

THE MOUNTAINEERS  
MINUTES OF THE MEETING OF THE BOARD OF TRUSTEES (BoT)  
January 5, 2006

Board Members Present:

Ron Eng, President;  
Ken Madden, President Elect;  
Don Heck, Treasurer;  
John Wick, Secretary;  
Craig Rowley, VP of Publishing;  
Donna Osseward, VP of Recreational Properties;

Trustees:

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

Branch Trustees:

Steve Glenn - Bellingham;  
Steve Sears - Seattle;  
Mary Lynch – Snoqualmie Foothills;  
Henry Romer - Olympia;  
Rob Simonsen - Everett;

Absent:

Ken Hahn;  
Diane Littau - Kitsap;  
Christine Wolf - Recreational Resources Chair;

Others Present:

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

Martin Mehelshin.

I. Officer Reports

- A. President's Report: Ron Eng informed the Board that because of a large agenda the February 2, 2006, Board meeting would begin at 6 p.m. Michael Shurgot was introduced as the new Conservation Division Chair replacing Nancy Neyenhouse.
- B. VP of Publishing's Report: Publisher Helen Cherullo reported that sales for November were \$2,800 lower than budget and were \$19,500 lower in the same month last year. Significant sales in November included the release of Yellowstone to Yukon; sales also included an order to Holland America for 5,000 Mac's Guides. The return rate for November was 13.2%. Publisher Cherullo stated that costs of operation have been reduce by the elimination of three staff positions. A staff Northwest sales representative has been replaced with a contract sales rep who will work on commission. Kate Rogers was hired as Editor in Chief.
- C. Treasurer's Report: Don Heck reported that Club membership as of November 2005 is 11,522 vs 12,154 in November 2004 for a decline of 5.2%. Club membership in October 2005 was 11,554. Controller Brian Horstman reported that the Club ended the last fiscal year with a \$35,000 surplus. He emphasized that all seven Branches performed very well financially during the first year of the elimination of the Branch dues allocation. Brian Horstman provided a copy of the Chubb's Not For Profit Organization Liability Policy to each attending BoT member.
- D. VP of Rec. Properties' Report: Donna Osseward, referred to her written report which included: 1) there are still some remaining problems with the Club's new computer system with regards to the lodges; 2) whether the lodges should add on the Washington State sales tax to its fees as is done with most retail sales; 3) ways to improve the format of the Property Reserve Account reports; 4) the Kitsap/ Players Committee noted the passing of long time volunteer Dorothy Ritter at age 92. It was noted that on 2/24/06 the Snoqualmie Lodge will host a 94th birthday party for Wolf Bauer who joined The Mountaineers in 1929 and is considered to be one of the founders of the Club's climbing program. Wolf plans to be putting on his skis during the reenactment of the historical ski race between Snoqualmie and Meany Lodges, albeit he does not plan to ski the entire 18 miles. Happy Birthday Wolf, and many more.
- E. Executive Director's Report: Steve Costie reported that the Banff Film Festival was extremely successful with a total attendance of 1,771 for the 3 sold out nights. Costie and Horstman reported on the possible effect of the dues increase on membership. Between October 31 and December of 2004

the membership increased by 17, whereas during this same period in 2005 the membership decreased by 100. They both emphasized that a more accurate assessment can be made after the December membership figures become available. When members fail to renew, there is a 45-day grace period before they are officially dropped. Horstman stated that the dues income for December was 93% of the budget; he also stated that the Budget had factored in a projected 6% membership drop. Costie also reported that for the first time he is seeing letters from members who are giving the sharp dues increases as a reason for dropping.

## II. Committee Reports

A. Retreat/Strategic Planning. Bill Deters, co-Chair of the Strategic Planning Committee [SPC], reported that the Board Retreat would have a volunteer professional facilitator. Patti Polinsky asked if minutes of the Retreat would be available for those trustees who have a conflict with the 7 January date. Co-chair Jim Burke stated that information would be available.

B. Report of the Nominating Committee [NC]. Steve Cox, Chair presented the following slate of candidates for the Club Officer positions:

Ken Madden	- President
Rick Anderson	- President-elect
Brad Gibson	- Secretary
Bill Deters	- Treasurer
Don Heck	- Vice-President for Publishing
Scott Eby	- Vice-President for Recreational Properties

Additional nominations for any or all offices may be made from the floor at the 2 February BoT meeting. If there are additional nominees the officers are elected via secret ballot. The NC reported the following observation: "President Elect" is defined as, "... an elected president who has not yet taken office." But, while The Mountaineers call the position "President Elect", it states in club Bylaws that "He or she shall prepare for becoming club president, with the expectation of being nominated for that office when the current president's term is completed." This clearly calls for the person to be nominated and selected, which means that they are not, in fact, a true president elect. The NC recommended that a proposed revision of the club By-laws be prepared to change the position title from "President-Elect" to "Vice President."

