

IDITAROD TRAIL COMMITTEE, INC.
BOARD OF DIRECTORS MEETING
Millennium Alaskan Hotel
June 1, 2012

CALL TO ORDER

The meeting was called to order by President Andy Baker at 9:04 a.m.

ROLL CALL

Members present: Andy Baker, Aaron Burmeister, John Handeland (via phone), Mike Jonrowe, Mark Moderow, Danny Seybert and Aliy Zirkle

Members absent: Mike Owens (excused), Rick Swenson (excused) and Joe Redington, Sr.

Others present: Stan Hooley, Executive Director; Mark Nordman, Race Director; Don Patterson, Finance Director; Diane Johnson Education Director; Erin McLarnen, Communications Director and Joanne Potts, Recording Secretary.

The president noted that Joe Redington Sr.'s absence is excused. He is on the trail.

PUBLIC COMMENT

There was no public comment.

APPROVAL OF AGENDA

Seybert/Jonrowe moved to approve the agenda as presented.

Baker noted that he'd like to have a discussion during the meeting about adding board members.

Seybert/Jonrowe motion to approve the agenda was approved.

ADOPTION OF MINUTES OF MAY 5, 2012

Moderow/Zirkle moved to adopt the minutes of the May 5 board meeting.

Seybert thanked the president for asking for prayer for his son's recovery and noted that he is doing well.

Moderow/Zirkle motion passed.

PRESIDENT'S REPORT – ANDY BAKER

Baker reported that he has met with the Commissioner of DOT, who assured him that he'd make sure DOT isn't messing anything up regarding the present re-start site. Baker also contacted Becky IIs who will start digging around working on this. The Commissioner had suggested that perhaps Iditarod could

get a one day lease for the site. DOT is working on this and trying to determine who or what agency is blocking this.

Baker reported that Iditarod should receive the \$100K from the State right after the first of July.

EXECUTIVE DIRECTOR'S REPORT

Hooley's written report was in the Board Packet.

He reported that at this time we are forecasting roughly \$187K in net revenues for FY 12. That would be a negative variance of \$215 K from the \$403K called for in the budget plan. He explained that the net revenue is before debt obligations.

He noted that since the Millennium was not doing the picnic this year, we are planning a potluck of sorts. The Iditarod would furnish hamburgers and hot dogs and he suggested that it would be good if board members and staff assisted in cooking and serving.

Timing for various functions on Picnic Day were discussed. Hooley noted that the organizational meeting of the Board, which is traditionally for setting the following years dates and electing the new officers, needed to be moved away from the 12 noon slot because of the picnic. He noted that he had suggested in his report having on from 3 to 3:45 that afternoon. After discussion, it was decided to end the Annual Meeting at 11:30 a.m. and have the picnic start at noon.

Seybert noted that he could get salmon from Bristol Bay for the picnic. The amount was discussed and it was decided on 100 pounds of filets.

It was also agreed that the activities would all take place 30 minutes earlier than on the schedule. The picnic would be from noon until 3:30. Sign ups would end at 3 p.m. rather than 3:30 p.m. and the drawings would begin at 3:15 and the draw for the free entry fee would be at 3:30 rather than 4 p.m. Starting the sign ups later than 9 a.m. was also discussed but it was decided to leave it the same for this year and to reconsider starting at a later time next year.

RACE DIRECTOR'S REPORT – MARK NORDMAN

Nordman's written report was in the packet.

Nordman noted that he's trying to get to Rohn for a final cleanup and hopes to make it this week.

Baker suggested that Paul Sayer and Dick Newton had reported having difficulty getting fuel at one of the checkpoints when they were snowmachining to Nome. He asked Nordman if we could provide them with 10 gallons of gas. Nordman noted that we already work with them and help them when necessary and that he'll make sure they have the 10 gallons of gas where they need it.

Seybert asked about the last minute change in the trail involving the Steps. Nordman noted that it didn't turn out to be a big deal. He said the trail breakers said there was too much snow on the road to take that route this year and noted that it will always have to be a last minute decision.

Baker expressed concern about whether policy is being made for certain people rather than for the Race and Nordman noted that he did not make the decision to go by way of the Steps. He said the trail breakers called him and told him that there was too much snow on the road for them to go that way.

DIRECTOR OF EDUCATION – DIANE JOHNSON

Johnson reported that she had another person for the summer camp, now up to 22-23. She noted that that is very exciting.

