year) – John said this is a question of OLT's ability to service the debt, not the level of the debt, and there are several options. He said the key is how principal is amortized. The question is how much debt OLT is willing to take on, and its ability to pay off that debt. He would suggest a policy that does not drive cash and cash equivalents below zero at any time in its amortization period. He would not recommend specifying a fixed percentage amount of the budget, but a dollar amount, which would not be less than zero. This would give the ED flexibility in arranging loans and programs. John’s suggestion would be that OLT never go below \$50,000 in cash. John agreed to provide a document with a proposal for the board to vote on at the next meeting.
- b. Investment Policy Review – John has developed a draft, but it is still under development and he asked for postponement of this review until September.
- c. Endowment Temporary Committee report/recommendation of specific community foundation for OLT endowment – John wants to see this fund reach \$20,000 by next summer. He would like the committee (Chris, Neil, Harold, John, Barb and Bruce) to identify a community foundation to administer the endowment. There has been no money budgeted for a contribution to the endowment in 2006, but the board agreed to consider this toward the end of the year. If there is excess revenue available, it could be redirected to the endowment.
- d. Guest Registration objectives (attached.) – Neil presented an “Admission Objectives” document to guide development of the admissions procedure. Neil discussed considerations of security, liability, education, support and registration details based on staff experience. He asked for input from board members on the document, with recognition of the trade off between minimizing liability and preserving the visitor’s experience, while not overloading the staff. Barb asked the board to email comments on the objectives to Neil to prioritize the list. The end result desired is a policy from the board for staff to implement a procedure for check-in. There was discussion concerning the need for a signature regarding acceptable behavior (a policy currently in place but not being implemented.) The

board would like Neil to prepare a package for an attorney to review.

Following a break at 12:40 PM, the meeting resumed at 12:58 with lunch provided. Barb asked for the board to consider a discussion of the DD hiring process. Chris said that if it is planned for the DD to become ED at a future date, the board should be more involved in the DD interview process. Terry read the minutes from the last meeting, which stated Neil would setup the interview committee. Chris moved that the interview committee include at least two board members. Mia seconded. In discussion, Chris said that he wanted to head off possible board dissatisfaction with a DD that will eventually be the ED. Terry said for continuity; members of an interview committee have to commit to being present for all interviews. Neil outlined the complex process in showing applicants the property, assessing their interest in living here, and other considerations. John agreed that this hire has to be a board hire, as well as an ED hire, and that two board members on the interview committee was necessary. Barb called for the question. The motion was adopted: all in favor, none opposed, no abstentions. Further discussion stressed the need for the board members on the committee to commit to the process, and for that process to be defined. It was pointed out the original call for the vote was misstated. Barb restated the motion as recorded here. The motion was adopted: all in favor, none opposed, no abstentions. Barb stated that at this time, the board needs to consider what authority they are giving the interview committee: will the committee recommend one candidate, or bring a slate of applicants to the board for selection? Mark moved that the interview committee bring a recommendation for the deputy director to the board for discussion and decision. Chris seconded. The motion was adopted: all in favor, none opposed, no abstentions. Doug and Chris will be the board members on the interview committee.

- e. Land Conservation update – Neil’s report was covered in the item VI Executive Director’s report (attached.)
- f. Property and Liability Insurance cost increases for 2005 and 2006 – Neil covered the insurance issues, which are affected by the hot springs, diving board, clothing-optional policy and based on income figures. Due to increased revenues, the policy for 2005 was increased \$11,000. So staff started looking at where the growth is coming from, because different revenue streams are rated differently for insurance purposes. For instance, camping in the woods has the highest rate of insurance. After the audit, the increase for 2005 was reduced to \$5,500, but it will probably increase again for 2006. Neil suggested that if the rates are going to continue going up, the board might consider other options for insurance. John disapproved of the concept of self-insurance. Neil wanted to consider researching the sources of income more carefully to offset future premium increases, and reducing the potential for liability wherever possible.
- g. Questions/Comments from guests – Annie said it might be good to adjust rates of usage to reflect insurance considerations. Chuck said he believed most people still come to OLT for the hot springs. Lea complimented Terry on the excellent lunch, and asked for clarification of the task list. Barb explained as the board assigns tasks to a committee, they are added to the task list for reference. Lea suggested a dating convention for the task list.
- h. Records Management Policy (attached.) – Terry presented a policy to clarify the OLT records management system. John moved to approve the Records Management Policy Draft #3 with the change that bank reconciliations and duplicate deposit slips be retained for three years instead of one. Doug seconded. The motion was adopted: all in favor, none opposed, no abstentions.
- i. Implementation of inventory control system in database – Chris noted there is an inventory control system in place now to be implemented by July. He will report back then.
- j. LTA Standards and Practices (2004 revised) (attached.) – continuation from 11/12/05 meeting of report from each Board member on OLT’s following of guidelines:

LTA S&P 6: Financial and Asset Management – In review, John’s opinion was that OLT is in compliance with the practices outlined in Standard 6, as supported by the recent audit. There is room for tightening up some practices already in place, and others are being upgraded, or will be established as necessary (as in Funds for Stewardship and Enforcement.) The board will need to establish procedures for the Sale or Transfer of Assets.

