

## **NSP Board Meeting, Mar. 25, 2006**

Location: Hampton Inn, Lakewood, CO

### **Members BOD Meeting Notes**

#### Attended by:

**NSP Board** (by seating arrangement): Harold Heacock, Pam Ferguson, Jim DeWeerd, Clark Noble, Jessica Simpson, Terry LaLiberte, Dick Everett, Bob McLaughlin, Frankie Barr, Julie Rust, Dave Ginley, Bela Musits, Pam Hemann (Paid Consultant)

**NSP Members:** Al Auten, Bill Kirksey, Larry Murton, Terry Reed, Dick Thalacker

8:15 am – Members enter Meeting room and are openly greeted by each new Board Member;

8:30 am – Meeting opened by Dick Everett, Board Chairman

- Members were asked to introduce ourselves; No other introductions were made. (Friday night the Board members had dinner together, where we assume first time introductions and preliminary discussions occurred.)
- Meeting was declared a Board Orientation meeting and not an official Board meeting – there will be no official business conducted, however if a sensitive issue comes up, Dick Everett reserved the right to ask Members to leave.
- Mark Dorsey had a family problem and is not present, so Frankie Barr took his place at the meeting
- Larry Accord is not present due to illness
- Dick turned the meeting over to Pam Hemann who proceeded to facilitate/lead the entire meeting. (Pam Hemann is the paid consultant, who has been consulting and directing the NSP Board since 2000, whose recommendations resulted in the NSP Governance changes initiated in 2002.)

Pam Hemann utilized a Power Point Presentation for the morning portion of the meeting, (Call Frankie Barr for a copy of Presentation);

- One of the first slides defines **"What Is Not Your Work Today: (1) Making Board Motions, (2) Taking Actions, and (3) Making Organizational Decisions."** (See presentation for detailed information)
- Roles and Responsibilities of Board Members were discussed
- Legal Responsibilities of a Not-For-Profit Board were reviewed; this is being driven by a new Sarbanes-Oxley Federal Regulation that is coming down in the future. This regulation will initiate rules to control non-profits in the way non-profits report, so funds will not be misused. This pending regulation will and has changed the way non-profits do business.

In preparation for this regulation the following NSP Legal Responsibilities of a Not-For-Profit Standards have been developed and were reviewed:

- **Duty of Care:** Board Members had an extended discussion on the "Burden each Board Member" has to bare.  
*I have a duty of care that reflects the level of competence that is expected of me as a Board member of the National Ski Patrol, System, Inc. (NSP), and which is commonly expressed as the duty of "care that an ordinarily prudent person would exercise in a like position and under similar circumstances." This means that as a Board member, I have a duty to exercise reasonable care when I make a decision as a steward of the organization. At the most basic level, I must attend meetings, be informed, actively and openly participate in Board discussions, decisions and related actions, and I am expected ask questions to gain the information needed to make independent decisions that are in the best interest of NSP.*
- **Duty of Loyalty:**  
*I have a duty of loyalty that requires me, when making decisions affecting the organization, to place NSP's financial and operational interests over my own, or over those of other individuals, sub-groups or organizations. In every instance in which I represent NSP, I will conduct my*

*activities in a manner to best promote the interests of NSP. I must always communicate NSP internal and external policies, statements, and decisions faithfully in a truthful and accurate manner.*

This discussion led to a financial report by Pam Ferguson, Finance Chair; NSP had a great year for sales, the warehouse is empty; Unexpected costs this year were (1) a building fire requiring a new roof (which will lower insurance costs), (2) Legal Expenses which was not covered by insurance, and (3) Steve Over compensation buyout.

Bob McLaughlin added, there is a trend in publications that is now critical of NSP and he expects that to continue which will not help maintain the Sponsorship dollars (Subaru, etc.) NSP has been receiving. Some Board Members criticized the recent NSP home page "negative" postings that support a negative view of NSP.

Pam Ferguson noted that NSP has received a \$250,000 gift from a member and she would like to pursue more donations, but noted NSP needs to get our own image back in order first.

