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Meeting Minutes, September 19th, 2008

National Smokejumper Association Board of Directors

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NSA Board meeting Redmond, Oregon
September 19, 2008
Meeting Notes

Doug Houston called the meeting to order at 0830.

Introductions Doug Houston

Attendees: Doug Houston, Larry Longley, Cliff Dalzell, Ron Stoleson, Charlie Brown, Stan Linertz, Larry Lufkin, Bill Selby (RAC Mgr), Jerry Williams, John Twiss, Chuck Sheley, Tom Albert (guest), Mark Corbett, Gary Johnson.

John Twiss: Add 2009 meeting dates added to agenda as was representative of NSA at the reunion.

Selby: RAC Base Update – Very high security at RAC now and no one can get through gate without a card (response to 911). But, will let in visitors Saturday on a one-time basis. Might have some tour guides but most will be personal tours. To get in push button on loft and someone will unlock the doors. There have been multiple changes to the infrastructure and organization at RAC and the base is now a blue print for a base and loft. Several new positions have been added and some are “permanent seasonal” which means they get benefits that WAE staff doesn’t get. The base is a lot more involved in overall fire fighting management in the Region. Lots of training when not fighting fires. Provide overhead teams for large fires at times. Has improved the professionalism of the staff. Staff numbers have increased because of fire demands. RAC has its own mechanic who is available locally to keep planes on line. Has prevented breakdowns that limit plane use. Having a larger jump staff has made the base much more efficient in terms of cost per unit. Currently have two Sherpa aircraft that hold 10 jumpers per plane. Continue to look at new parachute designs including the Ram Air. The current FS-14 comes in three sizes – 28, 30, and 32. Jumpers are monitoring fires in wilderness areas – taking weather observations, herding fires, and providing reports to district personnel.

Minutes of last meeting. Move Jerry Williams, second Larry Lufkin to approve.

Treasurers report – Charlie: (See Attached reports from Charlie for details)– P&L: membership income is slightly less than the prior year. Reflects a reduction of 1-year members and more 10-year members. Bozeman Watch Co. the number of watches went down and associate members with it. Website income has gone down considerably from prior years. Caused mostly by removal of the smokejumper info packets that we used to sell. **Would take someone to put the packet together and no one has come forward to do it. Very time consuming. Doug Houston volunteered to do the packet.**

Boise reunion total profit was \$1,219 after the five Post humus life memberships. \$9,698 transferred to NSA for advertising and other costs. This repayment increased our overall cash surplus. Donations expense of \$2,200 – made to three grantees. Current budget includes another \$2,000 for donations. Per Doug Houston, should get another \$900+

from the Bozeman Watch Co for our share of their watch sales. Have sold 79 watches. Should get sales from another 21 watches.

Jerry Williams suggests being careful who we donate to – give it to the wildland fire fighters association/foundation, not the families because families are often reimbursed through lawsuits with the forest service. Possibly could put the snag in a position of liability indirectly. Jerry suggests at least having our attorney look at this for our liability purposes. Per Charlie, we really don't know how the association distributes the money. We donate in the name of a person but the association uses the money for whatever it deems necessary. They seem to be a very good association from all appearances. General consensus is that we should give to this association. A suggestion was made to invite a member of the wildland firefighters association to a future meeting to discuss the issue.

Balance sheet: Fidelity savings is only earning 2% from a regular money market account - need to look at a CD or stock to get a higher yield of interest.

Have loaned the NSC \$6,000. Charlie moved and Ron seconded a motion to forgive the NSC interest. Passed unanimously. Twiss abstained from this vote. Lets only ask for repayment of the loan. Houston thinks we will get the money.

Life member fund inflation adjustment up 5.02% or \$11,114 adjustment.

\$392,000 total assets as of last quarter, over \$400,000 as of Sept 16. 217 life members. Four on installment plan.

Asset summary shows one of our banks failed – Indy Mac. \$53,277 at Indy Mac was covered by insurance. Charlie renewed the CD with the bank that took over Indy Mac. Good interest rate.

Have 3 CDs at Course Bank totaling \$97,000. Charlie periodically takes out money to keep it below \$100,000. Charlie shows interest income only after the CD matures.

Annual estimated earnings \$2,954 from all CDs last year.

As of June 30, our stock was below cost because of the state of the market. Leadis stock is having big problems. John Helmer thinks the stock will recover but Charlie doesn't. Charlie thinks that the board needs to examine this one closely. Per Helmer, company has a problem with lack of revenues. It is an electronic chip company. Have good designs but aren't selling enough chips to produce cash and revenue. We bought it at \$4.62 and it is now below a dollar. 29 million shares outstanding. Company could be bought for 30 million dollars while the company has 48 million in cash. Book value is \$1.60. Company is trying to reinvent itself. Should keep this stock as we've lost most of what we will lose as of today.

