

IDITAROD TRAIL COMMITTEE, INC.
BOARD OF DIRECTORS MEETING
June 3, 2011
Millennium Alaskan Hotel
Anchorage, Alaska

CALL TO ORDER

The meeting was called to order at 9 a.m. by President Mark Moderow.

ROLL CALL

Members present: Aaron Burmeister, Andy Baker, Mike Jonrowe, Mark Moderow, Dan Seavey, Danny Seybert and Rick Swenson (via phone)

Member Absent: Mike Owens, John Handeland and Joe Redington, Sr.

Others present: Stan Hooley, Executive Director; Chas St. George, Public Relations Director; Greg Bill, Development Director; Don Patterson, Finance Director; Mark Nordman, Race Director/Logistics & Competition; Joanne Potts, Recording Secretary & Race Director/Administration; Will Peterson, Chairman/Rules Committee; Aliy Zirkle, Board Member Elect and Eric Rogers.

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

PUBLIC COMMENT

Aliy Zirkle noted that she was at the board meeting just to observe. There was no other public comment.

ADOPTION OF AGENDA

Seybert/Baker moved to adopt the agenda.

Jonrowe asked to add 9.1.1. as Nome Area board seat. He wanted to discuss the definition of "Nome area."

Moderow suggested putting the requests for waivers under the rules committee report.

Seybert/Baker motion as amended passed.

ADOPTION OF THE MINUTES OF THE APRIL 30 BOARD MEETING

Seavey/Seybert moved to adopt the minutes of the April 30 Board meeting. Motion passed.

PRESIDENT'S REPORT – MARK MODEROW

Moderow reported that he had met with Stan and others on different race issues. There has been discussion with Wilson Hughes about a meeting with the sponsors. He also reported that they had had budget review meetings last week.

EXECUTIVE DIRECTOR'S REPORT – STAN HOOLEY

Hooley provided a written report.

He reported that we are forecasting net revenues for FY11 of \$405K, \$69K more than what had been called for in the original budget. He noted that this does not represent usable cash. Significant debt has been paid down.

He explained that on the Five Year Cash Flow Requirements Report, the information is in red shows where more money is spent than is taken in.

He explained that in the five year plan, \$388,017 was the planned net revenue and in the actual budget the forecasted net revenues are \$403,012. He explained that to achieve the goal for this year's budget, new revenues of \$176,731.

Jonrowe asked about the accounts payable and Hooley noted that the receivables are \$200K and the payables are \$360K. He said he would e-mail that out to the board members.

He also noted that he plans to send out the requested dash board reports on a monthly basis between board meetings.

Swenson asked if there had been any thought about not giving away free entry fees at sign ups but holding it until the person who wins it actually finishes the race.

Jonrowe/Seavey moved to add “free entry fees” to the agenda as 9.4. Motion passed.

Baker asked Hooley to give a short talk at the picnic explaining how far Iditarod has come in the past years. He commented that we have exciting news that members and volunteers should hear and also that members and volunteers need to be aware of potential problems. Moderow and Hooley will work on a presentation for the picnic.

Hooley noted that the biggest part of his report will be the budget discussion.

RACE DIRECTOR/COMPETITION & LOGISTICS REPORT – MARK NORDMAN

Nordman submitted a written report.

Nordman noted that Hooley had just made him aware of a trip Donlin Creek wants to take on June 29 to fly the trail and give them some input.

He explained that the IAF believes that they can get a permanent exemption and are working on that.

He also noted that Jim Rowe at Bering Air has talked to them about helping out more.

Baker asked about the plan to do a vet clinic this summer. Nordman explained that we are planning to do that and trying to determine an appropriate location. He noted that it is already in the budget to do this again during the 2012 race.

Baker suggested that we should be generating some publicity about going into Nikolai to vaccinate dogs, saying Iditarod needs to get credit for doing that.

Seybert suggested that it might be helpful if Bert Hanson and Erin Marston contact the Medallion Foundation and put a program together that will look good to the FAA.

He reported that the road through Rainy Pass will not take away from the race. He isn't sure whether we will be able to use it.

He also reported that there is funding available for the rest of the work that needs to be done in the area from Rohn to Submarine Lake. Donlin has said they'd help us too.

