The Prairie Enthusiasts

Board of Directors Meeting

November 8, 2007

ACTION ITEMS IN BLUE

Attendees

Directors: Evanne Hunt, Kathy Henderson, Rich Henderson, Jack Kussmaul, Jim Rogala, Richard Oberle, Victoria Oberle, Nick Faessler, Dan Mueller, Jim Rachuy

Visitors: Amy Staffen, Jon Traver

The meeting was called to order at 7:03 p.m. on November 8, 2007.

Old Business

1. September 5th Meeting Minutes

- Some corrections requested:
  - Under "Attendees/Visitors:" R. Henderson requests that name be corrected to "Laurie Yahr." (*Clarification from Rich H.: This is a correction of a correction incorporated into the Sept. 07 meeting minutes.)*
  - Under Item 6b, second bullet, change text to read: "There need to be three separate endowments, not just two: Operations, Easement Monitoring and Land Management.
  - Under item 6b, third bullet, change "unrestricted" to "restricted:" "A separate fund (~~un~~restricted) needs to be created to provide up-front money for land management grants…"
- Motion to approve September 5th minutes with above changes (K. Henderson). Seconded (R. Henderson). Motion passed.

2. Treasurer's Report (K. Henderson)

- A portion of Annual Fund contributions can be attributed to carryover from 2006 Annual Fund Drive ($1,475). As of 11/7/07, the total is $24,185.
- Statement of Financial Position, second page, item 310: We set up account to track restricted investments; this is not liquid yet.
- We're close to where we were last year, in terms of balance.
- Item 394 = "everything." Amount is $314,000. This includes grants.

- R. Oberle notes (correctly) that we are $6,500 over-budget. K. Henderson emphasizes that budget was established in early 2007.
- There are a number of questions on understanding the budget and Statement of Financial Position. Rachuy emphasizes the importance for all Directors to be able to review and comprehend these reports in a knowledgeable fashion.
- Hunt will dedicate time at January BOD meeting to allow for instruction on how to read and interpret TPE financial reports.
- Hunt will ask Claudia Vlisides to attend, and to provide instruction.
- K. Henderson will send complete financial report to all Directors well in advance of next Board meeting (Rachuy). Please add columns for separate budget categories (R. Henderson).
- Directors will review financial report sent by K. Henderson before next Board meeting. Send K. Henderson your questions in advance so that she and Claudia can be prepared to address them.
- Motion to approve November 2007 Treasurer's Report (R. Oberle). Second (Kussmaul). Motion passed.

3. Chapter Budgets

- Motion to approve: Each chapter shall submit a yearly budget to the Board for approval beginning January 2008 (R. Henderson). Second (Faessler).
    - Discussion: This won't just cover membership dues, but all income and expenses (R. Henderson). A model budget that the Prairie Smoke Chapter developed has been sent out by Evanne. Training should also be available (Hunt), though it will be optional, not mandatory. R. Henderson suggests that Claudia could send out a budget with all line items (with contents left blank), to serve as an additional template.
    - Motion passed.
- Motion to approve: TPE will implement a zero-based budget process for chapters beginning January 2009 (R. Oberle). Second (V. Oberle).
    - Discussion: This will reflect dues only. Mueller questions that if unused funds will revert to general funds, what will Chapter use in the following year? Hunt assures him that the money goes nowhere. R. Oberle states that eventually a chapter will be able to budget beyond their dues. R. Henderson suggests that we put off voting on this until budgets are in place. Hunt requests a vote now, since this will provide a goal to work towards.
    - Motion passed, with two opposed (Rachuy, Mueller).

4. Investment Policy (Jon Traver)

- Jon Traver created an Investment Policy, and provided a summary at the Board meeting. Complete document is attached.

<u>Purpose of Policy</u>

This Investment policy describes the investment objectives (both short and long-term) of The Prairie Enthusiasts, establishes investment

principles for TPE's assets, and creates guidelines for evaluating investment decisions. Overall responsibility for the financial management of the investments of TPE is the responsibility *of the Board of Directors.*

Overview

TPE maintains two distinct investment policies, one of which governs the funds which are invested for future generations (Long-Term Pool) and the other governs the funds which are used to support current program and operational activities (Short Term Pool).

Investment Policy – Long Term Pool

TPE's longer term funding objectives are met by long term assets with the primary goal to protect principal from the effects of inflation. A secondary goal is to earn an average of 5% on invested assets (trailing 3 years) above the rate of inflation. – *This equates to about 8% annually.*

Achieving this objective over the long run requires a substantial commitment to inherently risky equity assets. TPE attempts to minimize risk by investing for the long term and diversification of assets. TPE believes that passively managed funds are generally the most cost effective. Total equities should comprise 60% of the portfolio, while total fixed income should comprise 40%.

Investment Policy – Short Term Pool

TPE's Short Term Pool contains funds that are used to support current program and operational activities of the organization. For these reasons, TPE has established a separate Short-Term Investment Pool that is managed to achieve the objective of minimizing loss of principal. Return expectations for this pool should be approximately the rate of inflation.

Investment Implementation

The State Bank of Cross Plains (SBCP), of Cross PlainsWisconsin, will implement this investment policy for the long term pool with the mutual funds above that are available through their trust department and re-balance the portfolio annually back to the original percentages above. The Bank will act as custodian of TPE's assets and provide TPE with quarterly reports to TPE, listing all assets and their performance, and meet at least annually with the TPE Finance Committee to discuss the portfolio.