C. New Facility Construction Committee [NFCC]: Chair Rick Anderson provided the Board with a written report for January 2006 containing the following information:

1. Project Status
  - a. Project Programming - 95% complete. Final compilation and reconciliation remains to be finished.

- b. Architect Selection - Early stages. We anticipate narrowing the candidates in early January.
  - c. Contractor Selection - Early stages. We anticipate narrowing the candidates in early January.
  - d. Lease negotiation - negotiation is complete, various City departments have prepared reports so that the lease can be considered by the City Council in December and January and February. Those reports have not yet been made public.
  - e. Schematic Design - not started yet. Current target start date is February 2006.
  - f. Permit Processing - not started yet. Current target start date is June 2006.
  - g. Property [300 3rd Avenue W] Sale - Letter of intent has been signed. The offer was full price [\$4,500,000], no buyer contingency, sell contingency subject to lease execution by March 15, 2006, closing by March 31, 2006, 2 years virtually rent free. We are currently in the final stages of these negotiations.
2. Future Milestones
- a. Final lease agreement - we have completed the lease negotiations. The next step on the City's side is for it to go before the Seattle Parks, Neighborhoods and Education Committee in January and to the City Council in February [2006]. The city departments have completed their reports but they have not been made public. We are told that they are favorable. Once the reports are published we will publish the full text of the lease agreement. We anticipate this to be on or by January 9, 2006.
  - b. We will ask the Board of Trustees to approve the lease and the building sale in February [2006].
  - c. Negotiate the building sale - The purchase and sale agreement is to be executed by January 15, 2006.
3. Craig Rowley provided the BoT with an updated New Facility Construction Committee Financial Presentation.
4. NFCC Chair Rick Anderson began his verbal report by started that the Board approved on 5 May 2005 by a vote of 15 to 5 a plan of action that included putting 300 3rd Avenue W on the market. He stated that the buyer of 300 3rd Avenue W. will donate \$100,000 to The Mountaineers when the sale is approved by the Board.
5. In response to BoT questioning Anderson admitted there was a risk that the Club could end up in a situation where it would have to vacate the current building because it has been sold and would have no place to go because the move to Magnuson Park had to be abandoned. However, he stressed that he considered such a chain of events to be a very remote possibility.

6. There were BoT questions regarding the wide discrepancy of the NFCC renovation estimate of \$1,700,000 and the Seattle Parks Department estimate of \$3,100,000. Anderson again stated that his figures are correct and that those who are claiming otherwise are mistaken. Using the costs for an elevator as an example, Anderson stated that the NFCC does not intend to install a three stop elevator which he admitted could cost around \$200,000; instead the NFCC will install a wheel chair lift at a budgeted cost of about \$17,000 which he stated will be adequate for The Mountaineers. In response to concerns about the high costs for meeting the 2006 Seattle seismic code, Anderson stated the NFCC has no intention of retrofitting Building 67 to meet the 2006 seismic code. However, Anderson for the first time did state that due to an increase in the cost of construction materials as a result of the Gulf Coast disasters the renovation cost could go as high as \$2,300,000; however, he stated this would be counteracted by the higher sale price for the current property. Concern was expressed that because the current building will be sold, and the 30 year lease will be signed before there is a construction contract in place, there will be significant pressure for the BoT to authorize even higher renovation costs if and when they occur. The events at the Kitsap Caretaker's Cabin was given as an example of significant construction cost overruns. In response to a direct question, Anderson stated that the NFCC has spent ca. \$22,000 on Building 67 as of this date.
7. There was a motion introduced to allow members of the audience to speak on this issue if they desired. When the motion passed, President Eng allotted 15 minutes. One member stated that not all of the money from the sale of 300 3rd Avenue W should go into a Club-house for the Seattle Branch at Magnuson Park; some funds should be made available for other important Club programs. A second member emphasized that other options should be re-examined because of the significant changes in the Seattle real estate market over the past year. He gave as an example that a co-development option could be more viable now than it was when the original BAC Report was prepared in 2004 due to a significant rise in the value of the Club's property. [Note: The original appraised value of the property in the BAC report was \$3,950,000 vs the actual sale price of \$4,500,000.] He added that if the Club has to leave Magnuson Park within the 30-year lease period due to inadequate numbers of members, the Club will have to walk away from its investment. A third member stated that serious questions regarding the potential move to Magnuson Park have not been answered.