Pam Hemann explained if NSP expenses are 15% core (or overhead) and 65-75% for on-going programs, then only the remaining funds can go into new initiatives; It is important to define what is working and what has value with on-going programs, so valuable money can be re-focused on new initiatives. Dave Ginley asked for these distributions, to enable looking at the trends and asked for current budget information to prepare for '07 budget discussion at the June meeting.

10:20 – Dick Everett asked Members to leave, so the Board could talk about a letter from their lawyers – Frankie Barr left also, but Pam Hemann, the consultant, stayed.

11:20 – Dick Everett advised members, it was ok to return

Upon returning, the following afternoon agenda was found on a flip chart:

- Work of the Board – relate to vision and mission
  - Strategic Plan – past, plan, future
  - Organization
    - Tax exempt status
    - Legal issues related to tax exempt status
    - Share understanding of the BOD
  - Communication – Board, Member Divisions, Industry, Sponsors
  - Board Agenda – Next Steps
- (Upon entering the BOD meeting room, Board discussion seemed to be on going): A suggestion was presented to have more meetings to get the needed work done; Dick Everett raised the constraints of the current meeting budget; Dave Ginley suggested that we have more meetings by doing it cheaper via scaling down expenses; Some suggested that they could share in the costs; Board agreed to increase frequency from two times a year to four or quarterly.
- Bela Musits suggested for efficiency that the BOD focus only on 1 or 2 items at a time.

During the Members absence, it is believed that Pam Hemann returned the BOD to the NSP Legal Responsibilities of a Not-For-Profit Standards and a discussion on **Duty of Obedience** as it was in her Presentation and it had not reviewed to that point.

*I have a duty of obedience that requires me to be faithful to the organization's mission. I am not permitted to act in a way that is inconsistent with the central goals of the organization and its Board. A basis for this rule lies in the public's trust that the organization will manage donated funds to fulfill NSP's mission. This duty requires me, within the bounds of law, to publicly support the Board's decisions and to abide by the organizations mission and purposes as expressed in the Articles of*

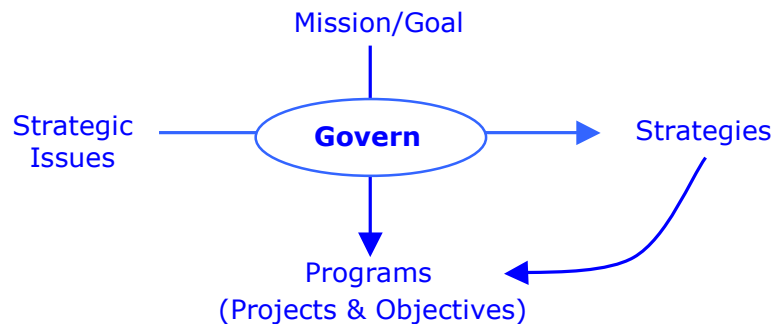
*Incorporation, Bylaws, and policies. Vigorous debate around the Board table is expected and encouraged, but once the Board's decisions or actions are final, I am obliged to support and implement those decisions and not to publicly undermine them.*

The following discussion was held with Members present.

- Terry LaLiberte presented the newly proposed **Confidentiality Clause and Signer Agreement** for discussion. These Code of Conduct documents are intended to be signed by BOD members (and Division Directors), and as written today essentially forbids those signing from disclosing any information discussed in Board meetings with Members. All Board members discussing this issue agreed that this document needs to be changed to allow anything discussed in a Board Meeting, which by definition is public information, to be discussed with Members. There was extended discussions and recommendations about modifying this document and clearly identifying what should be and is "confidential".

12:00 – Dick Everett adjourns the BOD meeting for lunch and invited Members to join the Board for lunch

12:45 – Board Meeting resumes with Pam Hemann reviewing the NSP Strategic Issues Management Model that has been used to direct and manage NSP programs (projects & objectives) and issues since 2002.