COMMUNICATIONS DIRECTOR – ERIN MCLARNON

McClarnon noted that she has been putting a lot of information on Facebook and trying to get feedback on what people want to see on a year round basis. She said she's still trying to figure out a lot of things.

GREG HEISTER – INSIDER PRODUCER

Heister noted that Elevator 10 is visionary and said he thinks Iditarod has the right buys in place now to make maximum use of the website. He said he's been waiting for a breath of fresh air and will leave this meeting energized.

He noticed that we can make our wildest dreams happen. He said Iditarod doesn't do enough with all the footage he shoots. The website can be made viable but just needs a kick start.

Baker suggested Heister be here for signups to do interviews and Heister will check his schedule and let us know his availability.

Hooley noted that for the giving campaign suggested by Elevator 10, Iditarod would have to make sure it is attaching to the right charity. He thinks this can be accomplished by June 30.

Baker noted that takeaways from yesterday's presentation by Elevator 10.

- 1) The donation campaign can be accomplished by June 30. Hooley explained that the idea would be implement an on line campaign to allow people to make contributions to Iditarod and Iditarod would share those contributions with charities. The video messaging needs to be worked out and passed to Elevator 10 to implement.

Having a large national charity and a local charity was discussed. War Dogs was considered for the large national charity and Arctic Paws was considered for the local charity.

Hooley agreed to have the messaging to Heister by Tuesday.

- 2) Marketing the DVD is another that could be accomplished. Iditarod normally sells about 5000 DVD's and Elevator 10 suggested that they could help Iditarod sell 50,000. The next step would be fore Elevator 10 to submit a revenue sharing model for Hooley to "argue" with. He expects Elevator 10 will want 25%.

McClarnon noted that she had given Heister the DVD cover. Heister said they are ready to roll with this once the deal is made with Hooley.

- 3) The other thing would be the simpler of the two games Elevator 10 mentioned. The time line for that would be about three months.

Hooley noted that they need to quantify what their development costs would be. They don't have the capital to do this and would have to find investors.

**Seybert/Burmeister moved to have Hooley negotiate the deal with Elevator 10 and get it started.
Motion passed.**

The question of enhancing the website was discussed and the possibility of mushers submitting video of their own. Heister suggested making a musher portal so the mushers could go in and upload whatever they want. Jonrowe noted that there would have to be a gatekeeper and Heister suggested that mushers should send in their video to ITC for approval and perhaps have a video of the week to go on the site.

Jonrowe commented that the Elevator 10 guys are excited and realize their role is to help Iditarod make money with the website. He asked Hooley if we are still shopping for someone to take over the merchandise sales. Hooley noted that he had asked Elevator 10 to submit a proposal to involve themselves in just the ecommerce. He noted that that outfit that handles merchandise for the Sea Life Center in Seward is interested but it's a matter of their getting to our number and he doesn't think they are willing to do that.

Baker asked for a merchandise plan by the next meeting. Hooley noted that we have to make a decision quickly as to what direction we will go because it is time now to be purchasing 2013 merchandise.

IOFC REPORT – AARON BURMEISTER

Burmeister noted that the IOFC is concentrating on putting everything together for the warm up shack for the dog lot volunteers in Nome.

MUSHERS REP – ALIY ZIRKLE

Zirkle brought up the issue of Seavey's lawsuit and his committing any money he makes from it to the Iditarod.

After discussion the Board Of Directors reached no consensus.

RULES COMMITTEE – ALIY ZIRKLE

Zirkle noted that there were major changes in the 2013 rules, many housekeeping type of rules.

She noted that at the last board meeting, there had been discussion about requiring a certain amount of emergency food on the sleds but that did not change.

She explained that one of the biggest changes was in Rule #36, where the times for getting to McGrath, Unalakleet and Nome were eliminated and new verbiage was inserted to give the Race Marshal more authority.

Discussion took place as to whether to add more language giving the Race Marshal more authority. Nordman advised the Board not to embellish this rule, to leave it as is.

Seybert noted that the Rules Committee had surely thought through all the contingencies before they wrote this rule and suggested leaving it the way they have presented it.

Moderow/Seybert moved to adopt the 2013 rules as proposed.

Discussion followed on Rule #41.

Jonrowe noted that as long as there were two mushers in the Race, they were competing.

Zirkle explained that in Rule #41, a paragraph was added to help determine when the Race actually ends. It has to do with how long the musher is under the Race Rules.

Moderow/Seybert moved to add verbiage to Rule #41 that includes “is clear of the trail” along with “is disqualified, crosses the finish line, completes required canine drug testing or departs from the Nome dog lot”. Motion passed

Zirkle noted that the amount of food allowed in food drop bags was dropped to 50# in rule #47.

