

**Minutes of the Meeting of the Board of Directors
Hudson River Sloop Clearwater, Inc.
724 Wolcott Ave.
Beacon, NY 12508
Tuesday, November 29, 2016**

Board Members Present:

1. Seth Davis
2. Neil Gordon
3. Betsy Garthwaite
4. Bill Flank
5. Sarah Underhill
6. Allen Gutkin
7. Robi Schlaff
8. Anne Osborn
9. Sharon Rowe
10. Stephen Smith
11. Allen Goldhammer

Board Members Present by Telephone

1. Lucy Johnson
2. Donna Stein
3. Bob Alpern

Board Members Absent:

1. Rachel Marco-Havens
2. Ross Gould
3. Jeffrey Domanski
4. Mitzi Elkes
5. Don Raskopf

Staff Members Present:

6. Amy Bonder
7. Hal Cohen
8. Dave Conover
9. Manna Jo Greene
10. Aleythea Dolstad

Guests:

11. Steve Siegelbaum
12. John Fisher
13. Reira Schiffrin
14. Allan Goldhammer

The November 29, 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 attendees in the traditional mission song selection, "Sailing Down My Dirty Stream", by Pete Seeger.

The Secretary called for a **MOTION** approve the previously circulated minutes of the October 27, 2016 meeting. The **MOTION** was **APPROVED UNANIMOUSLY**.

Interim Executive Director's Report – Dave Conover

Dave noted that Amy and Robi were temporarily absent while assisting one of our guests outside, but that he would press on with his report. This month no Executive Directors report was circulated in advance of the meeting. Significant time was devoted instead to working with the finance committee in order to draft a budget. A primary purpose of today's meeting was to pass a budget for the upcoming fiscal year, but we are not yet ready to do that, largely because of the cash flow situation. Clearwater depends on a regular flow of money and this year has been extraordinary. The change in leadership, boat restoration, loss of revenue from the boat, loss of staff with remaining staff doubling up on jobs, and loss of festival has all taken a collective toll on the organization and left us in a depleted state. The good news is that we had a good fall sailing season, the boat is back, the festival I back and we have a great financial stabilization plan calling for us to rebuild Clearwater by bringing in change capital. The million-dollar plan calls for raising an initial expenditure of \$250,000 over and above the cost of continued operations. Our current status is that we are living payroll to payroll and while this is an important time of year for Clearwater, being the traditional giving season, once the season winds down, we do not have the reserves to cover continued operation.

Showing cash flow projection graphs, Dave noted that we can expect a cash flow dip in January. We have a line of credit that could keep us above the red line until March but budgeting with this is neither acceptable nor sustainable. We need to actualize the Board of Directors commitment, stated at the previous meeting, in order to maintain operations and begin working toward our financial stabilization plan. Certainly, we could pass a net-zero budget but doing so is just a mask. We are looking at a negative cash flow of about \$100k and we can't in good faith pass this kind of budget. The line of credit is false security. We need it in case something goes wrong...if something goes wrong with the boat (or if it rains on festival weekend –Anne).

We also cannot adjourn this meeting and have everyone wait until next meeting to find out how we did. We understand that there are different skills on the board and that not everyone is a fundraiser. Betsy and Dave have been working with Vicki Lowrey, a great resource with great affection for Clearwater, a past Vice President and a person with 26 years of fundraising experience. Without broadcasting doom and gloom, we have a lot of work to do before we get to a place where we are stronger than we have ever been.

Regarding the hiring of a Development Director (DD), Vicki reminds us that a DD needs at least six months to become effective and produce results and it is vital that the Executive Director (ED) and the DD work well together. Vicki recommends that we focus on hiring an ED first. Still, that is a tough row to hoe, since we don't want to bring someone in when things are in such a mess. To do this I am working with Dianne and we have a case statement, outlining how we got where we are and we are sending this to people we think can help us. After all, Clearwater is the Hudson River's tall ship, custom built for the river and it has played a huge part in the restoration of tourism by cleaning up the river. It's too precious a jewel to allow it to flounder. Making a big push for donations is going to take a big commitment from everybody here. Vicki is willing to do a series of free workshops on fundraising, a really important value that can help us get where we need to go. There are also open seats of the board that we may be able to fill with people that can bring in resources. There are people that can help us in one fell swoop. It may not be the Clearwater way but we need what we need.

Seth: Are we authorized to send out the Change Capital Case Statement now?

Dave: Yes, check with us with any questions or for help.

Seth: We'll want some coordination.

Sharon: Everyone should report on their actions.

Betsy: Could we have this electronically?

Sharon: Could we get copies with black and white pictures? Not everyone has access to a color copier.

Dave: (Yes to both questions.) I can foresee in 6 or 8 months a really strong Clearwater, but I can also see us if we don't take care of this and that outcome would be criminal. We are not asking people to give money to the Clearwater black hole. This is our plan and this is our window of time. I stick to my commitment of staying in this post until the end of the year because I cannot be in the position that the cash flow diagram shows: where I will be signing contracts for festival and for the sailing season without adequate assurance that Clearwater will meet its commitments. After that, I am still willing to work with Clearwater in some capacity, but I cannot be an ED under these conditions. Right now, we are looking into hiring only insofar as to see what is possible. This is the time that Clearwater is either going to break out or flounder. (Dave passed out the Holiday Appeal Cards.)

