

THE MOUNTAINEERS
MINUTES OF THE MEETING OF THE BOARD OF TRUSTEES (BoT)
February 2, 2006

Board Members Present:

Ron Eng, President;
Ken Madden, President Elect;
Don Heck, Treasurer (arrived about 6:25 p.m.);
John Wick, Secretary;
Craig Rowley, VP of Publishing;
Donna Osseward, VP of Recreational Properties;

Trustees:

Rick Anderson;
William Borden;
Steve Cox;
Dale Flynn;
Jim French;
Ken Hahn;
Patti Polinsky;

Branch Trustees:

Steve Glenn - Bellingham;
Jimmy James - Kitsap;
Mary Lynch - Snoqualmie Foothills;
Henry Romer - Olympia;
Rick Proctor - Everett;
Steve Sears - Seattle;
Tom Shimko - Tacoma

Absent:

Others Present:

Paul Robisch, Foundation;
Steve Costie, Executive Director;
Brian Horstman, Controller;
Helen Cherullo, Publisher.

- I. President Ron Eng called the meeting to order at 6:00 PM in the Pinnacle Room of the Mountaineers, 300 Third Avenue in Seattle WA. President Eng opened the meeting by welcoming everyone who was present and asked the numerous visitors

to introduce themselves. Next the agenda was approved and the Board went into Executive Session to discuss the official report of the July 2005 Shark Fin Tower climbing accident that claimed the lives of Jo Backus, Mark Harrison and John Augenstein. The public meeting began again at ca. 8 p.m. A public version of the accident report will be prepared.

II. Consent Agenda

A. None.

III. Officer Reports

A. President's Report:

B. Executive Director's Report :Steve Costie reported club membership as of December 2005 is 11,449 vs 12,121 in December 2004 for a decline of 5.5%. Branch membership figures were not available. Executive Director Steve Costie and Controller Brian Horstman presented an analysis of the effects of the recent \$12 dues increase on membership. If the drop rate seen for November and December continues throughout the year, the annual drop rate will increase to ca. 16% which will be ca. 2.5 times higher than the previous several years.. Based on these new projections the membership at the end of 2006 will be 9,863 vs the original projection of 10,886. A chart was presented showing that in 1990 the dues were \$34/year and if the dues had been adjusted each following year based on the official government inflation rate, the 2006 dues would be \$55.60 instead of the current \$73/year. There were no proposals presented regarding these new figures. A Branch Representative stated that the current policy provides no incentives for individual Branches to seek out new members.

C. VP of Publishing's Report: Publisher Helen Cherullo reported that the sales for December were \$8,000 higher than budget. Year-to-date sales are \$31,000 lower than plan due to lower frontlist sales. The December return rate declined to 10.2% and 14.2% year-to-date. Rights were sold for Italian and German language editions of I'll Call You in Kathmandu.

D. VP of Rec. Properties' Report: Donna Osseward read to the Board a prepared statement that in brief summary said the different interests of the Club need to respect each other and must work together for the common good of the Club, adding that only by having everyone working together can the Club thrive. She also stated that the membership needs to be actively involved in the process for making important Club decisions. Also, last year the Mt. Baker ski area closed for lack of snow and this year it had to close over the Martin Luther King Holiday because of TOO MUCH snow.

E. Treasurer's Report

- F. Secretary's Report: John Wick reported his travel obligations for the Boeing Company has prevented him from being up to date with his Club secretarial duties. He promised to be up to date shortly.

- IV. Unfinished Business
 - A. Dues analysis

- V. New Business
 - A. Election of Officers: President Eng opened the floor for additional nominations.

Office	Nom Com	Nominees	Floor Nominees	2006-2008 Officers
President		Ken Madden	Jim Burke	Jim Burke
President-elect		Rick Anderson	Bill Deters	Bill Deters
Secretary		Brad Gibson	Larry Ingalls	Brad Gibson
Treasurer		Bill Deters*	Marty Jordan	Marty Jordan
VP for Publishing		Don Heck		Don Heck
VP for Properties		Scott Eby		Scott Eby

*Bill Deters withdrew his name as a nominee for the office of Treasurer
 The election was by secret ballot with only elected trustees having the right to vote.

- VI. Committee Reports
 - A. New Facility Construction Committee [NFCC]: There was no written report for February. Rick Anderson introduced the Club's commercial real estate broker from GVA Kidder Matthews who gave a presentation regarding the sale of 300 3rd Avenue W.

The broker explained the proposed sale agreement. The proposed buyer is John Goodman, brother of Don Goodman. Mr. Goodman has agreed to a cash purchase price of \$4,500,000 with no contingencies. He is willing to accept the building and property as is, which alleviates the Club from having to do an environmental study which the broker estimates could cost as much as \$100,000, depending on what would be found. Goodman has agreed to allow the Club to occupy the lower two floors of the premises rent free for two years from the date of sale and will assume the duties of a landlord for maintaining the building. The Club could occupy the building after the two years for a negotiated amount of time and at a negotiated amount of rent. The Club's estimated departure date is currently April 2008. In addition Mr. Goodman has indicated that he will make a \$100,000 donation to the Club. The broker estimated the total value of the sale agreement to the Club to be \$5,430,000. The broker also stated that he considers Mr. Goodman's offer to be exceptionally generous and unusual. It should be noted that the Club's attorney, Lisa Peterson, was also present.

