

**Minutes of the Meeting of the Board of Directors
Hudson River Sloop Clearwater, Inc.
724 Wolcott Ave.
Beacon, NY 12508
Thursday, October 27, 2016**

Board Members Present:

1. Seth Davis
2. Mitzi Elkes
3. Betsy Garthwaite
4. Ross Gould
5. Bill Flank
6. Donna Stein
7. Allen Gutkin
8. Lucy Johnson
9. Dave Lebson
10. James Malchow
11. Anne Osborn
12. Don Raskopf
13. Sharon Rowe
14. Robi Schlaff
15. Stephen Smith

Board Members Absent:

1. Bill Cox
2. Rachel Marco-Havens

Staff Members Present:

1. Michelle Acosta
2. Amy Bonder
3. Hal Cohen
4. Dave Conover
5. Manna Jo Greene
6. Kelly Howard
7. Diane Oktay

Guests:

1. Roy Volpe

Board Members Present by Telephone

- 1.

The October 27, 2016 meeting of Hudson River Sloop Clearwater, Inc. was called to order at 6:30 PM by President Betsy Garthwaite. A quorum was determined to be present. Stephen Smith led the Board, Staff and guests in the traditional mission song having selected "Garden Song", by David Mallet, a selection often performed by Pete Seeger, Arlo Guthrie, John Denver and many others.

The Secretary called for a **MOTION** to approve the previously circulated Minutes of the Annual Meeting held on September 24, 2016. **SECOND:** Donna Stein and **APPROVED UNANIMOUSLY.**

Interim Executive Director's Report – Dave Conover:

Dave Conover thanked all who attended the meeting on a "messy" night (referring to the cold and rain that persisted throughout the day and during the evening meeting). He stated that the first meeting of the new Board of Directors is always important, now especially for the pressing need to discuss our potential for mounting a 2017 festival. Dave first provided an update on the status of the Sloop:

- Clearwater is wrapping up the sailing season in Kingston NY after a Friday sail from Catskill that will include North River Friends of Clearwater members and donors to WAMC who received tickets to the boat through their donation to the radio station during their recent fund drive.
- Nothing needs to be done to the boat this winter. No barge. No haul out. The crew can go straight to "winter maintenance mode" after having completed a busy fall sailing season and with a promising spring season to look forward to.
- Program fees did go up but this does not seem to be affecting demand.
- The Invasive Species program is running and we are still working our grants for the Hudson River Fish Eating Advisory.
- Eli Schloss has been busy with Tideline and other programs and we are finishing our 2nd year of the NYC Schools Contract.
- All this is being done with a depleted staff. Staff is now trying to pull together draft budgets for the Board Meeting on the 29th of November and will circulate this in advance of that meeting.

David then stated, "I have been working in this job now for 8 months. I've learned a lot and there is stress and anxiety but, we have accomplished much. We're working hard to pay off our debt to Hudson River Maritime Museum and plan to be done by spring. It's really, really challenging and I cannot commit to doing this job forever under the current circumstances. I will commit to staying on through 2016 but, we will need to see where Clearwater stands. Dianne is working part time but, is spending too much time on events. We need a full time Development Director. We have been getting by on the cheap due to the current financial position but we cannot continue in this vein. We have lost festival revenue, program revenue and spent massively on the boat restoration and somehow have managed to get by with lots of luck and hard work. We are not "there" yet but we have to find a way to get there. This may or may not involve doing a 2017 festival, but we still have to find a way forward. The staff and the crew need this assurance."

Dave announced that Director of Administration and Human Resources, Amy Bonder, is celebrating her 20th year with Clearwater to general applause. "There are lots of great people involved here with lots to contribute. We are the Hudson Rivers tall ship, custom made for this river. We add value to the river and to the communities along it. Clearwater transcends the membership and the crew. It's ridiculous for us to be in the current financial position. This cannot be the new normal." Dave stated that he is not resigning, but can only commit to doing the current job under the current circumstances for a couple of months. "We must bring in a Development Director and will also have to have a full time Education Director (Dave is doing both Education Director and Executive Director jobs). If we do the festival there will be more salaries to pay. So, we need to get the language out there. Encourage everyone to personalize it and act as ambassadors for the organization. Everyone has a Clearwater story. We need to get those stories out there and keep creating them for future generations."

FINANCE REPORT – Sharon Rowe

(Finance report narrative to be appended to these minutes.)

Sharon discussed a cash flow projection showing how much we owe and how much we are going to owe over time. Bottom line is that we need to raise about 1 million dollars, which is very close to the number Phil's plan projects. In order to get there we need to look at strategies to drive more revenue in and earlier rather than later. Dave's recent appeal, based on the anchorage issue has been good. We have another holiday appeal in the works and expect the Gala to be a success, enabling us to reach new audiences.

