

IDITAROD TRAIL COMMITTEE, INC.
BOARD OF DIRECTORS MEETING
Millennium Hotel Anchorage
June 6 , 2003

CALL TO ORDER

The meeting was called to order by President Rick Koch at 9:05 a.m.

ROLL CALL

Board members present: Richard Burmeister, John Handeland, Rick Koch, Lee Larsen (via telephone), Sam Maxwell, Mike Owens, Dan Seavey, Rick Swenson and Dick Westlund

Board member absent: Joe Redington, Sr. (excused for being on the trail)

Others present: Stan Hooley, Executive Director; Joanne Potts, Race Director/Recording Secretary; Greg Bill, Development Director; Mark Nordman, Race Marshal; Don Patterson, Finance Director, Gwen Holdman, Jim Gallea, Jon Little, Will Peterson, Margie Bauman

PUBLIC COMMENT

Jim Gallea was present and said his comments were in the letter he distributed to the board members. He also distributed a letter from Mitch Seavey.

APPROVAL OF AGENDA

Seavey asked to add Purse as an agenda item. Koch explained that the purse would be discussed as part of the budget discussion and didn't need to be a separate agenda item.

Swenson asked to add an agenda item to discuss the rules. That will be added as item 13.

Larsen asked when there is usually discussion on honorary mushers. Koch explained that the process has been that people submit names and those then are distributed to the entire board before the meeting.

Hooley commented that the more forethought that goes into the selecting of honorary mushers the better.

Richard suggested that this be a discussion item for the September meeting.

Swenson asked about scheduling an executive session. Koch explained that a board member can call for an executive session at any time.

Koch asked if there was opposition to the agenda as amended. There being no opposition, the agenda was approved as amended.

APPROVAL OF MINUTES FOR APRIL 25, 2003

Burmeister/Owens moved to adopt the minutes of the April 25 meeting of the Board of Directors.

Seavey asked about the motion at the bottom of page 11: Larsen/Burmeister moved that competitive mushers and family members are generally lacking obvious personal benefit on rules, budget and purse.

He said he didn't think the motion actually said what the board was trying to say when passing the motion.

Koch suggested adding wording that said "and do not generally have a conflict voting on rules and purse matters."

Handeland commented that the board can't give a carte blanche waiver of conflict of interest like that. He explained that just because a person has a conflict of interest doesn't mean he can't vote. He just has to acknowledge the conflict of interest to the board.

Handeland moved to table the approval of the minutes. Motion passed.

PRESIDENT'S REPORT

Koch stated that he had no report.

ENTRY REQUEST – RACHAEL SCDORIS

Koch noted that Dan MacEachen and Rachael Scdoris were on the phone and that Gwen Holdman was there at the meeting. He explained that Scdoris had requested accommodation and entry in the 2004 Iditarod and the purpose of this discussion is to respond to that request.

Scdoris stated that she had asked the Iditarod to allow her to have two snow machines (Dan MacEachen and Gwen Holdman) to use as her eyes during the race.

Dan MacEachen stated that he was there to support Scdoris and to answer questions.

Larson asked Scdoris if she would have the same VI's in her qualifying races as she is requesting for the Iditarod.

Scdoris explained that she didn't know yet who would be working with her in the qualifying races. MacEachen said that he didn't have anything going on that time of the year and could probably help out with that.

Handeland asked if she had been accepted into her qualifying races. Scdoris explained that she hadn't yet but she doesn't foresee a problem.

Handeland asked if there were races that had accepted her plan and if so which ones. She explained that she hadn't determined which races she will run yet.

Holdman stated that she didn't think other rookies would be asked what qualifiers they would be running and she didn't feel that was an issue here. She said the issue here is whether or not Scdoris is capable of running the Iditarod.

Koch noted that there seemed to be a significant amount of concern regarding the integrity of the VI's to do what the race plan says and noted pacing, selecting and preparing camp sites, helping with the team and equipment maintenance etc. He asked MacEachen and Holdman how each it would not to help Scdoris if she's in a difficult situation.