PUBLIC RELATIONS DIRECTOR'S REPORT – CHAS ST. GEORGE

St. George submitted a written report.

St. George noted that he will be in Texas next week where he will meet with Dell and talk about next year. He said he will also be meeting with Meglamedia.

Jonrowe asked if there was a way to simulcast the start and finish TV coverage and show it on PBS. He noted that he has had many comments from people in the Valley not getting the coverage. He pointed out that it wouldn't compete with GCI because GCI cable isn't there anyway.

St. George pointed out that we were able to provide coverage to the rural areas this year and said to do a simulcast and provide it to PBS, we would have to work out a rights agreement with GCI. It is something we can explore. Jonrowe noted that it would give tremendous value to the race for people who are off the grid. St. George also noted that our coverage has commercials and that might not work for PBS.

Jonrowe suggested that perhaps our senators could apply pressure on the FCC to get permission to show commercials on that one day.

Jonrowe also commented that he didn't want to contract with Meglamedia if we will be blocked from doing anything for years in the future.

Seavey asked what a contract with Meglamedia would bring to the Iditarod. St. George noted that the project is designed to highlight the dogs. We have to negotiate the monetary value. They will be working with experts and it's a great opportunity to provide outreach on what the sled dogs do.

Hooley noted that to take Meglamedia out of the deal and work directly with National Geographic we'd need ¾ million dollars. He noted that in the proposed budget, there is a number plugged in for revenue from media partners.

Jonrowe also stated that the money we spend on Gere Donovan rubs him the wrong way. St. George said that we are preparing an RFP which will be out by the 3rd week of June. Jonrowe suggested that perhaps Dell might be able to suggest some developers.

DEVELOPMENT DIRECTOR'S REPORT – GREG BILL

Greg Bill submitted a written report.

He explained that the question mark in his report in ExxonMobil's money regarding the \$250K has to do with the fact that ExxonMobil had offered education resources but that haven't happened yet. He said he is going to work on making that happen this year.

Baker commented that perhaps we need an in-between sponsor level because Wells Fargo, PenAir, NAC, and Millennium give Iditarod so much more than the other sponsors in the Lead Dog Division. He said he felt that we needed to give those sponsors something more.

Hooley explained that Wells Fargo understood when they dropped from the Principle Partner level that they would be giving up some things, but there are still things they are getting. Most has to do with the website which they characterize as value.

Hooley also noted that before we start changing our sponsor level set up, we revisit the recommendations in the University of Oregon study and from Navigate Marketing.

Seybert explained that sponsors have to do things to promote themselves. He suggested offering more trips to McGrath. It was a great thing this year.

Hooley explained that there is an August deadline for WellPet but there isn't much subscription activity right now so it doesn't look like they will meet their benchmark.

He explained that there is no in-kind donation from IonEarth but the agreement says they get some consideration of visibility in exchange of their pricing structure.

Hooley noted that when companies are in-between levels according to the amount of their sponsorship, we negotiate with each one regarding what they get from their sponsorship.

He said we're currently working on a relationship with Dell.

Hooley agreed that we probably could do a better job of reporting to the Board what is done for the sponsors.

Greg Bill explained that Petro Star is not a sponsor yet but Seybert is working with him to try and bring them on as a sponsor of aviation fuel.

IOFC

There was no IOFC report.

MUSHERS' REPRESENTATIVE'S REPORT – DAN SEAVEY

Seavey reported that the Alliance had anteed up the balance needed to carry on the Seppala grant so they can now offer another \$10K grant to a musher. They haven't decided whether they will do it this year or wait until next year.

EXECUTIVE SESSION

Seybert/Baker moved to go into Executive Session to get the Report on Rules Violations.

Regular session was resumed at 11:00 a.m.

REPORT OF THE NOMINATING COMMITTEE – MIKE JONROWE

Jonrowe reported that there were only two nominees, Aaron Burmeister for the At Large Seat and Mike Owens for the Nome seat.

He said it had just come to his attention that Middy Johnson of Unalakleet wanted to run for the Nome seat.

In specifying two Nome seats on the Board, the Bylaws say "Nome area" and discussion was held regarding just what the Nome area means. It was noted that historically those seats have been filled only by people from Nome.

Jonrowe/Burmeister moved to put Middy Johnson on the ballot to run for the Nome seat. Motion passed.

