

Minutes of the Annual Meeting of January 12, 2003

The first annual meeting of the Western Cave Conservancy, was held pursuant to notice duly given to the directors on Sunday, January 12, 2002 at California State University, Sacramento, 6000 J Street, Sacramento, CA, in Mendocino Hall, Room 4005. The facilities were provided courtesy of Jerry Johnson and CSU Sacramento.

ATTENDEES

Directors and Officers:

Rolf L. Aalbu, Director/Vice-President
Robert C. "Martin" Haye, Director/Treasurer
Jerald J. Johnson, Director
Marianne L. Russo, Director/President
Daniel S. Snyder, Secretary

Guests:

Dave Cowan (via speakerphone)
Don Dunn
Bill Frantz
Peri Frantz
Kathy Greaves
Paul Greaves
Pat Helton
Bruce W. Rogers
Bill Papke

President Marianne Russo called the meeting to order at 2:02 p.m.

AGENDA (ATTACHMENT A)

Martin Haye moved to correct the date of the agenda from Jan. 2 to Jan. 12, 2003. Motion carried.

Marianne Russo moved to approve the corrected agenda. Motion carried.

MINUTES OF SEP. 7, 2002 (ATTACHMENT B)

The Secretary corrected the meeting location from Ash Meadows to Ash Mountain

Martin Haye moved to amend the minutes to include dispositions of motions regarding NSS convention planning. Motion carried.

Rolf Aalbu moved to correct his middle initial from "A" to "L" in the bank account resolution. Motion carried.

Martin Haye moved to approve the corrected and amended minutes. Motion carried.

REPORT OF THE PRESIDENT (ATTACHMENT C)

REPORT OF THE VICE PRESIDENT

The Vice President reported his attendance at the June planning meeting and the inaugural board meeting in September. He was also present at the NSS Western Region meeting to support the President during her presentation and subsequent announcement.

REPORT OF THE TREASURER (ATTACHMENT D)

REPORT OF THE SECRETARY (ATTACHMENT E)

NEW BUSINESS

Martin Hays moved to recess for 10 minutes; carried at 2:38 p.m.

Marianne Russo called the meeting back to order at 2:50 p.m.

Rolf Aalbu moved to suspend the order of business and postpone the motion to open the Committee of the Whole to the end of new business. Motion carried.

Marianne Russo moved “to adopt *Robert’s Rules of Order: The Modern Edition* (1989 Patnode) as the rules of order of the Western Cave Conservancy; and further, that questions of order not able to be addressed by that manual be referred to *Robert’s Rules of Order Newly Revised* 10th ed. (Robert et al.), to be kept by the Chair.” Motion carried.

The following motion by Marianne Russo was carried:

To adopt the following special rules of order to replace the analogous rules specified by the adopted edition(s) of Robert’s Rules of Order:

- 1) Rather than rise to obtain the floor, a member should raise a hand or finger, addressing the chair by name only if no other director has the floor. The chair recognizes the member by announcing his or her name.
- 2) The general method shall be permitted for all business except for motions requiring prior notice.
- 3) A meeting of the board of directors and the period between its adjournment and the next regular meeting of the board shall be considered a *session* as far as concerns the rules of order; a session is adjourned by the call to order of the next meeting, which commences a new session.
- 4) Voting may be conducted by a show of hands where the normal rules of order indicate rising from one’s seat.
- 5) Meetings in committee may be conducted informally if the board of directors has not instructed the committee otherwise.
- 6) The Chair may recognize any person in attendance at a meeting regardless of membership if such recognition is in order. Non-members occupy the floor at the sole discretion of the Chair and may neither introduce motions nor vote.
- 7) The President may take part in discussion and votes pertaining to a motion unless the discussion becomes a debate between opposing positions, at which point the President must withdraw from the debate or vacate the Chair, an impartial member occupying the Chair until the pending motion has been disposed of, in accordance with the regular rules of order.

Marianne Russo moved “to create a standing Nominations Committee, to be comprised of the directors and any interested members of the public. The committee shall elect a chair from among its members who shall present the reports of the committee, in person or in writing, to the board as may be directed from time to time.” Motion carried.

Marianne Russo moved “to expand the board of directors by one director, referring the matter of nominations to the Nominations Committee, which is directed to supply a slate of nominees for the next quarterly meeting of the directors.” Motion carried.