After a question and answer period with the broker, Rick Anderson stated there would be no motion to approve the sale of 300 3rd Avenue West at this meeting.

Henry Romer of the NFCC presented the latest CONSTRUCTION COST ESTIMATE. Below is a summary of the estimates:

1.	Total costs of structural renovations	\$1,510,942
2.	Materials inflation [3%]	\$45,328
3.	General requirements	\$93,376
4.	Builder's Overhead [5%]	\$82,482
5.	Builder's Profit [10%]	\$173,213
6.	Building Total	\$1,905,342
7.	Sales Tax [8.8%]	\$167,670
8.	Contingency [15%]	\$310,952
9.	Total Project Estimated from concept	\$2,548,964
10.	Add for moving and new furniture	\$50,000
11.	Modify concept to remove/simplify entry	(\$118,000)
12.	Revised Project Total	\$2,480,964

Romer stated that the NFCC considers this estimate for building renovation costs to be unacceptably high and stated that ways would be explored to reduce costs. Because the above figures are not based on an actual contract with a builder, they are subject to change.

Donna Osseward, representing a group of trustees who hold an alternative viewpoint, made a presentation to the Board on POINTS TO BE CONSIDERED BEFORE GOING TO BUILDING 67 [at Magnuson Park, Sand Point]. Some of the prominent points made during the presentation were:

1. Under the SPD [Seattle Parks Department] lease being considered, the Club gets most of the obligations of ownership without many of the rewards of ownership with a few exceptions.
2. Building insurance will be cheaper because the Club will pay the City's insurance rate; however, the Club must purchase whatever insurance the SPD deems necessary.
3. Listing the Club building activities in SPD's publication and website will provide another venue for publicity of the Club's programs.
4. SPD staff will book non-Mountaineers room rentals giving the Club 90% of the rent which we can offset the 10% payments with offset credits. This allows the Club to reduce its staff expense. The amount of the Public Program Rental Offset for a given year shall rest in the Superintendent's [SPD] sole discretion.
5. SPD will maintain the grounds around the building according to its standards.
6. The Mountaineers accepts the Premises [Building 67] and immediate surrounding area in their condition of the Commencement Date, AS IS, with all defects, and assumes all risk that one or more defects exists in the Premises. Osseward noted that the Club does not yet know what that condition truly is.

7. The Club will pay the equivalent of property taxes as it would as an owner in addition to the rent.
8. SPD will own the climbing wall, like the building, but the Club will pay to maintain it. Osseward noted that it is not clear for how long?
9. The Club must get 30-day pre-approval of all Club meetings and event gatherings of more than 149 people.
10. The Club must maintain the building and climbing wall to SPD specifications. Climbing wall: DPR [Department of Parks and Recreation] shall be solely responsible for repair and maintenance. The Mountaineers shall reimburse DPR...within (30) days of the costs incurred.
11. Licensed contractors must do ALL repair and capital improvement work as approved by SPD. All work must be pre-approved by SPD, except for emergencies.
12. Building maintenance and improvements must comply with SPD standards.
13. Club must comply with SPD historic regulations for the site.
14. City control: All common and other facilities provided by the City in or about the Premises, including parking areas, are subject to the exclusive control and management by the City.
15. The SPD... shall not reduce the amount of unrestricted parking within 150 yards of the Building to less than 250 parking stalls... Osseward noted that this parking will be available to the public and will not be restricted to Club use only.
16. The Club gets no capital appreciation on the building as we would with ownership.
17. Non-Club staff will rent non-Club use of the building.
18. The Club must provide an annual operating plan subject to review and approval by the SPD.
19. The Mountaineers agrees to provide for public participation in The Mountaineers¹ decision-making with respects to the Premises, as appropriate, to assure broad membership and community participation in The Mountaineers¹ programs and that the Premises are used and maintained for the public purposes for which they were conveyed [by the US Department of Defense] to the City, in perpetuity. Osseward noted that she hoped in perpetuity referred to the length of the lease.

Osseward summarized by saying that there are still too many unanswered questions and that the proposed lease will be too restrictive to the Club's operations as well as being financially risky. She emphasized that it is far too soon for the Board to approve the sale of 300 3rd Avenue West and that a better overall budget is needed that will be integrated with the important decision points.

At the conclusion of Osseward's presentation, trustee Patti Polinsky read a letter from the David W. Goldberg, AIA [Mithun Company] expressing his interest in the potential for co-development opportunities with The Mountaineers for its property at 300 3rd Avenue West.

II. Reports

- A. Strategic Retreat/Plan. Jim Burke and Bill Deters expressed the opinion that the January Board Retreat was successful and that much more work needs to be done. Discussion of this topic was abbreviated because of the extraordinary length of the meeting.
- B. Conservation Division. Michael Shurgot (Chair) noted that the club does not have a volunteer-driven public relations committee. Such a committee would help create media coverage that helps shape a positive image of the club. In addition, such a committee might anticipate adverse reactions to club activities and positions and craft media messages in a way that could reduce, mitigate or even eliminate negative coverage of the Mountaineers.
- C. Recreational Access Divisions: Because the hour was approaching midnight and at least half of the trustees had left, no additional reports from Divisions, Branches, the Foundation were given.

III. The meeting was adjourned at 11:55 PM.

Respectfully,

Brad Gibson, BoT Secretary