We have a new stock investment Bank of Delaware.

Budget - last year we didn't show adjustment to life member fund an annual expense. Charlie thinks it should be shown on the 2009 budget. Charlie estimates it at \$10,000 for next year. Proposed budget for 2009 – need to add this adjustment. Will mean a loss of \$12,400 for 2009. Can offset part of this by removing the \$4,000 set aside for NSC loan. Leaves a projected loss of \$8,000 for next year. Will discuss issues that will affect this \$8,000 in later agenda items. We will also adjust our budget next year as actual numbers are provided. Charlie has been conservative with his revenue projections so this projected loss could change.

Brief discussion of the Boise reunion net income. A minor difference was resolved between Charlie and Cliff Dalzell.

Per David Atkins, shouldn't need director's liability insurance because we are covered by various state laws. Most homeowner's policies also provide coverage. Need to be careful about too close involvement with the NSC. We have \$1,000 set aside for purchasing this insurance but do we need this now? **Doug will look at it.** Atkins also had several other suggestions regarding other projects such as trails, if they include any children.

Dalzell – audit committee – performed an audit of NSA books (see written report) fiscal year ended June 30, 2008. Followed deposits and credits to the fidelity fund. Suggests that Charlie follow up on Check #1067. It was voided but wasn't recorded as such. Cliff found no errors or omissions.

Cliff's limited financial review (see attached) – Was not able to review many of the original receipts from various NSA officials for membership, life membership, and others.

Cliff suggested the NSA change the procedures used to adjust the life member fund for inflation so that retained earnings is shown correctly. Charlie needs additional training on QuickBooks to learn how to run the equity section of the program, as this is what is limiting his ability to properly record certain items.

Cliff was not able to verify the account balances in Chico and Missoula. He did verify the account in Wichita.

Cliff recommends that CDs be shown at current value. This will increase our current income, as it will be show currently as opposed to being shown when the CD is cashed out. Also, stock investments should be at cost or market whichever is lower. This will reduce our total assets to \$387,109.

Cliff didn't understand how multi-years dues were allocated to each year's income statement. Charlie explained the process we use to accomplish this allocation. Cliff said

we should use the actual allocation rather than rounding off our allocation numbers for budget and income purposes.

Cliff had several questions about the Finn Ward fund, trails fund, and Chico fund. These accounts are held by local NSA officers rather than being controlled by Charlie. Finn Ward, Art Jukkala, and trails are treated differently than the Chico fund. That is because they aren't really NSA funds but are using the NSA organization as their sponsor.

Cliff has other concerns. Does the NSA have a bond for the treasurer? Cliff believes we should seriously consider bonding Charlie. Also, some reports reflect activity after the end of the annual reporting period. Should keep this info separate. Finally, we need to be aware of how donations are shown and reported to be sure they are done correctly.

Doug Houston will follow up with Guy to investigate bonding the treasurer.

Merchandising report – Stan: Stan brought along samples of new merchandise that Pam developed for sale. We aren't selling much stuff at the NSC site in West Yellowstone. In general, revenue from merchandising is way down. Is there any thing we can do to market better? Generally, the NSA needs to enlarge our market base if we are to increase sales. Knock on base doors, truck stops, and the like might help increase sales. Discussion of the difference between Chuck's merchandising and current merchandising. Chuck thinks some of it is presentation on the web site-bigger pictures, better explanations of the merchandise.

John Twiss asked why Western Heritage is selling our NSA smokejumper history video. No one understands how WH can get copies since we produced and hold the copy right for the video. Is this company pirating these? **Doug Houston will follow up to see if he can find out how WH is getting our video to sell.**

Doug presented a knife that a Missoula company has designed. It costs \$200 and has a smokejumper design on the blade.

Bozeman will come out with a new watch in 2009. Doug needs a better NSA logo. The one Doug has is too fuzzy. Stan will email his copy to Doug. Won't be as spendy as the last watch.

Left Hand brewing will be brewing another batch of smokejumper ale in November.

Stan believes we should be getting something of value whenever a company uses our name. We got \$800 or so the last time this was done.

Investments – Helmer: Our current rate of internal return is 8.8%. Our total gain to date is \$34,207. Income is \$18,784. Gain on investment is \$15,413. Total amount invested to date is \$152,016. John is authorized up to \$175,000. Current value is \$167,430. Extraordinary events are going on right now in the financial world that are affecting our investments. John believes it will take some time before this all gets sorted out.