A motion by Marianne Russo was amended on motion by Martin Haye and adopted as follows:

To create a standing Land ~~Inventory & Evaluation~~ *Research* Advisory Committee with the following instructions:

- 1) The mandate of the committee is to develop a confidential and secure database of all known caves located on private lands in the states of California, Oregon, Washington, Arizona, Nevada and Idaho. The database should include for each cave singly and for each parcel a numeric rating of significance with respect to the significant cave criteria developed for the administration of the Federal Cave Resources Protection Act of 1988.
- 2) The committee shall develop a model using the above database whereby property acquisitions can be prioritized, including the ability to consider such factors as significance, imminent threats, local development trends posing future threats, potential for habitat restoration, opportunity, price, and the possibility of cooperative action with other land protection organizations.
- 3) Members of the committee shall be appointed by the board of directors from among interested and qualified members of the public, acceptable qualifications to include broad knowledge of the caves of the states in question, professional-level knowledge of database design and maintenance, or professional credentials in the earth sciences, hydrology, biology, archeology, paleontology, or other sciences relevant to evaluating the significance of caves of the target area.
- 4) The committee shall elect a chair from among its membership who shall provide a written report of the committee’s activities, progress and recommendations to the board of directors at its quarterly meetings.
- 5) Each member of the committee shall sign a non-disclosure agreement limiting dissemination of information in the database to members of the board of directors and to such committees or individuals as a future policy of the board may designate; notwithstanding that individuals supplying data to the committee retain full use of such data as they already possess.
- 6) The board of directors retains the right to appoint and remove members of the committee without notice and for any reason.

A motion by Marianne Russo was amended on a motion by Rolf Aalbu and adopted “to refer nominations to the Land Research Advisory Committee to the Nominations Committee, which is directed to report back with a slate of nominees ~~for the next quarterly meeting of the board of directors~~ *no later than February 28, 2003.*”

A motion by Marianne Russo was amended on a motion by Rolf Aalbu and adopted as follows:

To refer the subject of property acquisitions to a Land Acquisition Advisory Committee with the following instructions:

- 1) The mandate of the committee is to act as liaison between the board of directors and the owners of properties identified as desirable acquisitions, building trust and negotiating transaction such as purchases, leases, easements and donations of real estate.
- 2) The committee shall consist of no fewer than three (3) individuals who need not be members of the board of directors.

- 3) Committee members shall be appointed by the board of directors from among interested members of the public.
- 4) Three members of the committee shall be designated by the board of directors as Acquisition Managers who shall each be responsible for initiating communication and negotiations with landowners within a given territory, to wit:
 - a) The Acquisition Manager for the Pacific Northwest shall be responsible for ~~the states of Oregon, Washington and Idaho~~ *a territory to be defined more precisely by the committee.*
 - b) The Acquisition Manager for the Central Pacific shall be responsible for ~~the states of California and Nevada from their northern borders south to the latitude of Santa Cruz, California~~ *a territory to be defined more precisely by the committee.*
 - c) The Acquisition Manager for the Southwest shall be responsible for ~~the states of California and Nevada from the latitude of Santa Cruz, California, south to their borders, and for the state of Arizona~~ *a territory to be defined more precisely by the committee.*
- 5) The Acquisition Managers may delegate portions of their responsibilities to other committee members or volunteers and are encouraged to do so.
- 6) The committee shall elect a chair from among its membership who shall provide a written report of the committee's activities, progress and recommendations to the board of directors at its quarterly meetings.
- 7) The committee shall utilize data from the Land Research Advisory Committee to develop a land acquisition strategy.
- 8) The committee shall act in accordance with such instructions as may be given it by the board of directors.
- 9) The committee shall develop an annual budget to be presented to the board of directors at its summer quarterly meeting, for adoption at the annual meeting in January.
- 10) The committee is instructed to initiate contact with the owners of a certain 15-acre parcel of land in Amador County, California, containing Rippled Cave, for the purpose of acquiring the cave on said land, no purchase agreement to be signed until the Conservancy has obtained from the IRS an advance ruling of 501(c)(3) status, expected before May. Negotiations shall be limited to the following options:
 - a) Acquire the whole property for a price not to exceed \$65,000.
 - b) Acquire the largest portion possible that overlies the cave and its projected extension to the north, for a price not to exceed \$5,000 per acre, the costs of splitting to be borne by the owner.
 - c) Acquire the smallest portion possible that overlies the entire known cave, for an amount equal to or slightly in excess of the cost of splitting the property into four or fewer parcels.
- 11) The committee is authorized to negotiate on behalf of the Conservancy with the owner of a certain parcel in San Diego County containing Lawrence Welk Cave, for the donation of that cave to the Conservancy.
- 12) The board of directors retains the right to appoint and remove members of the committee without notice and for any reason.

Marianne Russo moved “to invite Rich Sundquist and Tom Gilleland to sit on the Land Acquisition Advisory Committee as the Acquisition Managers for the Central Pacific and the Southwest, respectively.” Motion carried.

Marianne Russo moved “to refer nominations for the Pacific Northwest Acquisition Manager to the Nominations Committee.” Motion carried.

A motion by Marianne Russo was adopted as follows:

To create a standing Fundraising & Development Advisory Committee comprised of the board of directors and interested members of the public, with the following instructions:

- 1) The mandate of the committee is to identify and develop funding sources for both the Conservancy’s program services and for the administration of the Conservancy’s business.
- 2) The committee shall elect a chair from among its membership who shall provide a written report of the committee’s activities, progress and recommendations to the board of directors at its quarterly meetings.
- 3) The committee shall have responsibility for writing grant proposals and for donor contacts other than general fundraising publicity.
- 4) The committee shall work jointly with the Public Relations Advisory Committee to develop general fundraising literature and solicitations to the general or interested public.
- 5) The committee shall develop an annual budget to be presented to the board of directors at its summer quarterly meeting, for adoption at the annual meeting in January.
- 6) The committee is particularly and urgently directed to research and develop the capability to write grants.
- 7) The board of directors retains the right to appoint and remove members of the committee without notice and for any reason.