RULES COMMITTEE REPORT – WILL PETERSON

The draft minutes of the most recent Rules Committee meeting along with the draft of the 2012 Rules were included in the board packet.

Peterson noted that in late September, the Rules Committee will meet at Zack Steer's place to focus on Qualifying Races and the Assessment Reports.

He noted that the Rules Committee had changed:

- Rule #1 by removing the time limit on qualifiers;
- Rule #27 by requiring that dogs be secured at all times;
- Rule #36 by changing the word “may” to “is” in the next to the last sentence;
- Rule #40 by rewriting the vaccination rule to reflect a new requirement that dogs be vaccinated for both Lepto and Bordatello;
- Rule #13 to add “Shageluk” to make it official that Shageluk can be used as a place to take the 8 hour layover on the Yukon River;

Nordman was asked about his thoughts on the change in the qualifying rule and he said he was comfortable with it.

Jonrowe asked if there shouldn't be a shelf life on qualifiers. Burmeister pointed out that the QRB is the final decision maker and if they don't feel a musher is qualified if he ran his qualifiers 20 years ago, they can require further races.

Peterson explained that the Rules Committee had talked about opening the time frame up to from three to five years and then ended up totally opening it up.

Moderow noted that any veterinarians don't suggest an annual four way vaccine and suggested that the rules state only that that should be current. There was discussion regarding the kennel cough issue and it was pointed out that the rules have required that annual vaccination prior to 2012.

Jonrowe brought up the question of a dog thought to be lame might need to walk around on its own to determine if it was all right and asked if that would be allowed under the new rule regarding tethering dogs at all times. Peterson noted that the Rules Committee had discussed that and said they thought the judges would interpret this rule in a fair way.

Jonrowe suggested adding “with the exception of single dog evaluation” to Rule #27.

Discussion was held regarding taking out the ability to use the Spot in Rule 35.

Swenson noted that in the Mandatory Equipment rule, #16, that the required descriptions of sleeping bags, ax, snowshoes, cooker etc are not checked. He suggested just taking out the descriptions all together and just say “ax, cold weather sleeping bag, snowshoes etc.”

He also noted that the mushers are carrying less and less so they can't always take care of their dogs.

He said he thought dogs with symptoms of kennel cough should not be allowed to start the Race.

Peterson noted that originally the Rules Committee had asked the QRB to respond to the requests for waivers, but they had say that it was not their job, so they now come to the board.

RE-START PARCEL – REPORT ON MEETING WITH SOA

Jonrowe noted that he had not had a response from the person who owns the property that Iditarod is looking at purchasing. He had written expressing a personal interest and asking what his asking price would be.

He noted that once we file, it will become public knowledge.

He said there is a very steep driveway being put in the next property that we could look at.

He noted that the State is willing to work with us. If we can't meet the timeline they have set, we could get a permit to use the land.

Hooley noted that we need to be sure of the feasibility of the state property. If Iditarod can't acquire the property in question, that piece wouldn't make sense because there is no highway exposure.

Jonrowe said he thinks it makes most sense to pursue maintaining the use of the Willow Lake site. Baker agreed to follow up with the State on this issue.

PET EMERGENCY

Hooley noted that as part of the proposed budget, staff had suggested that the entry fee by \$3100 with \$100 of that put in a deferred account to pay the PET bills in excess of \$1000. The mushers would have a \$1000 deductible. The Budget Committee wanted to leave the entry fee at \$3000 and left it to the Board to figure out how to handle the PET bills.

Baker suggested leaving the rule the way it is but knowing the dogs have to be taken care of, we will have to pay the bills if the musher doesn't pay them. It should be a separate line item in the budget. He also suggested that there needs to be better communication between PET and the mushers and the handlers when dogs go there.

Seavey said he was in favor of leaving the rule the way it is.

Seybert asked about going to Small Claims Court to collect these bills.

Baker suggested that rather than use the wine income to send money to all mushers, that those funds be used to PET Emergency bills.

Swenson/Seybert moved that if a musher does not pay his PET Emergency bill within 30 days, his/her name will be removed from the list of official finishers for that year. Motion passed.

ANNUAL MEETING

Seavey/Jonrowe moved that the Annual Meeting be held of July 30, 2011.