- Using this model the Board identifies the issues that could change or create change, and then any "hi-stakes" issues are identified and addressed.
- Bob McLaughlin initiated a historical presentation to the Board starting with last year. "It is important for the Board to understand what has occurred in the last year; it has been a tumultuous year; The Patroller Committee and Petitioners created a long over due discussion which has had an impact on the personnel and the organization....."
- Dick Everett offered that hopefully this will be behind us with the April 16 conference call meeting and the adopting of the bylaw changes. When asked what the status was on current litigation, Dick replied that "we were waiting for the courts to rule."
- Bob McLaughlin continued giving a justification of the 2002 BOD governance changes with a historical review: the Board prior to 2002 was "dysfunctional – being elected Regionally carrying baggage to the National....."

Next was a discussion on the "Organization" – what does "going forward" mean?

- Bob McLaughlin. – "There has been a sharp debate as what the organization is and what the future should be and that debate is on-going. Some want to maintain history and assumptions, these same people are resistant to changes and for the organization to be more business like. The best gift we could give members is to be the best educational supplier. Prior to 1979(?) all the things that members want to believe in today was true. Members are stuck on the old model that NSP has a supervisory role."
- Dave Ginley offered that members don't understand and this can be remedied with better communication.
- Pam Hemann presented the present Mission/Vision Statement and asked if everyone agreed to support. Bela offered that everyone would probably agree on the Mission/Vision statement

alone, but would not agree on what it meant. (There was no further discussion on this needed clarification.)

- New Board members commented that we have to make sure the vision statement is understood by the patroller
- Bob McLaughlin - Stated that NSP is not effectively delivering our education products to the patrollers and others: Jim DeWeerd asked for clarification, where Bob McLaughlin said we have 100% delivery on OEC but only 20% on other programs that industry wants and NSP is not effective in delivering them. Several Board members said these other programs at 20% delivery are either not required or have little value to every Patroller. Pam Ferguson encouraged that our industry partners should require members to take the new modules (educational products), while others said the modules can't be force feed to Members.
- Bob McLaughlin stated that we need to focus on the "standard of education" not the "standard of care" or treatment. Jim DeWeerd stated he believes "the average patroller wants education and training, so they can provide the best care and transportation of the injured."
- Dick Everett when asked about the status of the OEC Manual said the OEC program is in the hand of Jones and Bartlett but the program still belongs to the NSP, however NSP cannot change more than 10% without cost penalty and the illustrations are propriety to NSP.

### **Communication**

- Pam Hemann presented a communication matrix between the Board, Members, Divisions, Partners, Sponsors and the Public to initiate discussion. Communication should be two-way and a new model is needed.
- Caution was raised as any resources needed for the implementation of any new communication model need to be defined soon, as monetary requirements are needed for the budget planning.
- There was extended discussions about current communication issues in respect to responsibilities within the entire NSP organization, obligations, problems, agendas, timing, filtering, etc. without resolution, but all agree this is a priority.
- Bob McLaughlin offered this definition – "We need a multidimensional, professional, modern communication model whose purpose is to enhance the relationship between the NSP Board and its members."

### **Organization: Tax Exempt Status and Our Charter Discussion:**

- Bob McLaughlin - Members need to understand 501(c)3 (National) and 501(c)6(?) (Patrol) are tied together. What happens at the National level impacts all at the Patrol level. What happens at the Patrol Level impacts the National level and thus all Patrols. Therefore, some Patrols are jeopardizing everyone's tax exempt status. These issues need to be understood, conveyed and understood by all members, and then NSP must monitor and enforce. This issue is a time bomb that needs to be addressed.
- The Board discussed the associated problems and agreed this is an issue that needs to be addressed.

### **Board Agendas, Next Steps**

- Budget – due to be finalized at June 23-24 BOD meeting
- BOD election process – Process starts April 1 and is complete December 31
- Bylaws Ratification - April 16 conference call
- Board Chair Election - June BOD meeting
- Consent agenda items – Committee reports with no action required
- Standing Committee reports
- Executive Director Review and Search – Plan is to jointly review with PSIA with an early Fall completion
- Strategic Plan items - Communication plan, legal tax-exempt status, education model, quality assurance and organization structure understanding

**Strategic Dialog/Discussions:** The following issues were defined as the top two items of focus for Board Focus.

1. Communication Plan
2. Organizational Structure
  - Tax exempt / Legal Structure / Plan
  - Educational Delivery Model (Quality Assurance)

The following proposed agenda format was developed and suggested by Pam Hemann for future meetings.