MacEachen noted that he has guided her in the Wyoming race. He said he was anywhere from three to five miles out in front of her except in problem areas. He said in checkpoints he did things like direct her to where the water was. He said she wants to run the race herself as much as possible.

Holdman commented that she thought the board members were bring up legitimate concerns. She said she has been in both the Iditarod and the Yukon Quest and has seen unfair assistance in the event. She said she is very opposed to that. She asked that the board accept that her goal is to help Scdoris see the trail and finish the race. She said it would have to be on an honor basis.

Scdoris noted that MacEachen and Holdman are qualified mushers and Iditarod veterans. She stated that the Iditarod had said she should have two snow machines and use Iditarod veterans. She said Holdman and MacEachen don't want to jeopardize the integrity of the Iditarod any more than she does.

Koch noted that there had been discussion previously about physical assistance. He noted that in the revised plan the part about having a snow machine hooked

to the sled has been removed and the timing for and way the verbal assistance was given was removed. He explained that verbal assistance would not be given to her until the same time that a sighted musher would see whatever was there.

Swenson that he gets the feeling from Scdoris' tone of voice that she feels like the Iditarod solicited her participation in the event. He said we never asked her to sign up for the event. He said we never told her she had to have two snow machines. He said it is their proposal requesting accommodation. He said he doesn't want to be put on the defensive here.

Koch noted that maybe what Scdoris has misstated comes from our asking what happens if one snow machine breaks down.

Burmeister commented that we are actually dealing with changing the rules of the race. It isn't one individual we're dealing with but we're looking at changing the whole event.

Mike Owens agreed that it is a revision of the whole event that is being proposed and we have to look it this way. If we focus on one person, we're going to have to revisit accommodations at every request and he said he thinks what we're really looking at is a change in the event.

Koch noted that if we put a motion on the table Scdoris' time for presentation is done.

Scdoris said she seriously disagreed. She said something like this should be discussed on a case-by-case basis. She said others may want to run but they may ask for different accommodations. She said she is going to qualify. She said she expect a flood of disabled people to go out and get dog teams and want to run the Iditarod because she did it.

MacEachen said he wanted to clarify his previous statement about being ahead of Scdoris on the Wyoming race. I would simply wait there before a troubled spot and make sure she got by all right and check her out and make sure everything is o.k. And then go ahead of her at troubled areas and wait for her and coax her through over the radio when she approached the radio.

Holdman said she does understand the concerns. And she realizes we'd be opening up a can of worms. She commented that this is really a two-step process. The board has to decide whether it will allow accommodations and then has to decide whether Scdoris' request would fit under the rule change.

Koch noted that the guidelines for accommodation are based in the Americans for Disabilities Act. He said he is not saying it does or does not apply here. That

is a legal matter that a judge would decide. But he said accommodations are on an individual basis. You can't say every blind person needs this accommodation. If it applies, he said the organization is mandated to look at each accommodation individually. Further it's the responsibility of the organization to determine whether the accommodations are reasonable or not. It's the law of the land when it provides for certain events and venues. It provides an avenue for people to participate in events and things that they would otherwise not have the ability to.

Larsen thanked Scdoris and applauded her for putting this plan together that much better addresses the issue. He said it is obvious she has done a great deal of work with MacEachen and Holdman and recognizes her for that. He said he also thinks it would be inappropriate not to recognize her previous mushing accomplishments.

Larsen asked MacEachen how he thinks the snow machines will affect the other mushers in the early part of the Race.

Scdoris thanked Larsen for his comments and said she couldn't come to Alaska last year because she was trying to finish up her work to get out of high school. She said that both MacEachen and Holdman are excellent when it comes to passing and getting out of the way of other teams. They don't want to interfere with any other teams. They have actually helped other teams.

MacEachen said they would certainly assist any team in trouble out there. Koch noted that that isn't any different than someone in the crowd assisting when a dog team gets away.

Koch noted that on the first section of the trail, according to the Daily News, there are 2000 to 2500 snow machines out there already between Wasilla and Skwentna gathered in places to watch the teams go by.

Maxwell/Larsen moved to waive the applicable rules for Rachael Scdoris to be allowed to run the 2004 Iditarod.