Much discussion on whether the income from an investment can be reinvested without board approval. Ron believes that income was to come back to the NSA for use. Twiss, Charlie, and Helmer believe investment income can be reinvested. Helmer believes that proceeds should be reinvestment with some being pulled out for NSA use. The NSA is already using dividends for our current budget. The question is how to handle capital gains. The board authorized investment of \$175,000. Final decision – no vote: The board can decide at any time whether to take out capital or to not to invest at all in stocks.

Membership – Sheley: Last census report are up 15 members, but have a cumulative loss of 52 members. Current membership stands at about 1,700 members. This compares to 1,100 members in 1998. Charlie Moseley personally gifted 42 new members as part of the Redmond reunion. 18 rookies sent in the form to get a free membership. Doug Houston himself got about 12 of those 18 from Missoula. We continue to have a huge problem getting current jumpers to join the NSA. Retention of current jumper memberships is low. Much discussion on how to encourage current jumpers to join and maintain membership. Can we appeal to their professionalism or is there some other way to approach them. Twiss and others will be available at the Saturday night dinner to enlist new members.

Liability insurance – covered before

Trails – Ron: California project is still going on. Had a project in Minnesota and another in Colorado. There were 16 or 17 projects this year. It keeps growing. McBride wants reports from individual projects by November and will prepare a final report. The program is getting lots of recognition from the forest service. Initially, the FS didn't really want to participate in trails. Now, they have done a 180 and are seeking out NSA help on doing trails.

Jerry wants to solicit individual and business pledges for the trails program. Business and individuals would get a decal. Suggested businesses would include outdoor vendors such as REA. Ron said that trails already has several sponsors and Jerry needs to talk to John McBride. It's a good idea but needs to be coordinated with McBride.

Evergreen - Sheley: Has all of the info to make the corrections to the panels. Is an editorial effort plus some information needs to be corrected and updated. Some additional pictures are needed. He will meet with Evergreen to set up a plan of action.

History – Longley: Working with Corbett to scan and digitize all of Redmond base pictures. For several years, all they had were the names of the crew. Work also needs to be done to build a database for Silver City crews. Larry Longley to contact Sarah at Silver. Overall, transcribing will get back on track. The lady has been very busy.

Mission – Williams: There is some concern about the long term health of the NSA – maxing out on the number of former jumpers who will join while current jumpers are reluctant to join. This will affect the amount of membership income in future years. We also need income from merchandise and other sources to maintain services.

What is our plan to remain solvent financially? Most of our short term focus is on immediate areas of getting jumpers to join, more donors and sponsors, and selling more merchandise. Long term, what is the NSA's role as to being an advocate with the forest service? We need a plan to integrate our long and short term goals to maximize income from merchandise, membership, dividends and interest, benefactors, and private and corporate sponsors. In general, we need to raise money in order to survive. Twiss mentioned that we need to think outside the box and look at grants, consider an executive director, hold fund raisers.

One question raised was how far could the NSA go in being an advocate under the terms of our 501.c.3? Also, how far can we go in being an advocate without making the forest service mad at us and withholding information and assistance? Comments were made that one of the very basic reasons we exist is to be an advocate for smokejumping. We need to confer with Atkins regarding advocacy.

Jerry will follow up and review the limitations of the 501.c.3 and will also talk to current jumper management and see what other ideas they have on this issue.

NSC – Doug: Per Barry Hicks, have taught 409 kids, 39 adults. Had a great time. Are in Rexburg now giving a class to students. Had 52 individual volunteers, some were repeating over a couple of weeks. Ages 8-71 for volunteers. Longest was a 17 year old gal from Texas. 444 volunteer days, 4,442 vol hours. Had pilots, smokejumpers, teachers, and Silva culturist. Thanks to Jim Cherry and Charlie Brown for getting NSA money to them timely. They have insurance for all volunteers. Up in the air about next year because FS still wants to sell the property. Barry wants the NSA and NSC to have a closer relationship, similar to the trails association. Liability is the big issue with an NSA-NSC relationship. Doug will tell Barry that the NSA will continue to support the NSC but won't establish a formal relationship at the current time. Doug doesn't think they did very well with merchandise sales.

2009 meeting schedule – John: March in Seattle – Twiss wants a two-day meeting. March 6 and 7, 2009.

September in Boise – September 11-12, 2009.

National reunion - John: Set for 2010 in Redding.

2009 officers – John: John Twiss will step up to President and Doug Houston will serve as VP between now and our first meeting next year.

John Twiss adjourned the meeting at 1600.