She also explained that the Rules Committee had questions about Rules 7 & 8 but were not able to come to a consensus and suggested a legal review of both rules.

Hooley explained that he needs to be able to prevent a musher from recording and then marketing what he/she recorded to a network. He said he wasn't prepared to come up with verbiage at this moment. He suggested asking mushers to share their plans for carrying recording equipment, which he would then review.

Zirkle noted that the qualifying races are being reviewed and those were completed on May 24, with the exception of about four of them. She explained that the goal is to have them all listed on the website by sign up day.

Moderow/Seybert motion to adopt the 2013 rules as amended passed.

Baker asked Zirkle to be thinking about the committee make up for next year.

PROPOSED BYLAW AMENDMENTS

At the last board meeting three amendments to the bylaws were proposed:

- 1) Changing the current stated number of directors, “ten(10)”, to “nine(9)” in Section 5.1.1 to conform to current practice and removed any uncertainties as to quorum:
- 2) Changing the currently stated status of Joe Redington, Sr., as a “ex-officio” member of the board, to that of an “emeritus” in Section 5.1.3 to clarify the status of the honors conveyed; and

- 3) Changing the currently stated quorum requirement for meetings of the board, “sixty percent (60%)”, to “a majority” in Section 5.9 to aid the regular conduct of meetings.

There were other amendments discussed at the previous board meeting but they were not scheduled for action at this meeting.

ADOPTION OF FY13 OPERATING BUDGET

Hooley reported that we budgeted \$336K in net revenue and achieved \$350K, a positive variance of \$14K.

In FY12 we budgeted \$403K for net revenue and the projection now for the end of the fiscal year is \$185 K, a negative variance from the budget of \$215K.

He noted however the significant obligations in terms of long term debt and accounts payable have been taken care of. But we are off pace in our goal to establish reserves as called for in the 5 year plan. As the plan reads, if we don't make adjustments to the out years, we would effectively have to make up in FY 13 what we did not fully achieve in FY 11 and FY 12. That means we'd need to realize \$358K in new net revenue growth over our FY 12 results.

He noted that we already know that we need to make up \$187K in cash sponsorship that are not being renewed just to get to last year's sponsorship numbers. So we would actually need to realize new net revenue of \$546K to meet our current 5 year plan.

As a result, there are some adjustments to the 5 year plan being made:

- 1) The proposed budget calls for gross revenues to be \$4,077,003 for FY 13, an increase of \$250,375 over FY 12 forecasted gross revenues.
- 2) The proposed gross expenses are \$3,702,766 for FY13, an increase of \$63,641 over the FY 12 forecasted gross expenses.
- 3) Under this plan the debt would be reduced by \$175K, \$125K to the line of credit, and 450K to long term debt to the Iditarod Trail Race foundation. That would result in a change to the 5 year plan which would mean postponing fully paying down the line of credit until FY14. The goal of paying off all debt (\$189K) by the end of FY 14 would still be accomplished.
- 4) Accounts payable would be maintained at a normal net thirty amount of an average of roughly \$25K.
- 5) We would increase reserve account by \$180K. The change from the 5 year plan would be to spread the remaining FY 12 reserve shortfall of \$100K to FY 14 and FY 15, increasing each year's goal by \$50K.
- 6) We would increase operational cash by \$20K making up most of the shortfall from the plan for FY12. The remaining \$7K shortfall to be made up in FY14.
- 7) This proposed budget calls for an increase in prize money by \$50K.

Baker asked if paying for the mushers' food drops was included in this budget, as we had committed to doing that. Hooley said it wasn't in the budget, so the Board should come up with a number. Patterson suggested a new line item around line 91.

Moderow/Jonrowe moved to approve up to \$1000 in freight shipment for the mushers for the 2013 race. Motion passed.

It was moved seconded and passed to approve the FY 13 budget as submitted with the amendment regarding freight shipment for mushers, with the understanding that it might have to be modified.

DIRECTORS' COMMENTS

Directors' comments were: 1) Many thanks to Moderow for his nine years of service on the Board of Directors; 2) Thanks to the Rules Committee for their hard work, and 3) Good work on the Elevator 10 project.

Moderow's final comment was "whatever you decide to do, keep the dogs' best interests first."

ADJOURNMENT

It was moved, seconded and passed to adjourn. Motion passed. Meeting adjourned at 12:00 p.m.

DRAFT