Koch suggested the motion might be better suited and more specific to the question if it was related to the race plan.

Maxwell said there were four rules that would have to be changed or waived and said his discussion is all about is that this is a precedent for other people with special needs will be asking for rules to be waived.

Burmeister asked to remove her name and have the motion pertain to an applicant.

Maxwell agreed to change the motion to refer to applicant rather than Rachael Scdoris. The second agreed.

Amended motion: Maxwell/Larsen moved to waive the applicable rules for an applicant to be allowed to run the 2004 Iditarod.

Handeland asked then if that passed and he applied to run would the qualifying requirements be waived if he asked.

Maxwell commented that it is an issue of rules. He said rules are rules. We have an established set of rules.

Handeland asked if it means that we'll waive any rule that we're asked to waive to allow someone to enter the race. Maxwell said that is what the motion says.

Koch said the motion is doomed to failure. He said he thinks it is inappropriate.

Maxwell commented that this is an issue of rules. What rules are we going to waive and still keep the integrity of the event? Koch said it has to do with the accommodation that is requested. It isn't broad based in its application.

Koch noted that the motion doesn't speak to its being a disabled individual. He said he isn't sure what the motion does. He said if you say it's for any applicant you get into issues that aren't legal disabilities such as saying you need to lower the basket in basketball because I'm short.

Larson asked if we're working on proposed rule #63. Koch explained that we're off that now.

Swenson asked Scdoris how far she could see if she were running a 12-dog team.

Scdoris said she has run teams of up to 18 dogs and can tell where the leaders and if there is a big tangle she can see that.

Swenson asked Scdoris if she were running a 12-dog team how far up the team could she see and he said he didn't necessarily mean see clearly.

She said she has driven teams up to 18 dogs and she can't see the leaders clearly but she can tell where they are and if there is a big tangle she can see that.

Swenson asked about trail obstacles such as a tree as far ahead of her as her lead dog. Can she decipher between shiny ice and snow.

Scdoris explained that it depends of the size of the obstacle. She said that is why she has visual interpreters.

Maxwell/Larson motion failed. Handeland & Larsen voted in favor. Burmeister, Maxwell, Westlund, Seavey, Swenson and Owens voted against.

Koch asked for a motion more to the point than the last one was.

Burmeister/Larsen moved to adopt Rule #63.

Handeland/Owens moved to postpone indefinitely discussion of Rule #63.

It was noted that this motion supersedes the preceding motion and that there is no discussion on this motion.

Handeland/Owens motion passed. Burmeister, Seavey, Handeland, Maxwell, Owens and Swenson in favor and Westlund and Larsen against.

Scdoris asked what this means. Koch explained that it means if nothing further happens, the request is denied without specific discussion or a motion for her entry. If a proposed rule doesn't allow for an accommodation, we can't get to her specific request unless someone makes a motion to that effect.

Scdoris asked if she had any recourse. Koch said he suspected that she might and said he didn't know what the recourse would be except to approach the board again in the future.

Swenson noted that she can sign up and run under the same rules as anyone else and play by the same rules the rest of the mushers do.

Handeland/Burmeister moved for a 15-minute recess. Motion passed.

Koch called the meeting back to order.

ENTRY REQUEST FOR JERRY RILEY

Handeland/Maxwell moved to approve Riley's request to enter the 2004 Iditarod.

Swenson asked if Riley is here today. Hooley said he had not made a request to be here. He had just sent the letter.

Owens commented that he had overheard Riley's comments in Nome when he was badmouthing the decisions that led up to his making the decision to scratch, taking direct aim at the veterinarians as well as the staff of officials. It's a free country and he said he appreciates the right of freedom of speech but he said he felt when some one is in the position to asked for special consideration, he said he sees a bit of a conflict.

Koch noted that the board would like to hear from the race marshal regarding information appropriate for them to know regarding the decision on Riley's request.

Swenson noted that everyone must remember that last year we had a firm executive session with Riley about his 2002 race and we need to discuss how much of that he took to heart in the 2003 race.

Handeland/Westlund moved to table this to the next meeting and request that Mr. Riley be present.