- Consent (minutes, etc.)
- Strategic Issues as defined:
  1. Communication
  2. Organizational Structure
- Operational Items - must do
- Communication review - (Develop talking points)
- Next meeting agenda

Dave Ginley suggested the defined meeting plans to address the issues on the table are not adequate and suggested an immediate (working) "Strategic Retreat."

- Pam Ferguson said she had no time before June to meet. Dick Everett said he did not have any available time before the June meeting. After looking at a few alternative meeting opportunities at the time of the June meeting or afterwards, Dick Everett's proposed plan to extend the June BOD meeting to include Sunday morning was defined (June 23, 24 and 25).
- An additional one-day Board meeting and working session was defined for August 26.
- Jessica Simpson, initiated a discussion on how the BOD will elect the next National Chair as there is no defined process and the past undefined method was not good. After some discussion the Governance Committee agreed to interview and identify Board Members who would be interested in being chair, with the qualification that Chair candidates will be in office a minimum of 18 months. The Governance Committee will circulate this Chairman candidate list to the entire Board, so Board members will be able to talk to them before having to vote in June.
- Upon being asked about new Board Member committee seating, Dick Everett asked that each new Board members let him know which standing committee they would like to be on, but made no guarantees (on complying).

## **Members Observations and Post-Meeting Summary**

For clarification, Members were neither asked to contribute or participated in any part of the formal March 25 BOD meeting proceedings. However, Members did have valuable discussion with all the new Board members and some Board Members during breaks and lunch.

In general, Members received cordial hospitality from the existing Board Members and enthusiastic hospitality from new Board Members. The general meeting dialog was very open and a clear sense of urgency to move forward was expressed. The new Board members are enthusiastically learning and willing to address the challenges in a collaborative manner with the present board. In general the Members left the meeting with a high sense of optimism for the future.

This Board Meeting was choreographed and appropriately described as an Orientation Meeting by Dick Everett, as Bob McLaughlin and Pam Hemann lead the meeting and discussions with a defined agenda. In addition, no time was allotted for the new Board members to express their wants and perceptions for the direction of NSP and to ask open ended questions. At no time

during the Meeting was there any discussion on the years events in regard to what "Members Rights" means and what associated changes or actions should be taken as a "Strategic Issue." (No "Strategic Issues" list or associated identification process was presented at this BOD meeting despite the presentation of the NSP Strategic Issues Management Model.)

The Board's discussion to improve communications is applauded. It is unfortunate that the communication improvement effort did not start with the publishing of meeting minutes from this meeting.

Members were disappointed that Dick Everett defined this meeting as a non-working meeting stipulating that no meeting minutes would be taken. As a result all agreements made are not formal and potentially will have to be presented again for agreement and a vote at the next BOD meeting. It is Member's perception that anytime Member funds are used to assemble the Board, this constitutes an NSP meeting or proceeding and NSP is required to take meeting minutes and make those minutes available to Members (per Federal Charter, Section 1510).

The new Board Members officially took office on March 1 and Dick Everett will not have an official "BOD" meeting until June (with of the exception of the court mandated April 16 Board Meeting to ratify the amended Bylaws). Despite the new Board Members expressed desire to start addressing issues, it appears they will not be able to initiate any Board motions prior the June Board meeting. This delay sponsored by Dick Everett is in stark contrast with the mode and enthusiasm of change expressed in the March 25 BOD meeting.

The agenda item to have the Board focus on 501(c) violations at the Patrol level seems to be ill-advised and an inappropriate priority based on the obvious conflict between the NSP Federal Charter and the NSP vision and actions that is of a higher priority and has not been addressed.

Dick Everett did not inform the Board either voluntarily or when asked, that his February 23 Court Motion against Petitioners had been ruled on March 21 by the Court, who said the motion was premature.