Dave: The Development Director position has been advertised. We are being assisted by Vicky Lowrey, who has helped review resumes. We want someone to start in December. We have some promising candidates and we have a lot of hope, but we must realize that it is an investment and a process. Our goal is to take a lot of the load off Dianne and move forward with major donor cultivation.

Donna: What are the guidelines (job description)?

Dave: We expect a whole suite on non-profit fundraising skills, overseeing the department, developing planned giving, etc. If you know someone, please pass it along. But, we must all not expect instant gratification. This person must work closely with the Board and with the ED to bring about success. It's just in the nature of the organization that these positions require both leadership and close cooperation.

Dr. Flank: Have we considered this as a contract position?

Dave: We consider this a staff position although Dianne is currently on contract.

DISCUSSION OF FESTIVAL

Betsy: Steve Lurie has provided a very clear message on his position, that I want to convey it to the board. We need to go into this decision with our eyes wide open. First, there is concern with competition from Mountain Jam, which will be held on the same date as our festival. People are already making the decision as to whether or not they will attend.

Donna: Any way of projecting how many of our people will go to Mountain Jam?

Betsy: No, no way of knowing that. While we hope that the Clearwater faithful will show up, we don't know for sure.

Betsy: We also have to acknowledge that costs are going up. Use of the park will cost \$20k more this year. Steve is proposing to cut artistic fees by \$90k this year. The Board needs to have realistic expectations, including the fact that there is an excellent chance that the festival will lose money. It may well be a bad business decision to even have a festival. Yet, despite this fact and having to compete with Mountain Jam there are ancillary benefits.

Don: The overall budget for festival has gone up each year. Average return on investment has been around 10%.

Hal: It seems advantageous to talk about dollars but, in terms of attendance our attendance has increased. Steve has built Revival to attract people who are willing to pay the ticket price.

Betsy provided a chart showing gross festival income during the 2007 to 2009 years under Ron Aja and the subsequent years under Steve Lurie (appended). She also provided cash flow projections indicating that festival would have to meet our previous years average attendance level just to break even.

Betsy: Steve Lurie is not willing to do a smaller festival with fewer acts as had been done in previous years.

Sarah: Having a festival will be a fundraising opportunity.

Stephen: Yes, however we cannot announce we are raising funds in order to have a festival. This would undermine Steve Lurie's credibility. Has there been discussion on the issue of fund sequestration?

Betsy: Steve will require control of festival income until the festival vendors and musicians are paid.

Hal: Having the festival will give people confidence in Clearwater

Dr. Flank: There are two audiences, the CW audience and the larger audience.

Annie: We have to have clearly crafted language around the festival issue, talking points disseminated to the board for their use.

Roy: It's upsetting to hear that some people may be planning to go to mountain jam but, we can tell you that many Clearwater people are holding off on plans in order to hear what Clearwater's decision will be. As far as I know no Coordinators have dropped out but, are waiting to hear the decision.

Amy: Speaking of the budget process, we now have no volunteer coordinator and no assistant festival director. I am very familiar with the festival budget and there are no places where the budget can easily be cut.

Ross: What do we think our base draw is?

Betsy: We have a core group of 3,500.

Ross: Does it have to be held on the usual weekend?

Betsy...It's the only time the park is available.

Dave.. In the Ron Aja years we had Pete to help attract the core members.

Betsy provided a list created by Steve Lurie indicating the acts that have performed at Mountain Jam and at Revival and those that have played both.

Roy: The mountain jam performers are changing also.

Anne: Please explain the non-compete clause.

Betsy: When a performer is hired to play a venue he or she is required not to perform within a certain distance and during a window of time surrounding the booked date. This protects the venue from competition from other venues. We can expect that performers already booked for Mountain Jam will not be able to perform for us. (Description paraphrased)

Don: Jeff Tweedie did a fundraiser for us. We had tried to put on an alternative festival but, it didn't work out. Festivals have grown into multi-billion dollar industry. The big questions for us are, can we compete with big corporations and is it prudent for us to gamble with 1/3 of our annual budget for a weekend event. Doing so is daunting, given our current financial situation. Is this a responsible use of our resources?

Betsy: We need to be able to absorb a loss from any direction. We bring in more to the festival than all the people we take out on the boat.

Lucy: I think it's more important to get the boat secure than going out on a limb to make a festival that may or may not lose money

Don: We've reached the practical limit on attendance with the park in terms of the bottleneck of getting in and out.