Seavey asked if Riley had the option of being here. Koch said he had not make that communication and suggest him being here but he knows that he has come before us enough times that he knows he's welcome to do that.

Handeland/Westlund motion failed. Handeland and Maxwell voted in favor. Owens, Swenson, Westlund, Burmeister, Seavey and Larsen voted against.

Swenson/Burmeister moved to go into executive session. Motion passes.

The meeting came back to regular session at 11:50.

Koch asked for discussion about the Handeland/Maxwell motion.

Handeland said that he felt Riley should be in front of the board if he wants the board to consider his request for entry into the race.

Handeland/Maxwell motion to approve Riley's request to enter the 2004 Iditarod failed unanimously.

EXECUTICVE DIRECTOR'S REPORT

Hooley noted in his written report that the operating plan for FY03 calls for gross cash revenues of \$2,546,218 over cash expenses of \$2,509,034 for year-end net revenues of \$37,184. He said that at this time we are now projecting net revenues of \$33K.

Hooley said we would get more into the financial end of things when we get into discussion of the proposed budget.

He explained that the annual meeting of the ITC will be on Saturday, June 28, at 10 a.m. at ITC HQ. The major item of business is the election of four directors. He said that ballots are currently being mailed to the membership. A total of 2,310 votes are eligible to be cast. He provided a breakdown of those votes in his written report.

He said directors will be elected for Seat A, a Nome seat, currently held by John Handeland, Seat B, and Anchorage/Mat-Su Valley seat, currently held by Dick Westlund, Seat C, an At Large seat, currently held by Rick Swenson and Seat V, a musher's representative seat, currently held by Dan Seavey. He included the bios of the five people running for the four seats in the written report.

He reported that after the ballots are mailed by the 8th of June, June 21 will be the last date for postmarking the ballots and for hand carrying ballots to the HQ and June 27 will be the last day ballots can be received in the mail.

Hooley acknowledged Mike Owens and John Handeland and thanked them for the work they did in getting Senate Bill 232 (FN) passed. He explained that that bill amended the language in Section 1 of Alaska Statue 05.15.180g so that the Iditarod will be allowed to exclude \$500,000 in prizes to the contestants from the \$1,000,000 maximum giveaway allowed. Hooley explained that the bill does not reference the Iditarod but was written with the Iditarod in mind. He said it hasn't been signed by the governor and suggested that if anyone had any connections with the governor this would be a good time to let him know how important this is to the Iditarod.

Hooley noted that we had made two requests. One was to figure out how to deal with the million-dollar limit. The second one was to provide us with some relief that would enable us to promote our gaming activities through electronic means, i.e. the Internet, radio and TV advertising. That never saw the light of day out of the finance committee. That is a much more lengthy process and as important as anything and a process that is going to take considerable work. We shouldn't expect any changes here until there are significant changes in the attitude toward gaming in Juneau.

ADDITIONAL STAFF REPORTS

There were no additional staff reports.

APPOINTMENT OF RACE PERSONNEL

Burmeister/Maxwell moved to reappoint Mark Nordman as Race Marshal and Stuart Nelson, Jr., DVM, as chief veterinarian. Motion passed unanimously.

ADOPTION OF THE FY04 OPERATING BUDGET

Burmeister/Maxwell moved to approve the FY04 Operating Budget.

Hooley noted that in the budget document there are a number of pages, a statement of financial position, cash flow statement, gross revenue and expenses summary, net revenue summary and line item detail for all departments in fund raising activities. He encouraged board members to look at the document on legal size paper rather than the one in the document.

He explained that our goal had been to finish the year with net revenues with \$37,184 on gross revenues of \$2,546,218 and expenses of \$2,509,034. He said that at this time, with a month to go in the fiscal year, we figured the net revenues would be approximately \$33 thousand on gross revenues, approximately \$4,000 short of the net revenue goal.

He said it is important to realize that this year we're expecting to realize about \$204 more in revenue than we did last year, an increase of about 8.6%. At the same tie, expenses grew \$164K over FY02, an increase of 6.92%.