Discussion

- Compliments to Jon for performing a much-needed service to TPE in developing this policy. Excellent job!
- Lee Swanson is former President of SBCP, is pushing them to work with non-profits to hold and develop investment portfolios. (R. Henderson)
- State Bank of Cross Plains can take up to 7% annually as fees for managing our portfolio. Traver doesn't know exactly how much they will

charge us, but they charged one-half to one-quarter of one percent when they developed an investment portfolio for Driftless Area Land Conservancy. Kussmaul points out that these are relatively simple investments, and that we could forgo the SBCP fees by dealing directly with Vanguard.

- Traver reported that he investigated the possibility of investing with the Wisconsin Natural Resources Board, but found it to be a poor system: Investors lose control of their money, there is no transparency, and they have very high fees.
- Kussmaul recommends that although we may have three different asset classes, all subaccounts can be consolidated into one or several larger umbrella accounts. Reports will, we hope, include subaccounts for TPE (chapters, grants, etc); Claudia Vlisides has requested this.
- Motion: Adopt Jon Traver's Investment Policy document, and authorize Jon Traver, Rich Henderson and Claudia Vlisides to meet with a SBCP broker to create an investment portfolio (Rachuy). Second (Kussmaul). Motion passed.

5. Wildlife Conservation Society (WCS) Grant (R. Henderson)

- Refer to attachments for full WCS grant proposal.
- Notification of award will be in February 2008.
- Motion to approve acceptance of grant, should the award be offered (Rachuy). Second (Rogala). Motion passed.

6. Hire an Administrative Assistant (Hunt)

- A position description has been created (see attached), and four individuals have expressed an interest in the position.
- Motion: The Executive Committee is authorized to hire a part-time administrative assistant for TPE (Kussmaul). Second (Mueller). Motion passed.

7. President's Report (Hunt)

- We have a new volunteer shipping clerk: Jeannie Kant, of the St. Croix Chapter. There is now a listing on the website of all available merchandise and an order form. If your chapter has merchandise, talk to Hunt to have it added to the website.
- Hunt has written thank-you notes to all donors and has sent welcome packets to all new members.
- Hunt enjoyed attending the Leopold Awards ceremony and dinner in Madison, where Rich Henderson, Russ Hefty, and Jim & Rose Sime were honored, all of whom are TPE members.
- Assignment: Send Hunt your chapter's nominations for Volunteer of the Year.

8. Committee Reports

Endowment and Fundraising (R. Oberle)

- The Annual Fund appeal has successfully garnered donations from 93 people for a total of $23,183. There was one, $10,000 donation in the form of an IRA.
- This means that we have succeeded in meeting Jack Kussmaul's matching challenge of $20,000! Congratulations to the committee for a job well-done. Special thanks to Jack Kussmaul for stimulating interest with his generous challenge.
- V. Oberle queries what fund to put these donations into? R. Henderson instructs her to put them into 'unrestricted' funds.
- Hunt announces that the Prairie Smoke Chapter made a $500 donation to the Annual Fund, and thanks them for their generosity. She suggests that other chapters consider following suit.

9. Membership Report (V. Oberle)

- There are two columns: 2006 and 2007. We have now exceeded 1,000 members. V. Oberle requests guidance in handling large number of non-renewals. Of particular concern are sixty-nine instances where non-renewals donated to the Annual Fund. Hunt instructs her to wait until after the Annual Fund, then communicate with these individuals on a case-by-case basis. Ask some if they want to deduct membership from donation?

10. New Business

<u>Land Protection Committee</u> (R. Henderson)

- Motion to acquire Spring Green High Country parcel, and transfer to The Nature Conservancy (Rachuy). Second (Kussmaul).
    - Discussion: This is a key 144-acre parcel that is integral to the continuity of Spring Green Preserve. TPE can purchase this using a State Stewardship grant plus State Stewardship credit generated by the Brock's donations of easement and title ($790,000 in credit, Pleasant Valley Conservancy), the Sugar River Savanna bargain sale ($63,000 credit), and the Butenhoff Prairie ($21,000 credit).
    - Motion passed.
- Three part motion to: 1) Acquire two tracts at Foxglove Savanna; 2) Apply for State Stewardship Fund dollars to buy the land; 3) Authorize Rich Henderson to sign on behalf of TPE on all related legal documents (Rachuy). Second (R. Oberle).
    - Discussion: These parcels are in Sauk County, totaling 10 acres, 5 of which are owned by Jeb and Barb Barzen, who will be selling at a bargain and generating $27,500 in State Stewardship credit to cover the match needed for acquisition of the Russell parcel. The Butenhoff transaction will also provide $2,500 in credit for this purchase.
    - Motion passed.
- Two pending donations of conservation easements were discussed, Marshall-Weizensel in Iowa Co., WI and Layton in Rock Co, WI. The Board will vote by email on approving these donation by the end of the calendar year.

11. Future Meetings

- Wednesday, January 9th, 2008, at 7:00 p.m.
- March 7th, 2008 at TPE Banquet in LaCrosse. Hunt is considering holding this meeting using a different format.

Meeting adjourned at 8:52 p.m.

Recorded by Amy Staffen.