

IDITAROD TRAIL COMMITTEE
BOARD OF DIRECTORS
BUDGET TELECONFERENCE
JUNE 14, 2017

1. CALL TO ORDER

The meeting was called to order at 10:00 a.m. by President Andy Baker.

2. ROLL CALL

Members present were Andy Baker, Aaron Burmeister, Mike Jonrowe, Stan Foo, and Danny Seibert.

3. Members absent – Paul Gebhardt, Rick Swenson, John Handeland

Others Present: Stan Hooley, CEO; Chas St. George COO; Mark Nordman, Race Director/Marshall; Don Patterson, Director of Finance

A quorum was established

4. APPROVAL OF AGENDA

Danny Seybert made a motion to approve the agenda. Aaron Burmeister seconded. Motion passed unanimously.

5. CEO Report- Stan Hooley - Update on Drug Testing. Staff needs more time to get a second opinion of where this is in terms of what risks are associated in enforcing the ITC drug testing rules as they are currently written. My concern is that we get as independent an opinion as possible.

6. New Business

6.1 ITC 2018 Operating Budget – Don Patterson presented the BOD with the financial projection for the remainder of the 2017 fiscal year, which included a net profit of \$41,369 (a negative variance from budget of 77,399) . Going into FY 2018 the ITC needs to build up its reserve up by \$125,000. We need to pay down our entire line of credit with Wells Fargo. Currently the line of credit has a balance of \$70,000. The ITRF has agreed to let us use their funds to guarantee a line of credit through May 2019. Knowing the present situation, we have adopted the following for 2018:

- Gross revenue of \$3,411,717 (+ \$203,391 in 2017)
- Expenses of \$3,268,067 (- 311,000 in 2017)
- Projected net revenue of \$149,660 with \$125,000 going into financial reserve for ITRF and \$15K to pay off Wells Fargo LOC.
- \$500,000 base purse to be paid out to the top 30 mushers.

Stan Hooley – The ITC has not discussed the \$77K negative variance from budget with the ITRF at this time. I have met with 1st National Bank and Alaska USA Credit in terms of Lines of credit, and most recently Danny Seybert and I have met with Northrim to discuss a potential

relationship. We continue to work on a financial institution to replace Wells Fargo's departure. The line of credit with Wells Fargo is attached to the ITRF's agreement to the terms of the LOC. Right now, the ITRF has stipulated that they won't sign the subordination agreement unless Wells Fargo rescinds new language in the agreement. As we sit here today, the LOC we typically use to pay bills is not available to us, and won't be until this is resolved. We are working on a short-term loan through the ITRF in order to keep us solvent for the next 60 to 90 days.

I believe, based on the circumstances that we face, a \$500,000 base purse would allow the ITC to meet its obligations and allow us to continue to grow our sponsorship opportunities in a more fiscally responsible manner.

Mike Jonrowe – *Makes a motion to amend Rule 11 in the 2018 Race Rules to read as follows: "The 2018 purse will start at \$500,000 with the highest percentages paid to places 1-20, and includes \$1,049.00 for places 21 through the last musher to finish the race. The final purse will be announced in December, 2017". Mike Owens Seconds. The motion passes unanimously.*

Stan Hooley: Regarding the overall budget, I believe that it is important to point out that over the last nine years (outside of the purse) we have made reductions of 28% in our operating expenses. We are dangerously close to not having enough infrastructure, resources, and human capacity to do what we need to do.

Andy Baker: We need to also look at what comprises "other expenses". The board needs to clearly understand what those expenses (\$1.7 M) are.

Danny Seybert – *Makes a motion to accept the 2018 budget as proposed. Stan Foo seconds. The motion passes unanimously.*

6.2 ITC Bylaw Amendment for IOFC Representative – Stan Hooley presented the BOD with a recommendation that would change bylaw 5.2 (Term of Office) to read as follows:

Directors shall serve staggered terms of three years. Each Director (With the exception of the IOFC representatives) shall hold office until the date of the organizational meeting of the Board of Directors described in section 5.7, first occurring after his or her successor is elected. (In the case of the new IOFC representative, the board shall meet within fifteen days of the annual IOFC meeting to formally elect the representative to the Board).

The reasons for electing the IOFC representative to the BOD within two weeks are:

1. This allows the IOFC representative to participate in the next Board meeting.
2. There may be some discussion about the selection of the individual. That discussion should probably take place in a separate meeting. The way the bylaws are written, the BOD formally elects or appoints that person. The Board has the choice of whether or not the representative would serve on the Board.

Aaron Burmeister made the motion to amend the Bylaws as presented. Stan Foo seconded. Motion passed unanimously.

6.3 Travis Beals request to enter the 2018 Iditarod Trail Sled Dog Race – Andy Baker proposed that the Personal Conduct Advisory Committee review the court ordered requirements and make a recommendation to the BOD regarding Travis Beal’s eligibility status for the 2018 Iditarod Trail Sled Dog Race.

The meeting was adjourned at 11:48 am.

DRAFT