Marianne Russo moved “to refer nominations to the Fundraising & Development Advisory Committee to the Nominations Committee.” Motion carried.

A motion by Marianne Russo was adopted as follows:

To create a standing Public Relations Advisory Committee, composed of the directors and interested members of the public, with the following instructions:

- 1) The mandate of the committee is to develop the Conservancy’s interface with the interested and general public.
- 2) The committee shall elect a chair from among its membership who shall provide a written report of the committee’s activities, progress and recommendations to the board of directors at its quarterly meetings.
- 3) The committee shall have the power to establish subcommittees to delegate its work and shall appoint chairs or officers to those committees according to titles of the committee’s choosing (e.g. Webmaster, Newsletter Editor, etc.).

- 4) The committee shall develop a web site accessible to the general public, containing general information, announcements, and public records of Conservancy business, the design and content subject to the approval of the board of directors.
- 5) The committee shall establish a moderated email list open to interested members of the public for announcements, agendas and minutes of meetings, a newsletter and discussion.
- 6) The committee shall develop and publish a newsletter to be published on the Conservancy's web site and on its email list.
- 7) The committee shall develop a variety of promotional literature in cooperation with the Fundraising & Development Committee, subject to the approval of the board of directors.
- 8) The committee shall develop logos, letterhead(s) for business correspondence, and such symbolic devices as may be required for the business of the Conservancy.
- 9) The committee shall have primary responsibility for organizing special events and coordinating the Conservancy's presence at public events.
- 10) The committee is charged particularly and urgently with developing the Conservancy's activities at the NSS National Convention in Porterville, August 4-8, 2003.
- 11) The committee shall develop an annual budget to be presented to the board of directors at its summer quarterly meeting, for adoption at the annual meeting in January.
- 12) The committee shall not offer benefits to members or supporters that conflict with tax law regarding charitable donations.
- 13) The board of directors retains the right to appoint and remove members of the committee without notice and for any reason.

Marianne Russo moved "to refer nominations to the Public Relations Advisory Committee to the Nominations Committee." Motion carried.

Marianne Russo moved "to affiliate with the NSS Cave Conservancies Committee." Motion carried.

On motion of Martin Haye, the question of whether "to adopt interim letterhead" (Attachment G) was postponed to the end of new business to allow those present an opportunity to view it in color on his computer.

On motion of Martin Haye, the "form of donor acknowledgement" (**Attachment F**) was referred back to the secretary for revision, to be acted on by the board via email.

Marianne Russo moved "to direct the Secretary to research purchase of a non-profit bulk mailing permit and to report his findings at the next quarterly meeting of the board." Motion carried.

Marianne Russo moved "to apply the attached expense receipts of directors to directors' pledges." Motion carried.

Martin Haye moved "to adopt interim letterhead" (**see letterhead on first page**). Motion carried.

Martin Haye moved to lay on the table the question "to set date and time of next quarterly meeting to March _____ (date) at _____ (time) at the corporation's office at 213 Elm Street, Santa Cruz, California" until all directors' availabilities can be ascertained. Motion carried.

Marianne Russo moved to open the Committee of the Whole for general and public discussion until 6:00 p.m. Motion carried.

COMMITTEE OF THE WHOLE

Marianne Russo explained to the guests the rationale for conducting meetings as formally as we have elected to do.

Dave Cowan related his experiences with obtaining liability insurance for the West Virginia Cave Conservancy, and the present impossibility of obtaining liability insurance on caves through the Land Trust Alliance's carrier.

Bruce Rogers suggested minor modifications to the letterhead design and offered ideas for adapting the letterhead logo as a symbolic device.

Peri Frantz asks what properties are initially being targeted for acquisition, spurring a lengthy discussion of potential purchases and the Conservancy's acquisition philosophy.

Throughout the discussions the participants expressed strong support. Dave Cowan encouraged the Conservancy to take out loans to buy property, stating that if we bought a cave, the money would "come rolling in." This has been the experience of the Southeastern Cave Conservancy. Dan Snyder brought up the Pacific Slope Cave Acquisition Fund, which we expect to fund our first property.

Peri Frantz concurred with Marianne's comments about the need for formal procedures in an organization that expects to handle large amounts of money and hold substantial property.

Peri then led a fruitful discussion on our plans for the NSS convention.

A motion by Rolf Aalbu "to recess for 10 minutes" was adopted at 4:40 p.m.

Upon returning, Rolf gave a brief presentation on the preservation of biodiversity in caves, with an emphasis on cave-adapted endemic invertebrates found even in tiny caves. He pointed out that the size of a cave is irrelevant to its biological importance.