Mitzy: What has been the gross profit on festival?

Don: The festival has lost money in the past. We intend to keep it budget neutral, giving it no profit projection.

Jeff: 2018 is the 50th anniversary? Shouldn't we announce it now?

Mitzy: Since the festival has been profitable, competition is something to be aware of but, I believe we can compete. What I do not agree with is Steve having complete reign over the finances.

Betsy: I have no doubt Steve would work with the Board on this.

Mitzy: Sustainability requires that we look at everything including the festival and the boat. What is the ROI on the boat. How can it bring in more money? We should do the same with festival and not only stick with the model as developed by Steve Lurie.

Betsy: Steve needs to know that the board "gets it" regarding realistic expectations.

Mitzi: We should hire a director that says he is going to lose us money?

Sharon: that's not what he is saying, but, we do need to find ways to maximize the festival experience

Donna: We need to know that the activists will come.

Roy: Free reign should not be taken out of context.

Stephen: Steve will be working for Clearwater and will be under the Executive Director, so there are limits to free reign.

Roy: Steve will be happy to sit down and work on communications.

Hal: I want to address the point that Mitzy raised about losing money. This translates that if you accept this, then let's work our butts off so that we are in a position that, should that happen, we will be all right. Not wait until June to fix the problem.

Sarah: I believe that when CW lost money before there was rain insurance.

(General discussion of the rain insurance issue.)

Dr. Flank: It's happened that we've lost money, but not often.

Stephen: Voting for festival is voting to build CW to the point it can sustain a potential loss. We have to accept that we, as a board have to take responsibility for our decisions.

Dave: To reinforce Hal's point, we don't want to have you go home to hock the family silver to pay for festival.

Mitzy: All other financial issues must be considered as well.

Dr Flank: We have a fiduciary responsibility as a board. If we dismantle the festival, its no longer Clearwater. How will it be able to survive under alternate circumstances?

Ross: How can this be accomplished with no fundraising on a festival.

Seth: Do fundraising for CW, not for the festival.

Ross: We need a board to-do list. Need to set goals and hold people accountable
Betsy, we will do this. Hal brought this up in the past and we will definitely do this.

Manna: There are ways of fundraising for festival, to follow up on Ross' question. I'm seeing this shifting and seeing that people are going ahead and doing what they say that they will do. We need this. For instance I have four pages of telephone calls to make for the Gala. People have to get active and proactive. If everyone took concrete responsibility and was willing to be held accountable in order to make the organization sufficiently viable and sustainable we will succeed.

MOTION We the Board of Directors of Clearwater commit to mounting a 2017 festival and commit to covering the expenses of said festival with a clear understanding of the risk involved. We make this commitment knowing that everyone on this board is willing to work to the utmost of their ability in their areas of expertise to accomplish this goal. Moved by Betsy.

SECOND: Dr. Flank

APPROVED with one Nay (Lucy)

Lucy: I do not want to put on a festival when we are not sure we can keep the boat afloat, The boat is the reason I joined the board and I will not risk the boat for festival.

Betsy: The RPC is meeting next Tuesday and the Board's decision will be transmitted. The Finance Committee is meeting on the 8th to talk about budget. Phil Rosenbloom, who wrote our financial stabilization plan, is a member of the finance committee and will attend.

NEW BUSINESS

Dave: Manna met with several of us to help us come to consensus on the possible PSC Article 78 suit regarding the Tier 3 nuclear subsidy. Manna has identified a pro bono lawyer willing to do the work. Manna would need to spend significant time to coordinate the action of the various groups that are participating in this filing, approximately half of her time on the Indian Point issue for about a month. No need for a motion. Lawsuit is viewed as a strategic act to give us more leverage on the issue. Subsidies may affect Indian Point if it is no longer profitable. To answer the question, "does this affect Hudson River", it certainly could.

Manna: NYPIRG's and Food and Water Watch has mounted a campaign characterizing the subsidies as a Cuomo tax, however, increasing awareness is not enough. The article 78 approach is a mechanism to actually put the brakes on the subsidies. Clearwater could be asked to be the lead organization but, may not be able to. this request is to empower the Executive Committee to make a decision on the level of our participation and, of course, the Board needs to sign off on Clearwater getting involved in litigation, particularly if we need to be the plaintiff.

MOTION: I move that the board empower the EC to take whatever action that may be needed in support of this environmental action. Moved by Dr. Flank

SECOND: Don Raskopf.

APPROVED UNANIMOUSLY Abstaining: Jeff and Ross

Betsy: Gala is 2 weeks from today.

Meeting adjourned at 9:11 PM