ED Report Discussion

Alan G: I feel that the Walkabout Clearwater people have some strong opinions that bear on these issues.

John Fisher: Since the Walkabout letter the ground has shifted. There is a motion that we want to make regarding development, but now we are facing the direst threat to everything we believe in. Here is something we can do to preserve and protect. We don't have Pete but the challenge is

that the message is more important than the mechanics. The fact is we're freakin' scared and Clearwater is in a position to deal with that.

Sharon: There couldn't be a better time than now to turn this around. It's a huge opportunity to roll us forward into a more sustainable situation.

Alan G: I have a question about Dave staying on...

Dave: Let me just say that it's been a difficult 9 months, really hard on me, with many stepping up and helping me, but I cannot be in the position of signing contracts without the financial support to see it through. The Board is going to have to come up with a series of meetings or committee or finance meetings. When we leave today we need to be "on it", including members that aren't here now. If this happens I can commit to doing this month to month. I don't want to leave Clearwater in an awkward leadership vacuum.

Betsy: We need to generate the funds to do the hiring that Dave talked about.

Bill: The subtext is that we cannot go on the way we have been.

Dave: We have to think about other hard truths, budget cuts, how to manage going forward.

Sharon: I've looked at the budget and it's about as lean as it can get.

John Fisher: Sierra club has tripled donations since the election.

Bill: Manna is upstairs working on an Article 78 filing but will come down when it's her turn.

Sloop Report –Aleythea Dolstad

Yesterday we moved into our winter housing. Multiple crew members are feeling really inspired. The shop is set up to be ready for work and the boat is all covered up. (The shed is up.) It's good to get that place in shape moving from one season to the other. The crew apartment is within walking distance, very convenient.

Betsy: Board members should be aware of the Holiday Open Boat scheduled for December 11th from 1 to 4 pm. These events are important for us all to show our faces and get to meet everyone and it's free. Everyone please keep this on your radar.

Alan G: It will include a song circle for the musicians.

Environmental Action Report – Manna Jo Green

We are working on an Article 78 Filing against the Public Service Commission (PSC) ruling that there should be a 3-tiered clean energy standard, the third tier being a \$7.6 Billion nuclear subsidy designed to support unprofitable nuclear plants in the western part of the State. It is unlikely that this subsidy will go to Indian Point but there is a chance that it would. This is not a wise investment. We did not expect that Clearwater would be the lead plaintiff, but since we did not file petitions previously, it's up to us to file at this time and the filing is due tomorrow. Mostly Seth, Sue and I have been working on this.

Seth: And she is doing this now.

Manna: We have some experience and even though I am not a lawyer I am very proud of the work we have done so far.

Donna: An amazing document.

Seth: It's important to note that we support the first two parts of this Energy Standard, but we have a problem with the surcharge on rate payers. Grossly unfair to charge the same for those that are already using renewable resources.

Bill: Nuclear is not carbon free.

Manna: That point is covered in our documents

Seth: Here is something we can show that we are doing.

Bill: This would be a precedent-setting move.

Manna: We are sticking our neck out, but if we don't, who will? I was only trying to put together a team, but it fell to us.

Alan G: To clarify, "not a good use of Clearwater resources?"

Manna: Not a good use of taxpayer resources.

Betsy: As ambassadors, we need to be able to answer questions on Clearwater's position. Contact manna if you do not understand this.

Sharon: Great if we get this on the website.

Seth: Can do.

A **MOTION** regarding the Article 78 filing was read by Seth and **SECONDED** by Annie and **APPROVED UNANIMOUSLY** (Said motion hereby incorporated into these minutes by reference.)

A **MOTION** to authorize board President Betsy Garthwaite as an endorsee on the M&T bank account and on the boat account was proposed by Robin, **SECONDED** by Annie, and **APPROVED UNANIMOUSLY**. (Said motion is hereby incorporated into these minutes by reference.)

Walkabout Clearwater Letter Discussion

Stephen: I would like to give a response to the Walkabout Clearwater letter which I believe that the Board will endorse. The letter contains two issues. The first being concern over the idea that Clearwater would narrow its focus regarding environmental issues to only those pertaining directly to the river. This is a rumor that began during the difficult time when we were dealing with a leadership transition and unfortunately, became something of a driving force behind that transition. At the time, there was great concern, as there is today, about Clearwater being able to survive financially. One school of thought was that we should limit our focus to only those issues directly related to the Hudson River. This would presumably save money on programs such as Green Cities that some argued were outside our stated purpose. At the time, I was personally of the opinion that we should instead broaden our scope and our appeal and hopefully bring in more members and greater support in the process. The important thing is that these were items of discussion, not policy changes and should never have been presented to the members as a fait accompli.