LTA S&P 7: Volunteers, Staff and Consultants – Mia noted there had been changes in staffing

and volunteers recently which have impacted the number of volunteers and staff, and therefore the OLT's ability to carry out its programs. There was discussion of how to better coordinate volunteers this summer. Staff job descriptions are in place, as are training procedures for staff and volunteers. The board has designated supervisory authority over all other staff to the executive director, but there is some blurring between board members' roles as board members and in other volunteer projects. OLT is in compliance with personnel policies, compensation and benefits issues. Neil stated the issues relating to consultants don't really apply as OLT does not at this date work with consultants per se. Mark indicated the volunteer programs are traditionally the most difficult to establish, and it was agreed there was room for improvement in this area. Bruce noted this is the reason for evaluating OLT compared to the LTA S&P. Mia pointed out the review had been delayed several times since September, and that contributed to a mixed evaluation. Barb noted that the delay in this evaluation showed some inconsistency.

LTA S&P 8: Evaluating and Selecting Conservation Projects (Neil) - postponed

LTA S&P 9: Ensuring Sound Transactions (Barb) - postponed

Assign S&P 4: Conflicts of Interest assigned to Amy; 10: Tax Benefits assigned to John; 11: Conservation Easement Stewardships assigned to Bruce.

Break from 2:35 PM until 2:48 PM.

XIII. New Business

- a. Bank resolution for raffle account (attached.) – Terry presented a resolution to assure compliance with state laws. John moved to approve the resolution, Amy seconded. Terry noted this resolution is required by the bank. The resolution was adopted: all in favor, none opposed, no abstentions.
- b. Change in Board policy re: check signing – There are three people authorized to sign on the checking account: Terry, Neil and Doug. The audit recommended more of a separation of duties concerning the writing, recording, and signing of checks as well as the reconciliation of bank statements because the Office Manager and Executive Director are related. Barb previously suggested in email that a board member sign checks, which others did not consider practical. When hired, the DD could serve this need. In the meantime, does the board want to require a person other than the ED or Office Manager to sign checks until the DD is hired? John suggested Doug sign until the DD is in place. John moved that in response to the auditor's letter that we change policy such that Doug Bishop is the primary signatory on the Pueblo Bank & Trust operating account unless circumstances prevent that, in which case Neil or Terry can sign. Chris seconded. The motion was adopted: five in favor, none opposed, Doug abstained.
- c. Capitalization and Depreciation – change policy re: capitalizing all expenditures for furniture and equipment and the fair value of donated assets in excess of \$350 to in excess of \$1,000 – John explained that currently any fixed asset that costs over \$350 is capitalized and depreciated over time. It is difficult to maintain this register. John recommended that the board raise that value to \$1,000 and take other items off the books. John moved that 1) OLT capitalize in the future only those assets that cost \$1,000 or more and 2) that OLT immediately expense from books the residual value of items whose original purchase price was \$999 or less. Doug seconded. In discussion it was agreed this would simplify the bookkeeping. The motion was adopted: all in favor, none opposed, no abstentions.
- d. 2007 admission and accommodation prices (Decision no later than July 8) (attached.) – Neil began with a document explaining price setting background information, which includes considerations of season, demand and facility limitations. Discussion ensued regarding the rate structure. John stated he is comfortable endorsing the ED's recommendation, as long as it meets budget. John would like to see projections from staff, also what would be the impact of charging for vehicle sites and what additional services (water/power) might be required to assure value for money paid? Bruce and Lea stated there is added value now in the vehicle sites because they are flat, are not shared, and allow for

the vehicle to be close-by. Annie was in favor of adding a charge for vehicle sites rather than increasing the charge for Oak House. The board agreed it would be acceptable to delay reopening after Christmas. Neil will bring a finalized version of the rate structure to the next meeting for board consideration.

e. Report on seminar – Deleted from agenda.

XIV. Board governance: How have we conducted business today? How do we want to govern? Survey Results – Chris had responded with an email survey to answer Harold’s request for input from the board as to how they believed they had been working, based on the various governance models researched. Terry stated the board’s governance varies with the topic; Neil said he believed there had been improvement and the board was dealing with less minutiae. Barb stated the agenda is dealing more with policy items, which is positive. The board will reconsider this topic via continued email discussion.

Announcements – Neil will ask for volunteers via email for 4th of July and the Crestone Music Festival.

XV. Confirm next meeting date – **Saturday, July 8, 2006 at 12 Noon** at the Seitz residence. Work session on the board task list will be Sunday, July 9, 2006 at 9:30-11:00 AM at the Seitz residence.

XVI. Regular meeting adjourned at 3:51 PM. Mia moved to adjourn, John seconded. The motion was adopted: all in favor, none opposed, no abstentions.

Submitted by:

Approved by:

_____ / _____

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Betsy Miller, Secretary Date

Barb Tidd, Chairperson Date

Guests: David Van de Water, Jan Kabili, Chuck Brenimer, Annie Pace, Lea Bonewell and Amy Beatie