Jerry Johnson followed with a slide lecture on the archaeology of Ponderosa Cave, Calaveras County, California. Jerry emphasized that the potential archaeological importance of relatively small caves like Ponderosa should not be underestimated. Although this cave is on a small parcel of BLM land, it might have been transferred to private hands through a land swap, had cavers not recognized its significance. Where BLM is unable to manage such scattered parcels, the WCC may have a role.

ADJOURNMENT

On motion of Martin Haye, the Committee of the Whole rose and the meeting adjourned at 5:50 p.m.

6 attachments

I certify that the above is, to the best of my knowledge, the true and complete record of business conducted at the first annual meeting of the Board of Directors of the Western Cave Conservancy held on January 12, 2003.



Daniel S. Snyder, Secretary

Agenda as Approved for the Annual Meeting of January 12, 2003

CALL TO ORDER

APPROVAL OF THE AGENDA

READING AND APPROVAL OF THE MINUTES

REPORT OF THE PRESIDENT

REPORT OF THE VICE PRESIDENT

REPORT OF THE TREASURER

REPORT OF THE SECRETARY

NEW BUSINESS

Motion to open the Committee of the Whole for general and public discussion until 4:00 p.m.

Motion to adopt specific editions of Robert's Rules of Order. **[2/3 majority required]**

Motion to adopt special rules of order. **[2/3 majority required]**

Motion to create a standing Nominations Committee.

Motion to expand the board of directors by one director and refer nominations to the Nominations Committee.

Motion to create a standing Inventory and Evaluation Advisory Committee.

Motion to refer nominations to the Inventory and Evaluation Advisory Committee to the Nominations Committee.

Motion to create a standing Land Acquisition Advisory Committee.

Motion to invite candidates to the Land Acquisition Advisory Committee.

Motion to refer nominations for the Pacific Northwest Acquisition Manager to the Nominations Committee.

Motion to create a standing Fundraising & Development Advisory Committee.

Motion to refer nominations to the Fundraising & Development Advisory Committee to the Nominations Committee.

Motion to create a standing Public Relations Advisory Committee.

Motion to refer nominations to the Public Relations Advisory Committee to the Nominations Committee.

Motion to affiliate with the NSS Cave Conservancies Committee.

Motion to adopt interim letterhead.

Motion to adopt form of donor acknowledgement.

Motion to direct the Secretary to research purchase of a non-profit bulk-mailing permit and to report his findings to the next quarterly meeting of the board.

Motion to approve the expense receipts of directors and apply them to directors' pledges.

Motion to set date and time of next quarterly meeting to March _____ (date) at _____ (time) at the corporation's office in Santa Cruz, California.

Other New Motions

ANNOUNCEMENTS

ADJOURNMENT

Minutes of the Meeting of the Board of Directors of September 7, 2002
(without attachments)

This, the first quarterly meeting of the Board of Directors of the Western Cave Conservancy, was called to order at 1:35 p.m. on Saturday, September 7, 2002 at the headquarters of Sequoia National Park, Ash Mountain, California. The facilities were provided courtesy of Joel Despain and the National Park Service.

ATTENDEES

Rolf L. Aalbu, Director
Joel D. Despain, Director
Jerald J. Johnson, Director
Robert C. "Martin" Haye, Director and Incorporator
Marianne L. Russo, Director
Daniel S. Snyder, Incorporator (present but not voting)

Martin Haye, acting as Incorporator, called the meeting to order at 1:35 pm.

Meeting recessed by general consent to allow reading of the minutes of the planning meeting of June 8.

Meeting called back to order at 1:50 pm.

Joel Despain nominated Marianne Russo to the chair *pro tem*; elected.

Martin Haye nominated Dan Snyder as secretary *pro tem*; elected.

Meeting recessed by general consent to continue review of the minutes.

The chair *pro tem* called the meeting back to order at 2 pm.

MINUTES

A motion by Jerry Johnson to approve the minutes of the planning meeting of June 8, 2002 was adopted.

UNFINISHED BUSINESS

By general consent, the secretary *pro tem* altered the order of certain mutually dependent items in the agenda.

Bylaws

Following informal discussion and amendments to the draft of the Bylaws, a motion by Martin Haye to approve the amendments was adopted (refer to Attachment B showing revisions).

A motion by Martin Haye to adopt the amended Bylaws was carried unanimously.

Corporate Office

Martin Haye moved that the corporate office be located at the residence of Martin Haye and Dan Snyder at 213 Elm Street, Santa Cruz, CA 95060. Carried by general consent.

Accounting System

A motion by Rolf Aalbu to adopt cash-based accounting for the corporation's books was carried (but see Attachment C for subsequent email proceedings reversing this decision in order to comply with GAAP—Generally Accepted Accounting Principles).