The charts in the written document showed the increases and decreases. Race revenues had a small increase. In merchandising, there was just under \$100,000 increase in revenues over last year, sponsorship increased just under \$60,000, raffle was \$15,000 under last year and under budget, membership had a slight increase, special events had an increase in revenues of about \$50,000 due primarily to meeting the budgeted goal in the musher auction and the increase in what the Millennium fund raiser did the night before the race and also an increase in sales for the mushers' banquet. Royalties increased about \$23 to \$24,000 and general and administrative revenues were \$30 some thousand less than previous years.

Koch asked about the \$15,000 negative variance in the raffle. He asked if that included the extra expense in selling the tickets as well as the unsold tickets. Hooley explained that these numbers just represent revenue.

Hooley explained that race expenses increased about \$65,000. \$50,000 of that would be the increase in the purse from the previous year.

Maxwell asks how much more it cost to go to Fairbanks. Hooley pointed out that in these tables he is comparing FY02 and FY03, not what the budget was. He said we were under budget on the expense side in the race. He said this number would have been bigger. We eliminated a lot of flying on this side of the Alaska Range.

Swenson commented that our finish money went down this year because we had less finishers than last year. He asked how the Nome banquet turned out, whether it was a sell out. Hooley said we budgeted for \$23,000 in income from the Nome banquet and came in at \$21,000. He explained that the auction revenue is under "other."

Westlund asked about the merchandise expenses increasing more than the revenues and on the balance sheet it doesn't show the inventory growing in the same proportion as the expenses. There is a \$2000 increase in the carry over inventory and a more expense on merchandise.

Hooley explained that Iditarod has had no sales manager for a significant part of the year. The net revenue from sales this year has been higher than if that position has been filled all year. He explained that we need to fill that position.

Hooley noted that net revenues were \$172K in 2002. The budget in 2003 was \$240K. The forecast for this year with another month to go is \$266K in net revenue. The proposed budget for net revenues for next year is \$231K. He said he isn't quite as optimistic for achieving the same numbers. There will be the increased cost of hiring a sales director. He said this year we were able to capitalize on the euphoria on Fairbanks with Fairbanks hats and shirts that gave merchandise a direct boost of roughly \$45K in gross sales. Absent something unique about the 2004 race, he said we don't see a product people will view as a must have.

Swenson asked about doing the same thing for a re-start in the valley. Hooley commented that we often don't know until the last minute whether we're going to Wasilla or Willow.

Handeland pointed out that that would be just trading dollars because normally we don't have a presence in Fairbanks. We're already generating dollars in Wasilla and we weren't in Fairbanks.

Hooley pointed out that we don't have anything that particularly says Wasilla. He said people might respond to something like this. But it would take some promotion on our end. We'd have to market this.

Seavey suggested a shirt that says something like "Wasilla, back in 2004".

Seavey asked about fuel expenses this year. Hooley explained that they were less this year because we weren't flying on this side of the mountains. Deploying from McGrath was less expensive than what we do traditionally.

Hooley noted that beginning cash balance for FY03 was \$242,602, including entry fees that had been received and raffle tickets that had been sold. He pointed out that the lowest cash balance during FY03 was \$192,453 in November. The highest cash balance was in February and was \$618,369. The ending cash balance for FY03 is projected to be \$260,099.

Maxwell thanked Hooley for making that information about cash balances available to the board.

Koch asked how many mushers we expect to sign up on the first day. Hooley it's a crapshoot but we expect about 40 to 50.

Maxwell asked if we have plans of getting someone to help us figure out what we should have regarding cash flow.

Hooley said that the gentleman that talked about at the last meeting has all the information and they are now working on figuring out the right dates to do this. He said we would have comparisons between this event and other similar non-profit events.

He had charts showing where revenues and expenses come from in his written report. He reminded the board that this is a cash budget and doesn't include \$1.1 million budget of unkind sponsorship, the majority of which is things we would write checks for if it weren't a sponsorship.

32% of revenues come from sponsorship, 23% from the raffle, 22% for merchandising are the highest ones. The actual dollar amounts are shown in the adjoining table.

