

**SOUTH DAKOTA PARKS AND WILDLIFE FOUNDATION
BOARD MEETING
IN PERSON/ZOOM/
CUSTER STATE PARK - CREEKSIDE RESORT
MAY 5, 2021**

President Karen Gundersen Olson called the meeting to order at 1:13pm MT/2:13pm CT with the following board members in attendance either in person/zoom: Kathy Anderson, Spencer Hawley, Tom Krafka, Sarah Larson, Bill May, Kevin Nyberg, Karen Gundersen Olson, Bob Paulson, Jim Spies and Jeff Stingley and Ex Officio Doug Sharp, GFP Commissioner and Ex Officio Kevin Robling, GFP Department Secretary. Others attending by either in person/zoom/teleconference: Dick Brown, Brown Associates LLP, Deidre Budahl, Casey Peterson, Ltd., Brad Reinke, Reinke Gray Wealth Management.

GFP Department Staff that attended the meeting either in person/zoom included: Scott Simpson, Parks and Recreation Director, Al Nedved, Parks and Recreation Assistant Director, Chris Peterson, GFP Administration Director, David Parker, GFP Director Outdoor Campus East and Lisa Weyer, Executive Director.

No declarations or conflicts of interest. Changes to the agenda included removing the request for a Conservation Easement from Eric Nies under Other Items and add updates from GFP Department Secretary Robling and GFP Commissioner Sharp.

APPROVE MINUTES OF MEETING MARCH 9, 2021

Nyberg moved to approve the minutes as presented, seconded by Hawley and the motion carried unanimously by voice vote.

COMMITTEE REPORTS:

Investment and Finance (Hawley)

Introduction of Deidre Budahl from Casey Peterson/Financial Report

Weyer went through the dashboard financial report dated as of March 31, 2021 that was included in the packet.

Balance Sheet:

- Land assets increased by \$900,000 due to purchase of shooting range property in Rapid City. \$5.245 million
- Receivables ended at \$3.45 million due to additional pledge commitments for CSP Bison Center.
- Current liability payments for Q3 ended at \$1.1 million – this includes payments to Decker, regular course of business payables and deferred ride income of Trail Trek.

- Total equity is \$12.5 million.

Cash and Investments:

- Temporarily Restricted fund is \$4.6 million. This is restricted per the allocation to the different funds we have set up.
- Unrestricted fund is currently at \$506 due to using the unrestricted money (\$400,000) for the shooting range property purchase. Weyer has held off on using the line of credit at BankWest as long as possible. This dollar amount was to be around \$91,000. Received the \$13,000 from GFP to reimburse for accounting services, which is now in the unrestricted fund.
- Adams account at the SD Community Foundation has \$347,776 balance and the permanent endowment fund has \$346,098 held with Reinke Gray.

Krafka questioned Palisades showing a negative balance (\$410,077.66) and if there are pledges coming in or do we still need to raise additional money.

Brown updated on the Palisades project with the possible donation from Scheels.

Weyer asked Brown if the \$500,000 Brown is still getting is going to be cash or in-kind. Brown stated it will be in-kind.

Weyer provided an update as of February 2021 accounting figures for Palisades.

- Total Contributions: \$1,102,934
- Total Grants: \$1,258,000
- Land Acquisition Costs: \$2,423,297
- Balance of the above transactions leaves us negative \$62,363
- Current balance in Palisades fund on March financials is negative \$410,077
- Pledges yet to come in total \$281,500, which will be paid in full 2025
- $(-\$410,077 \text{ (current balance)} \text{ minus } \$281,500 \text{ (pledges to come in)}) = -\$128,577.$
This negative balance may be due to not calculating fundraising fees when figuring out money needed for land acquisition.

Sharp said we need to have Budahl really start from the ground up with our books.

Stated need to look at our policy on fees. Need to have cash flow for every account.

Budahl explained the restricted and unrestricted accounts. There is some conversation that needs to be had on how many restrictions you will allow, what dollar amount creates a restriction and how we are tracking some of those things. Believe there are some opportunities to make some changes. Stated going to see some challenges with some of these projects once they are completed and what happens to the remaining balance in the account.

Stated the organization needs some policies in place for the restricted and unrestricted accounts. Policy needed on gift giving. Need to have a fee policy in place but deserve the right to waive it because we have donors that don't want to pay it.

Brad Reinke/Investment Report

Reinke gave an update on the permanent endowment and long term account.

- Permanent Endowment Fund: Last quarter 2.82% return
- Long Term Fund: Last quarter 3.01% return

3-Year History of Fundraising Assessment Fee and Asset Fee

Per the request of Investment and Finance Committee Chair, Hawley, information provided in packet.

- 10% fee assessed on pledges. Board has the right to waive this fee. Assessed fees go to the Professional Development Fund.
- 2% assessed on long term accounts (Adams and Sattler) and allocated to unrestricted funds.