Liability Insurance

Dan Snyder, speaking as one of the Incorporators, reported that he had not yet obtained insurance quotes, and raised the possibility of obtaining a liability policy through the Land Trust Alliance. This report was followed by informal discussion on the necessity of obtaining insurance, the need to learn other conservancies' experience, and the need to at least obtain quotes periodically in order to demonstrate a good-faith effort to find affordable insurance.

Articles of Incorporation status

Martin Haye, speaking as one of the Incorporators, reported that the Articles of Incorporation were mailed but returned unfiled by the California Secretary of State due to a missing date. He has resubmitted them.

Attorney review of documents

A motion by Joel Despain authorizing the Incorporators to spend up to \$300 for attorney review of the Conservancy's incorporation documents and tax-exempt application (IRS Form 1023 and equivalent State form) was carried unanimously.

Rippled Cave Acquisition

After informal discussion, the Rippled Cave negotiations were laid on the table pending receipt of 501(c)(3) status.

Informal discussion of other potential cave acquisitions (out of order, by general consent)

Jerry Johnson reported that the Inskip Hill lava tubes and a nearby archeological deposit may be threatened by the reopening or expansion of a nearby quarry. Agreed by general consent that Jerry should investigate this further and report back to the board.

Joel Despain suggested approaching the owners of Empire Mine Cave, a significant cave located within a 12-acre patented mining claim in the Mineral King area of Sequoia National Park. The cave has a very interesting mineralogy and is several hundred feet in extent with additional man-made tunnels and is only partly surveyed. Agreed by general consent that Joel may enquire on behalf of the Conservancy whether the owners would consider selling at some time in the future.

NEW BUSINESS

NSS Western Regional, Oct. 19-23

Following informal discussion, Marianne moves to direct the chair *pro tem* to prepare a 15 minute presentation for the Western Regional meeting. Carried by general consent.

By general consent, the secretary *pro tem* made additions to the order of New Business.

A motion by Marianne Russo to recess for 5 minutes carried by general consent.

Election of Officers

Joel Despain nominates Martin Haye for Treasurer.
Martin Haye nominates Dan Snyder for Secretary.
Rolf Aalbu nominates Marianne Russo for President
Martin Haye nominates Rolf Aalbu for Vice President

Martin Haye moved to accept slate by acclamation. Carried unanimously.

Compensation of officers

There followed a discussion of the compensation to be paid to the corporation's officers. Upon motion by Martin Haye it was unanimously resolved that the following annual salaries be paid to the officers of the corporation:

President	\$0
Vice President	\$0
Treasurer	\$0
Secretary	\$0

Corporate seal

Following informal discussion, the matter of a corporate seal was postponed indefinitely by general consent.

Authorization to open corporate bank account

Upon motion duly made by Joel Despain and amended by motion of Martin Haye, carried unanimously, it was

Resolved, that the funds of this corporation shall be deposited with a bank of the Treasurer's choosing (**Bank of America**).

Resolved further, that the treasurer of this corporation be and hereby is authorized and directed to establish an account with said bank and to deposit the funds of this corporation therein.

Resolved further, that any officer, employee or agent of this corporation be and is authorized to endorse checks, drafts or other evidences of indebtedness made payable to this corporation, but only for the purpose of deposit.

Resolved further, that all checks, drafts, and other instruments obligating this corporation to pay money shall be signed on behalf of this corporation by any one of the following: Robert C. "Martin" Haye, treasurer; Marianne L. Russo, president; and Rolf L. Aalbu, vice president.

Resolved further, that the said bank be and hereby is authorized to honor and pay all checks and drafts of this corporation signed as provided herein.

Resolved further, that the authority hereby conferred shall remain in force until revoked by the board of directors of this corporation and until written notice of such revocation shall have been received by said bank.

Resolved further, that the secretary of this corporation be and hereby is authorized to certify as to the continuing authority of these resolutions, the persons authorized to sign on behalf of this corporation, and the adoption of said bank's standard form of resolution, provided said form does not vary materially from the terms of the foregoing resolution.

2003 NSS National Convention

Martin Hays moved that the conservancy host an inaugural party on Tuesday or Thursday night of the convention if either slot is available. Adopted by general consent.

Joel Despain moves that the conservancy staff an information and donation table. Adopted by general consent.

Corporate logo

Land Trust Alliance

After informal discussion

Authorization to purchase reference books

On motion of Joel Despain, an amount up to \$200 was allocated to purchase of the following reference books:

Robert's Rules of Order

The Standards and Practices Guidebook

Statement of Land Trust Standards and Practices

Starting a Land Trust

Fundraising

The board then informally discussed fundraising ideas.

Annual meeting

On motion of ? the annual meeting on January 12, 2003 (as provided in the bylaws) will be held at CSU Sacramento in Mendocino Hall, Jerry Johnson to arrange for the room.

Meeting adjourned 6:16 p.m.