III. Unfinished Business

A. None.

IV. New Business

A. Seven motions were introduced by the Snoqualmie Foothills Branch Representative Mary Lynch regarding the move to Building 67 at Sand Point. Each motion received a second. It was requested that the vote on all of the motions be recorded. The motions are:

1. Mary Lynch moved that in order for the Board to carry out their fiduciary responsibilities and to exercise due care, that Richard Anderson; Architect, Chair, New Facilities Construction Committee (NFCC), provide to the board, within 10 working days: An Updated Seismic Study n Scope, Schedule and Cost to be completed by an outside Engineering Firm to meet Current Code Compliance for Bldg. 67 at Magnuson that shows the risks have been identified in the project. President Eng expressed his displeasure with this motion. NFCC Chair Anderson stated there is no need to upgrade the seismic report because there is no intention of bringing Building 67 up to the 2006 Seattle Seismic Code. Patti Polinsky seconded. The motion failed with 3 positive votes. The affirmative votes were Mary Lynch, Donna Osseward, and Patti Polinsky. The 16 negative votes were Ron Eng, Ken Madden, Don Heck, John Wick, Craig Rowley, Rick Anderson, Jim Burke, William Borden, Steve Cox, Dale Flynn, Jim French, Ken Hahn, Steve Glenn, Steve Sears, Henry Romer, and Rob Simonsen.
2. Mary Lynch moved that in order for the Board to carry out their fiduciary responsibilities and to exercise due care, that Richard Anderson; Architect, Chair, NFCC, provide to the board, within 10 working days: An Updated Asbestos Study n Scope, Schedule and Cost to be completed by an outside Engineering Firm to meet Current Code Compliance for Bldg. 67 at Magnuson that shows the risks have been identified in the project. NFCC Chair stated the risks from asbestos are not sufficient to warrant such a study. Donna Osseward seconded. The motion failed with 3 positive votes. The affirmative votes were Mary Lynch, Donna Osseward, and Patti Polinsky. The 16 negative votes were Ron Eng, Ken Madden, Don Heck, John Wick, Craig Rowley, Rick Anderson, Jim Burke, William Borden, Steve Cox, Dale Flynn, Jim French, Ken Hahn, Steve Glenn, Steve Sears, Henry Romer, and Rob Simonsen.
3. Mary Lynch moved that in order for the Board to carry out their fiduciary responsibilities and to exercise due care, that Richard Anderson; Architect, Chair, NFCC, provide to the board, within 10 working days: A Hazardous Waste Abatement Study n Scope, Schedule and Cost to be completed by an outside Engineering Firm

to meet Current Code Compliance for Bldg. 67 at Magnuson that shows the risks have been identified in the project. NFCC Chair stated the risks from hazardous materials are not sufficient to warrant such a study. It was stated that a hazardous materials assessment may be necessary before occupancy. Patti Polinsky seconded. The motion failed with 3 positive votes. The affirmative votes were Mary Lynch, Donna Osseward, and Patti Polinsky. The 16 negative votes were Ron Eng, Ken Madden, Don Heck, John Wick, Craig Rowley, Rick Anderson, Jim Burke, William Borden, Steve Cox, Dale Flynn, Jim French, Ken Hahn, Steve Glenn, Steve Sears, Henry Romer, and Rob Simonsen.