Moderow noted that we ran out of time to conduct the election cycle as per the requirements in the Bylaws. He stated that there will be a report to the people at the picnic on the 25th even though it isn't the Annual Meeting.

Seavey/Jonrowe motion passed.

Baker/Jonrowe moved that the President appoint all standing committees within 30 days of the organizational meeting of the new Board of Directors. Motion passed.

Seybert/Baker moved that in the future the Annual Meeting be held on the day of the picnic. Motion passed.

ADOPTION OF THE 2012 RACE RULES

Seavey/Seybert moved to adopt the 2012 race rules as proposed subject to the numbers for the entry fee and the purse.

Seavey/Seybert moved that if the financial responsibility is not satisfied within 30 days of the banquet, finishing status will be withdrawn until satisfied. Motion passed.

Jonrowe/Seybert moved to add to rule 39 on page 41, "Mushers are cautioned to ensure that food, meat, snacks and veterinary supplies do not contain prohibited drugs." Motion passed.

Swenson/ moved to take out the bullet in rule #40 regarding the four way. Motion died for lack of a second.

Seavey/Seybert motion to adopt the 2012 race rules passed as amended.

WAIVERS

Written information was submitted regarding all six waivers that were requested.

Jonrowe/Burmeister moved not to grant an exemption to Cindy Abbott. Motion passed.

Jonrowe/Burmeister moved to grant a waiver for signing up without all the required qualifiers to Jan Steves. Motion passed. Two opposed.

Burmeister/Baker moved to grant a waiver for signing up without all the required qualifiers to Travis Cooper. Motion passed. Three opposed.

It was noted that the QRB will have the final say on what these two mushers need to do to be able to run the 2012 Iditarod.

The other three mushers, Braxton Peterson, Pat Moon and Anjanette Steer were taken care of when the rule was passed removing the time frame from the qualifier rule.

ADOPTION OF FY 12 OPERATING BUDGET

Baker/Seavey moved to adopt the FY 12 operating budget.

Hooley noted that the gross revenues and gross expenses were increased by \$100K.

Baker noted that the new net revenue needed is \$176,731 and thanked Hooley and the Budget Committee for their work in putting together this budget.

Jonrowe asked about the jump in the Video on Demand. Hooley explained that they believe there will be some new money from primary media partnerships which will amount to about \$100K. The \$64K will come from the film tax credit. He feels we can sell an \$80K tax credit for about \$.80 on the dollar.

Hooley noted that this budget is based on an entry fee of \$3000.

He explained that by the time we get to 2015, we expect all the long term debt to be paid.

The educational program will meet the responsibility to ExxonMobil and Target. Curriculum development is a concept the ExxonMobil is particularly interested in.

Baker suggested working with the Alaska Association of School Boards.

Jonrowe asked if Iditarod is interfacing with the INHT's education program and St. George noted that we are.

Seybert noted that without the Insider and thus the DVD's, merchandise sales would just about break even. He said he is pretty convinced we can grow revenues through the Insider and tracker.

Swenson suggested we try and find an insurance company for a sponsor.

Baker/Seavey motion to adopt the FY 12 operating budget passed.

Moderow noted that Wilson Hughes wants to discuss setting up a sponsor meeting as early as next week.

FREE ENTRY FEES

Swenson suggested that instead of giving away two free entry fees at the picnic, we give those after the musher has finished the race.

Burmeister pointed out that one of the reasons for the free entry fees was as a draw to get mushers to the picnic.

EXECUTIVE SESSION

Jonrowe/Seybert moved to go into Executive Session at 2:30 p.m. Motion passed.

The Board returned to regular session at 3:06 p.m.

BOARD MEMBER COMMENTS

Andy Baker: Thanked Hooley and others for the good job done on the budget.

Mike Jonrowe: Thanked the Rules Committee and Budget Committee for their work.

Aaron Burmeister: Agreed with others and thinks this was a good meeting.

Dan Seavey: Thanked everyone.

Mark Moderow: Thanked staff for their efforts, noted that we have a fiscal story to tell and suggested that Iditarod is on the right track.

ADJOURNMENT

Baker/Jonrowe moved to adjourn. Motion passed. Meeting adjourned at 3:09 p.m.