ATTACHMENT A: Final agenda for the meeting of September 7, 2002

ATTACHMENT B: Bylaws, showing final revisions

ATTACHMENT C: Business conducted by email since the meeting of September 7, 2002

I certify that the above is, to the best of my knowledge, the true and complete record of business conducted at and since the first meeting of the Board of Directors of the Western Cave Conservancy held on September 7, 2002, and before the annual meeting held January 12, 2003.



Daniel S. Snyder, Secretary

Report of the President January 12, 2003

Marianne Russo, (916) 663-2571, mrusso@softcom.net

My activities on behalf of the Conservancy since its inception:

I participated in the planning meeting in June, 2002, and the inaugural board meeting in September, 2002.

Shortly thereafter, I wrote an article announcing the formation of the Conservancy for the Mother Lode Grotto newsletter, *The Valley Caver*.

At the NSS Western Region meeting at Twenty Nine Palms, I gave a brief presentation at the business meeting, in the evening made a general announcement about the Conservancy's incorporation, and hosted a "Schnapps Tasting" fundraiser which netted the WCC a small amount of petty cash.

In December I collaborated with the Secretary (Dan Snyder) to write an article for the coming *California Caver*; copies of this article have been passed out at this meeting.

I am currently preparing an article for the *NSS News* March conservation issue, shorter than the *Cal Caver* article, tailored to a national audience and advertising our presence at the Porterville convention. The deadline for this article is Jan. 15th.

I also assisted with the preparation of the agenda and made other arrangements for this meeting.

I am still familiarizing myself with Roberts Rules of Order and hope you'll excuse the fact that I'm not very professional at it yet.

I have received several emails regarding the Conservancy. The meeting announcement sent out over the NSS West moderated listserv generated some interest beyond that expressed by the people in attendance today: I heard from the Wolffs, Steve Knutson and a couple of other people. To keep supporters up to date with our progress, I plan to establish an email list in addition to a web site.

Report of the Treasurer January 12, 2003

Robert C. "Martin" Haye, (831) 421-0430, m1@snyder-haye.com

BALANCE SHEET (ATTACHMENT D-1)

Note from the balance sheet that our total liabilities exceed our total equity, meaning that we need to collect some of our accounts payable to be solvent. Our current accounts payable is in the form of pledges from the directors, now due.

INCOME & EXPENSES REPORT (ATTACHMENT D-2)

Under the Income heading, auction proceeds were earned from the auction of donated items at the Mother Lode Grotto Christmas party.

The one-time filing fee under the Expense heading refers to the filing of IRS form 1023, our tax-exempt application. Periodic filing fees include the amount paid to the State of California to file our incorporation papers.

NEW FORMS (ATTACHED)

Expense Report Form: used to report expenses to be reimbursed by the Conservancy.

Purchase Report Form: used to report purchases made with Conservancy checks or debit cards by authorized officers.

Deposit Report Form: used to report deposits made to Conservancy accounts by authorized officers. Please note that all checks should be photocopied prior to depositing them (on suggestion of Peri Frantz in meeting)

BANK ACCOUNT

The president and treasurer now have debit cards for the Conservancy's account. The vice-president's card never arrived; I'll check into it.

STATUS OF INCORPORATION AND IRS PUBLIC CHARITY APPLICATION

We have been legally recognized by the State of California as a non-profit corporation, have applied to the IRS for public charity 501(c)(3) status and have just received acknowledgement of our pending application (Form 1023). We expect a determination from the IRS between 60-120 days.

BOOKKEEPING

All our transactions have been entered. I have consulted with a CPA and with a bookkeeper specializing in non-profit bookkeeping using QuickBooks, and am confident that our books are in good shape.

ANNUAL FINANCIAL STATEMENT

I have not yet prepared an annual financial statement, pending confirmation from my CPA whether I've accounted for auction contributions correctly. When I have resolved this question, I will complete and certify the statement.

After our first year, we will want to obtain independent certification of our annual financial statements. Such certification is typically required by significant donors and agencies, but involves an audit and can be quite expensive. Unless we can find an accountant to perform this work *pro bono*, we can expect to pay \$2,000-3,000 per year for certification. It is sometimes possible for a non-profit to obtain a grant to pay for the cost of certification in its first full year of operation.

TAX RETURN

We are not required to file a tax return (Form 990) unless our gross income exceeds \$25,000, but I will do so in order to demonstrate to the public that we are active and accountable.

UPCOMING TASKS

I'll continue to maintain the corporation's books as receipts and expenditures come in.

I still have to fill out and send the State tax-exemption form (CA Form 3500). This form essentially duplicates the information on the IRS form so will be simple to complete. The State's turn-around time is a matter of weeks rather than months.

We need to obtain a sales tax license from State Board of Equalization before the NSS convention, so that we can sell t-shirts and other merchandise.

Although we may not be required to, we should obtain a business license and parking deferral fee exemption from city of Santa Cruz. We should be able to obtain these for at no cost.

Lastly, I'll need to respond to any IRS questions regarding our pending Form 1023.