Recommendation of Fee Policy (asset fee and fundraising fee)

Hawley stated would like to keep the fee policy as is and reaffirm that any waiver fee needs to be approved by the board before discussion with the donor.

Hawley stated would like to have this policy in place before we have a new development director.

Sharp stated need to look at fee like a credit card fee. Suggests a graduated fee. Believe 10% is a very aggressive fee. A 2% fee is more reasonable. Nothing wrong with using donated money for other things if the project donated to have met the goal, but need to have verbiage like example: This donation will be used to support our current project which is the Bison Center and any other projects supported by the PWF and have it on a receipt for donors.

Larson stated on restricted fund have to be careful in honoring our donors wishes. Also believes 10% fee fund is a lot. Brown is making donors aware of the fundraising fee in advance of their donation and, if donor says they do not want to pay the fee, Brown brings it back to the board for approval.

Spies asked Brown if the fee policy will cause problems for the new development director. Asked how many times one of the heavy donors stated that they do not want to pay any fees? Brown stated flexibility as it is now is working for donors of all sizes. Gives us the option now to waive the fee if we need to. Brown is going to suggest waiving the fee on the \$180,000 donation he got last week for CSP Bison Center. Every pledge is to a specific project. We typically have not charged the 10% fee. Believe the 10% fee could be a problem if we do not have the option to waive it. Stated could have a policy to give a 0 – 10% flexibility fee.

Budahl stated that 10% fee could be used to be put back into the project doesn't have to go to administrative costs.

Larson stated not opposed to a graduated rate as seems fair to the larger donors.

Sharp drafted a possible graduated fee structure, so Weyer will send this information out to all board members. Comments can be sent to Weyer and Hawley and the Investment and Finance Committee will revisit the fee policies. If needed will hold an email vote to adopt a new policy to have one in place for a new development director.

Governance (Anderson)

Board Vacancies Report

Board Vacancies (Jahr, Lynass and Behl)

Anderson stated currently have a board of twelve members and two Ex Officio members we are down three board members. Have been working to try and find board members.

1) Rollie Noem is interested in being a board member. Anderson read his biography.

Anderson made a motion to accept Rollie Noem to take the place of Jahr and serve out the term expiring in 2022, seconded by Krafka, motion carried unanimously by voice vote.

Other possible options for board members:

Hawley stated visited with Bernie/Katie Hunhoff about becoming a board member and they are not interested but came up with four names for Hawley as possible board member options.

- 1) Dusty Anderson, First Dakota Bank
- 2) David Hosmer, Lawyer and Investment Advisor
- 3) Kathy Greenway, First Dakota Bank
- 4) Barb Rezac, MMC Development, Current Chamber President

Governance Committee will continue to work on candidates to fill vacancies.

Clarification of Voting Rights for Ex Officio Board Members

Anderson stated if you look in your packets that Weyer sent and go to by-laws and articles of incorporation they don't match. The articles of incorporation, which were dictated by the initial forming of this board, and the IRS status say that we have two board members represented by the GFP Department and the GFP Commission as Ex Officio members with voting rights. To change this would mean changing our articles of incorporation and as Larson pointed out changing this may affect our IRS status of a supporting organization.

Anderson stated the by-laws which is under Article 3 Section 1 says:

There shall be a Board of Directors of the Corporation consisting of no more than 15 and no fewer than 8 regularly elected members, plus two non-voting ex officio members on the board. The two ex-officio members will be the Secretary of the Department of Game, Fish & Parks and Parks Commission.

Anderson stated would like to change the wording in the by-laws to eliminate the word non-voting for the ex officio members to be in compliance with the articles of incorporation.

Larson stated had a letter written by May, Adams law firm when the board was started and updated the board on the letter and stated don't want to jeopardize our IRS status of being determined as a supporting organization to GFP.

After conversation it was decided that the board could not act on this at this time.

Stated in Article XIII it reads:

These bylaws may be amended by the Board of Directors at any annual, regular, or special meeting of the board, by an affirmative vote of at least two-thirds of the members of the Board entitled to vote on such amendment. Notice of any proposed amendment shall be mailed by United States mail, other commercial carrier, email or facsimile to each director and to each person entitled to notice of the Directors' meeting at his or her last known address not less than ten days preceding the meeting at which such amendment shall be submitted to a vote or shall be personally delivered to each Director, and each other person entitled to notice thereof, within such time. The notice shall have been deemed delivered three days after deposit in the United States mail or other commercial carrier, addressed to the person entitled to notice as his last known address as set forth in the Corporation's records. Receipt of such notice shall also be presumed after mailing or electronic communication thereof as provided by South Dakota law.

Gundersen Olson stated as chairman we are making a major change in how we operate and stated would like to ask Larson to chair the meeting because Gundersen Olson has an opinion about this conversation.