Regarding the second issue, I believe that mistakes were made in positioning Domino Sugar and TD bank on our website as sponsors of the organization, but while I do not see a problem accepting a donation, sponsorship is another matter. We have a policy on this and I believe that this policy was not followed.

John Fisher: TD Bank and its role in the Dakota Access Pipeline project represents a perfect storm of issues we all feel passionate about. Financing for much of this pipeline is through TD Bank, so having their logo on the Clearwater website is problematic and Walkabout is incensed about this. Domino is another example, but TD Bank is the primary issue.

Hal: I did some research on this and found that 73 banks have provided funds for that company to build the pipeline. There is a whole list of banks and the point is we are talking about how our country functions. Why not go after Caterpillar or US Steel? TD Bank did not green wash their donation, I don't know what to do about that.

John Fisher: We don't invite them as sponsors.

Steve Siebelbaum: The steel company isn't a Clearwater sponsor. TD Bank being listed as a sponsor is what caught people's eye.

Hal: I'm very conflicted about this.

Dave: The money that we got from TD was from their charitable foundation. We had a person that was hired here whose job it was to cultivate corporate sponsors. The bank gave \$5k to support our youth programs. A few years later they gave another \$5k. Part of the package was getting a logo on the website. We can change that policy. They weren't looking to get on our website though, we just gave it to them.

- Alan I wonder if it might be a viable solution to seek companies that would replace existing donors and mention that that is what they are doing. Perhaps the Clearwater community can help us find good sponsors,
- Betsy: I want to say that this breaks down into two parts: What is our policy? Do we keep the policy or make it stronger? Was there a breakdown in actually following the existing policy? The Board needs to take responsibility for this. The vetting issue has to be addressed.
- Steve Siegelbaum: To be clear there is no way we want Clearwater to go under. We are totally committed to helping you survive. We have been committed to this since 1968. There is a real desire to help out here. A few years ago, in September 2010, the day of the Annual Meeting, I saw Pete coming out of the meeting and he was crestfallen. He proceeded to tell me how he was distressed by the direction of Clearwater in terms of fundraising. He said we need to have an organization of ten thousand members giving ten dollars each rather than one of ten members giving then thousand dollars each. I want to emphasize Walkabout's support, but we were brought up short by the TD bank situation and it's very difficult for us to continue. We think that there are ways that we can make up for the loss of TD Bank as a sponsor.
- Neil: So the questions are: Whose name will we display, who gets to use our name, recognizing that it's one thing to accept their support, but another entirely for us to support them.
- Bill: It's difficult to draw a bright line. This organization will cease to exist if we cut ties with every organization.
- Alan G: That is the argument of extremes.
- Sharon: There are lots of middle sized corporations. If half our members gave \$500 we'd have breathing room to find and search for the most exquisite partners out there.
- Stephen: What is Walkabout's actual concern, that we accepted the money or that these corporations are listed on the website?
- John: It's important to seize the opportunity. We need a clear statement of mission and purpose, utilize the fact that people are upset about TD Bank, disavow ties, and convey to the membership that we all realize that there is a tsunami heading our way and we are prepared to take up this fight,
- Seth: We have to do something to fix the way this did not work, set up a procedure to review donations and review the policies. Because of a personal conflict, I cannot participate in any discussion on TD Bank.
- (General discussion on the appropriate wording of a resolution)

RESOLUTION: Clearwater will no longer consider Domino Sugar and TD Bank as corporate sponsors and will establish a more rigorous process for vetting potential corporate sponsors based on our existing sponsorship policy.

MOVED by Alan, **SECONDED** by Sarah, **APPROVED UNANIMOUSLY** with Seth abstaining.

Stephen: Thank you, Steve and John, for bringing this to our attention.

Alan G: Lack of member participation is partly why this happened.

Annie: Thank you Alan for coming to more board meetings than any other member.

Betsy: Thanks also to Steve and John. To get back to the agenda, after the finance committee meeting we are not proposing voting on a budget tonight because we believe the budget we have is showing too much of a shortfall. So, we are going to defer, and that speaks to what we are going to do about the shortfall.

I understand Pete's strategy but the people that can afford to give \$5k have benefited more from the things that Clearwater has done. We are not a wealthy board. We have a give-or-get of \$1,200 per year. What I want to do is get 100% participation by board members for at least that or more. We all have the cards. We all have families and friends we can approach. We

need to give people the tools that are needed to raise funds. (Passing out cards.) Give-or-get between now and March 1st.

Sharon: Pep talk: Think of a number and double it.

Robin: Who is going to follow-up...send donors a personal thanks?

Betsy Please get back to me on signatures on the anchorage issue.

(Brief general discussion on the Hudson River anchorages issue.)

MOTION: Clearwater will oppose the Hudson River anchorage scheme being proposed by the US Coast Guard.

MOVED by Robin, **SECONDED** by Annie. **APPROVED UNANIMOUSLY**

The meeting was adjourned by unanimous consent at 8:55 PM.

END OF MINUTES