Western Cave Conservancy

Attachment D-1: Balance Sheet

Jan 10, 03

ASSETS

Current Assets

Checking/Savings

BofA Checking 283.50

Total Checking/Savings 283.50

Accounts Receivable

Accounts Receivable 750.00

Total Accounts Receivable 750.00

Total Current Assets 1,033.50

TOTAL ASSETS

1,033.50

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Accounts Payable

Accounts Payable 524.07

Total Accounts Payable 524.07

Total Current Liabilities 524.07

Total Liabilities 524.07

Equity

Net Assets Forward 801.46

Net Income -292.03

Total Equity 509.43

TOTAL LIABILITIES & EQUITY

1,033.50

Western Cave Conservancy

Attachment D-2: Income & Expenses

Aug 17, '02 - Jan 10, 03

Income	
Auction proceeds	65.00
Contributions	1,503.00
Gifts in kind	
Goods to auction	83.75
Value of auctioned goods	<u>-83.75</u>
Total Gifts in kind	<u>0.00</u>
Total Income	1,568.00
Expense	
Bank service charges	14.50
Books (reference)	200.49
Filing fees - one-time	500.00
Filing fees - periodic	20.00
Legal review & advice	275.00
Office supplies	<u>48.58</u>
Total Expense	<u>1,058.57</u>
Net Income	<u><u>509.43</u></u>

**Report of the Secretary
January 12, 2003**

Daniel S. Snyder, (831) 421-0430, d1@snyder-haye.com

CORRESPONDENCE RECEIVED SINCE 9/7/2002 MEETING

Certification of incorporation from the office of the Secretary of State, dated 9/9/2002. We are official!

Email expressing support from Lynn Fielding, Tom Gilleland, Rich Sundquist, Bruce Rogers and Cindy Heazlit.

Email expressing interest from Larry O'Brien, Doug Billings, Jim and Liz Wolf, Steve Knutson and Dave Cowan.

Letter from James C. Eschen, Attorney at Law, transmitting his opinion concerning the Conservancy's Articles of Incorporation, Bylaws and Form 1023 (IRS public charity application).

Letter from the IRS acknowledging receipt of our application for federal income tax exemption (Form 1023) and dated 1/2/2003. The document locator number is 17053-365-04201-2.

EMAIL BUSINESS SINCE 9/7/2002 MEETING

Martin Haye moved that the Conservancy adopt accrual based accounting in order to conform with GAAP. Passed by unanimous written consent. Record attached to minutes of 9/7/2002 meeting.

PUBLICITY SINCE 9/7/2002 MEETING

Article by Marianne Russo for the NSS Mother Lode Grotto's *Valley Caver*, Fall 2002.

Announcement by Marianne Russo at the NSS Mother Lode Grotto's 40th anniversary celebration at Cave City, CA, Sep. 21, 2002.

Announcement by Marianne Russo at the NSS Western Region annual convention and business meeting at 29 Palms, CA, Oct. 2002.

Article by Marianne Russo with contributions from Dan Snyder and Martin Haye for the NSS Western Region's *California Caver* #2.

Article for NSS News Conservation Issue, deadline 1/15. Marianne and I are reworking the article written for the *Cal Caver*.

REFERENCE BOOKS NOW AVAILABLE FOR LOAN

Roberts Rules of Order: The Modern Edition (Patnode 1989), 5 copies for permanent loan to directors.

Robert's Rules of Order Newly Revised 10th ed., 1 copy for permanent loan to president.

The Standards and Practices Guidebook: An Operating Manual for Land Trusts

Statement of Standards and Practices

Starting a Land Trust

These are available for use by directors, officers, and committee chairs.

DIRECTOR BIOGRAPHIES/PHOTOS

Just a gentle reminder to the directors that I need brief bios (such as those found on book jackets) and photos from each of you for use in WCC literature.

INTERIM LETTERHEAD AND LOGOS

With assistance and input from the directors, particularly Martin Haye and Rolf Aalbu, I have designed two proposals for Conservancy logos that I have incorporated into letterhead. With the board's approval, I propose to use this letterhead on an interim basis for official correspondence and donor acknowledgement letters.

DONOR ACKNOWLEDGEMENT FORM LETTER

In order to facilitate the treasurer in generating donor acknowledgment letters, I have written a form letter for the purpose, modeled after examples from other land trusts, that requires board approval.

STATUS OF DIRECTORS & OFFICERS INSURANCE QUOTES

Background for the benefit of guests, from the minutes of 6/8/02:

Incorporating provides limited immunity to volunteer directors and officers, who would otherwise be held individually liable for monetary judgments against the corporation. However, the law only provides such immunity if the corporation procures either a general liability insurance policy or a directors' and officers' liability policy, or if the individual directors and officers have obtained personal liability policies. Furthermore, the act or omission that has caused the judgment to be brought against the corporation must have been within the scope of the director's or officer's duties, have been performed or omitted in good faith, and not have been reckless, wanton, intentional or grossly negligent.