Gundersen Olson stated she was not comfortable with changing the Ex-Officio to be voting members. Said she believes the strength of the organization has always been the level of independence they have but also the close connection with the Department. Believe our connection is close and strong and positive and don't believe it requires giving the Ex-Officio members voting rights. Stated will be voting against this motion.

The Governance Committee will put together the proposed amendment and send it to all of the board members at least 10 days before our next board meeting with an explanation as to why they think that is the way the amendment should be and then a vote will be taken at our next meeting.

FY22 Operating Budget (separate attachment)

Deferred until future special meeting

Resource Development (Paulson)

Development Director Report (Brown)

CSP Bison Center has a voluntary goal of fundraising for \$500,000. Have pledges in hand of \$510,000 for this project. Just received confirmation of a donor committed to \$180,000 pledge over a three-year period.

Overall commitment for Palisades State Park that was agreed on was \$1.6 million we have raised \$1.1 million. Brown is still working on the \$500,000 remaining.

Brown suggested that the board waive the 10% fees so the total \$510,000 is available for CSP Bison Center.

Robling thanked the PWF Board and Dick Brown for all the work that has been done over the years.

Development Director Search Report (Paulson)

Paulson stated we have not received any applications for Development Director Position. The deadline is May 15th.

Weyer stated that the GFP Department is going to do a targeted email to announce the job. Also contacted Kitty Kinsman and she has shared the description with a couple of people.

Audit Committee (May)

May made a motion to have an audit every three years and a compilation on the off years.

May withdrew the motion for discussion.

Budahl stated would highly discourage having an audit. Stated it is a poor use of the organizations money as very expensive and doesn't believe it will give you any

assurance that you are already getting from having Casey Peterson involved in doing the bookkeeping. Casey Peterson can prepare a compilation for the board. Not efficient to do an audit every three years.

Budahl would recommend a yearly compilation. Suggested not doing an audit at all. If concerned about certain transaction we can help the board find an outside firm that could evaluate those transactions.

Brown was asked if he ever had a donor ask to see an audit? Brown stated probably only one or two times from larger Foundations.

Stingley stated he has concerns about not ever doing an audit. Believes the audit is an assurance.

Budahl stated there are other options. Going to pay for a lot of unnecessary work in an audit that isn't going to provide you any value.

Anderson said we need to refer this back to the audit committee to make a recommendation. Will send it back to audit committee for recommendation for future action.

INTERNAL OPERATION ITEMS:

Executive Director Report – Weyer
Monthly report provided in packet

OTHER ITEMS:

Future Projects – Fundraising Efforts
Outdoor Campus East Indoor Archery Range (\$545,000) (separate attachment) Parker

Parker confirmed the Pittman- Robertson funding needs to be used/obligated by 9/30/24.

Parker went through the documents provided in the packet. Stated still in the process of forming the Friends of the Sioux Falls Campus and have three people committed.

Robling would like to see a commitment from PWF to move forward on fundraising. This current fundraising project could possibly help with recruitment of new development director.

Krafka stated he would like to see a commitment from local groups and then maybe the board come up with some money.

Brown stated don't want to have two different groups as could cause conflict. Need to have coordination with the groups.

Anderson suggested that we make the benefits equal for the East and the West Outdoor Campus. The West has had a lot of advantage with some of the things they offer. Having the same options available in the East would be beneficial for all. Anderson believes we should support this as federal money doesn't come easy.

Robling explained how the PR funds work. Stating looking out 2 – 2 ½ years before needing the money.

Nyberg made the motion to fundraise \$500,000 to support the expansion of the Outdoor Campus East project in Sioux Falls by September 2024 as presented, seconded by Anderson and the motion carried unanimously by voice vote.

GFP Department Update Robling

Closing on the Newton Hills Boy Scout Camp Property will take place June 30th.

Robling was asked if usage at Parks heavy and how are we getting the PWF name/information out to those people utilizing our Parks.

Anderson stated QR Code has been suggested in the past.

Robling stated we should have a donation spot on our website when they make a reservation and that could be added when we have our new e-commerce system which will go live December 15th.

Simpson suggested they capture email addresses with reservations and that could be shared with the board for marketing efforts.

Suggested to have the August 31st meeting in Pierre and invite the GFP staff that is in charge of the e-commerce system (Heather Villa) attend the board meeting to give an update on the e-commerce system and possible donation options for PWF.

Robling stated we need to tell the story. There is a need for a marketing Sub-committee.

ADJOURN

Hawley made the motion to hold the August 31, 2021 PWF board meeting in person in Pierre, seconded by Anderson and motion carried unanimously by voice vote.

ADJOURN

Gundersen Olson adjourned the meeting at 4:26pm MT/5:26pm CT.

Respectfully submitted,

Lisa Weyer, Executive Director

Date

Approved by,

Karen Gundersen Olson, President

Date