4. Mary Lynch moved that in order for the Board to carry out their fiduciary responsibilities and to exercise due care, that Richard Anderson; Architect, Chair, NFCC, provide to the board, within 10 working days: Correspondence from the City regarding negotiations affecting the scope of the renovation as now determined by the Lease. NFCC Chair responded that the requested correspondence does not exist. Donna Osseward seconded. The motion failed with 1 positive vote and 2 abstentions. The positive vote was Mary Lynch and the two abstentions are Donna Osseward and Patti Polinsky. The 16 negative votes were Ron Eng, Ken Madden, Don Heck, John Wick, Craig Rowley, Rick Anderson, Jim Burke, William Borden, Steve Cox, Dale Flynn, Jim French, Ken Hahn, Steve Glenn, Steve Sears, Henry Romer, and Rob Simonsen.
5. Mary Lynch moved that in order for the Board to carry out their fiduciary responsibilities and to exercise due care, that Richard Anderson; Architect, Chair, NFCC, provide to the board, within 10 working days: A Copy of the DRAFT Lease. NFCC Chair stated a draft of the lease is available and there is no legal reason why it cannot be made available to the BoT. Donna Osseward seconded. The motion passed with 10 positive votes and 7 negative. The ayes included Mary Lynch, Donna Osseward, Patti Polinsky and Rick Anderson. Ron Eng voted Nay. All other votes were negative. <If anyone wants a recorded vote someone has to provide a record of the votes. Otherwise, the count is all I can provide.>
6. Mary Lynch moved that in order for the Board to carry out their fiduciary responsibilities and to exercise due care, that Richard Anderson; Architect, Chair, NFCC, provide to the board, within 10 working days: Minutes of any meeting(s) that reports on the decision to list the clubhouse. NFCC Chair stated no minutes were taken at the meetings because there was not the time to take minutes and that they are not required. Another trustee stated that most business project meetings do not have minutes so why should the NFCC; however, this assertion was questioned by another trustee. At this time there were comments such as: I see no point to these motions;

these motions look like they were prepared by an attorney in preparation for a lawsuit; and a blunt reference to male bovine byproducts, which President Eng declared to be unintentional. Donna Osseward seconded. The motion failed with 3 positive votes. The affirmative votes were Mary Lynch, Donna Osseward, and Patti Polinsky. The 16 negative votes were Ron Eng, Ken Madden, Don Heck, John Wick, Craig Rowley, Rick Anderson, Jim Burke, William Borden, Steve Cox, Dale Flynn, Jim French, Ken Hahn, Steve Glenn, Steve Sears, Henry Romer, and Rob Simonsen.

7. Mary Lynch moved that in order for the Board to carry out their fiduciary responsibilities and to exercise due care, that Richard Anderson; Architect, Chair, NFCC, provide to the board, within 10 working days: Communications, emails, meeting notes from conversations exchanged in determining asking price for sale of clubhouse and copies of sales agreements with listing Agents. NFCC Chair Anderson stated that the requested material does not exist. One trustee expressed his alarm that the individual members of the BoT no longer hold any trust with each other; that the individual members of the BoT are at each other's throat; that the BoT is at an impasse; and that as a result the BoT is completely dysfunctional. A second trustee firmly stated that he has served in the past on numerous other boards and that the Board of The Mountaineers is the worst board he has ever encountered, adding that he is embarrassed to be serving on the Club BoT. Donna Osseward seconded. The motion failed with 3 positive votes. The affirmative votes were Mary Lynch, Donna Osseward, and Patti Polinsky. The 16 negative votes were Ron Eng, Ken Madden, Don Heck, John Wick, Craig Rowley, Rick Anderson, Jim Burke, William Borden, Steve Cox, Dale Flynn, Jim French, Ken Hahn, Steve Glenn, Steve Sears, Henry Romer, and Rob Simonsen.
8. Mary Lynch moved that in order for the Board to carry out their fiduciary responsibilities and to exercise due care, that Richard Anderson; Architect, Chair, New Facilities Construction Committee (NFCC), provide to the board, within 10 working days: Communications, emails, meetings notes from conversations you had with the City regarding plans and drawings as proposed for the renovation of Building 67. Mary Lynch later withdrew the motion without a vote having been taken on the motion.

At the close of the discussion a Trustee Patty Polinsky quoted from the RCW 24.03.115 that the Board of Directors of a non-profit corporation cannot delegate the authority to sell major assets of the corporation. This assertion was not disputed.

## V. Reports

- A. Conservation Division: Steve Cox referred to a Letter to the Editor from the King County Journal dated November 28, 2005 that was highly critical of an official position taken by The Mountaineers regarding habitat protection. Conservation Division Chair Shurgot commented that letters of this type are not unusual and if they are brought to the attention of the Conservation Division, it will provide the Board with whatever additional information it deems necessary. It was pointed out that all official letters regarding conservation issues are signed by the President of The Mountaineers.
- B. Foundation Report: Foundation President Paul Robisch reported that he sent an official Foundation letter to Jennifer Reister, Club Staff, thanking her for a year of good service to the Foundation. He referred to the written list of the 15 fiscal sponsorship agreements between the Club and the Foundation which shows how much the Club and Foundation have become intertwined during the last two years.

VI. Good of the Order

VII. The meeting was adjourned at 11:00 PM.

Respectfully,

Brad Gibson, BoT Secretary