The amount of insurance coverage required is at least \$500,000 for corporations having an annual budget under \$50,000, and at least \$1,000,000 if the annual budget is larger. The law makes an exception to the insurance requirement if the board of directors and the director or officer seeking personal immunity "had made all reasonable efforts in good faith to obtain available liability insurance," but were unable to do so. Unfortunately, what constitutes "unable" is not clearly defined except for corporations having an annual budget less than \$25,000, which qualification we are unlikely to meet after our first year. For such small nonprofits, the board must make at least one request per year for a premium quote for at least \$500,000 coverage, and the quote must be 5% or more of the nonprofit's annual budget from the previous year to be considered unaffordable. Larger corporations are advised to seek several quotes per year and to carefully document contacts with insurers, the amounts and types of coverage sought and received (if under the legal requirement), and any efforts by individual directors and officers to obtain personal liability policies.

The details of the insurance requirement changes often and board will need to consult a nonprofit attorney to be sure of complying.

Insurance is desirable not only because it protects the officers, but also because it protects the corporation's assets. The board of the Southeastern Cave Conservancy has been able to obtain a general liability policy that covers all of their properties.

I have not yet obtained quotes, but have the following information:

Nonprofits' Alliance of California is a not-for-profit insurance group based in Santa Cruz, California, that exists exclusively to provide affordable insurance plans to 501(c)(3) public charities in California. Since they do not sell policies directly, I have asked them to refer us to a broker. Because we may not receive 501(c)(3) standing from the IRS until June, it is unlikely we will be able to purchase this insurance before then.

The same delay applies to the insurance offered through the Land Trust Alliance. I have not yet contacted the LTA to determine whether we can obtain a quote prior to joining. At present we have insufficient cash flow to join the LTA.

The NSS, with 12 directors and 5 officers, allocated \$1,500 for D&O insurance in the 2003 budget. However, these directors and officers are the fiduciaries of an organization far larger than the Western Cave Conservancy, with over 12,000 members, an annual budget in excess of \$600,000 and significant assets including 10 cave preserves and an office building. I believe we will obtain quotes for much less than this amount during the first few years of our operations.

Upon acquiring its first property, the WCC may desire to purchase a general liability policy to protect its assets. The cost of such a policy may well be prohibitive in the early years of the Conservancy. At the fall meeting of the NSS Board of Governors, Secretary-Treasurer Paul Stevens reported that cave-owning organizations have been seeing dramatic increases in the cost of their insurance premiums as they have come up for renewal in recent months. For example, the best quote obtainable for the Great Saltpeter Preserve was over \$5,000. These increases may force some conservancies to drop liability insurance on their properties.

The 10 cave preserves and other assets of the NSS are protected by a general liability policy costing over \$13,500/year.

Whether California's "Sportsman's Law" (Civil Code Sec. 846) protecting landowners from liability for non-paying recreational use of their land (specifically including spelunking) will result in lower insurance premiums for the WCC remains to be seen. Neighboring states, to which our mission extends, may lack such protections to landowners, and in any case the cost of fighting nuisance suits remains high, even when a dismissal is likely.

Other insurance the WCC may wish to purchase include one-day policies or riders for events at which alcohol is served. We have been advised by the attorney who reviewed our IRS Form 1023 that such alcohol insurance is probably not needed for very small gatherings as Marianne's "schnapps tasting" fundraisers; however, he strongly recommends that the WCC obtain it for events such as the wine and beer tasting party the board is contemplating for the 2003 NSS National Convention in Porterville, California. If purchased as a rider on an existing general liability policy, this insurance is inexpensive, on the order of \$100.

Submitted January 12, 2003 by
Daniel S. Snyder, Secretary
Western Cave Conservancy

[Month] [Date], [Year]

[FirstName] [LastName]

[Street Address]

[City], [State] [ZIP]

Dear [Title] [LastName]:

On behalf of the Board of Directors of the Western Cave Conservancy, I would like extend the Western Cave Conservancy's heartfelt thanks for your generous gift of [GiftAmount].

As you may know, the Conservancy was incorporated just last August with the mission of acquiring significant caves on private lands in the western United States. While many caves of the West are indeed on public lands, dozens of others just as worthy of protection remain unshielded from the impacts of residential development, quarrying, vandalism, and overuse by well-meaning visitors.

An alarming example of what the future could hold for many of our favorite caves was set by the recent destruction of McNamee's Cave by the quarry that owned it. Before it was dynamited from top to bottom, McNamee's was one of only two dozen caves in the Sierra Nevada known to contain human burials dating to over 1,000 years ago. Like McNamee's, most of the remaining burial caves are on private land.

Many other Western caves on private land contain invertebrate animals found nowhere else or possess extraordinary beauty. Two are over a mile long.

This is a very exciting time for the Conservancy as we work hard to acquire our first properties in 2003. You can feel proud to be a part of this historic effort.

Sincerely yours,

Daniel S. Snyder

Secretary

The Western Cave Conservancy has applied for tax-exempt status under IRS Code Section 501(c)(3), on which we expect an advance ruling by June, 2003. No goods or services were provided in consideration of this gift.