45% of the cash is spent on the race, 16% on general and administrative expenses, 23% on merchandising, 10% on sponsorships and 10% on raffles. The dollar amounts were also shown in the written report.

Hooley noted that the proposed FY04 budget has an increase of \$140,000 in revenues over the FY03 forecast and an increase in expenses of \$150,000 over the forecast for FY03 which makes the goal for year end net revenues under this proposed budget about \$22,000.

The graphs in the written report showed where the increases and decreases are being proposed. There's a slight decrease in race revenues, between \$15 and \$20 in merchandising, an increase in sponsorship of about \$151,000. Fifty thousand of that is from the position that needs be filled and about \$20,000 is from the IEG sponsorship seminar that we're putting together for August-September. Rather than have another line item, we've put that into sponsorships and that \$20,000 will come back in registration fees.

Seavey noted that if we put too high a fee for participates to attend, we won't have very many attend. If we make it \$400 to \$500, that's a half ton of dog food. Hooley explained that we have it plugged in at an expense of \$25,000 with recouping about \$20,000. He said it doesn't have to limited to just the mushing community. It's the industry standard of how things need to be pulled together to appeal to corporate America.

Burmeister asked if there would be varying registration fees. Hooley said maybe we'd have one price for signed up mushers, and mushers who aren't signed up would be a little higher and general public would be a little higher. He said he is trying to get feedback on how realistic it is to expect this thing to break even.

Hooley said in the Lower 48 these things have a registration fee of \$500 and it's worth every cent of that.

Swenson asked why we feel it is better to put this seminar on in Alaska rather than have people go to ones in the lower 48 and pass the information to mushers up here. We could then see if we could get a break for our people to go to the ones in the lower 48.

Hooley explained that Vern Halter and Ramy Brooks said this was necessary and the board agreed to build it into next year's budget.

Greg Bill pointed out that if we host the seminar, it will be structured and geared to mushing and mushers.

Hooley said that these seminars in the lower 48 are attended by sponsors who may not come to one in Alaska.

Burmeister commented that by having it in Alaska, we'd be saving the mushers the cost of travel, room and board.

Bill noted that this seminar would teach mushers how to best portray themselves, which would pay dividends in the long run. The money that might be lost in the short term would be gained in the long term.

Koch noted that we don't plan for this to be a moneymaker.

Westlund asked how many people would be able to attend this seminar.

Gwen Holdman noted that it's the mushers that have the least money today that need most to attend this.

Jim Gallea asked what they will be talking about. Will they speak directly to what mushers need to do or will it be more of a conceptual format?

Hooley noted that it will probably be more conceptual because they don't really understand the sport of mushing. He said this isn't as mainstream to them as car racing and other things like that.

Hooley noted that the way this was presented was that it would be a break-even situation and he said he had backed it off and isn't overly optimistic and breaking even.

Hooley said they can accommodate up to 100.

Holdman commented that if the cost is reasonable, you'll have a lot of mushers, spouses etc. If it is really expensive, you'll see groups sending only one musher.

Westlund pointed out that 100 people at \$200 each would be \$20,000.

Gallea said he was at the IOFC meeting when this was discussed and one of the suggestions then was to have people go down to these conferences and then come back and share the information with the rest of the mushers. We would make our own conference and not only get outsiders perspective but have information that pertains directly to sled dog racing.

Hooley noted that it takes a special talent to put a conference like that on.

Swenson asked if where the rest of the sponsorship money is expected to come from. Hooley said the rest is new money that we have to find.

Swenson asked if that is reasonable. Bill noted that this isn't a great market now but he'll go out there and fight for it.

Hooley pointed out that there is a page listing each sponsor with the cash component of their sponsorship and what they are accountable for this year.

Swenson asked how much of the increase is already locked up? Hooley said roughly \$30,000 of the \$130,000.

Koch asked about Providence Health Care. Bill said there is a meeting set up with Providence. He said he is less than optimistic that under new management that they will go for it.

Swenson said that he heard that the problem is that Providence is a non-profit helping to fund another non-profit. He also noted that the hospital in Fairbanks has a bunch of cash. So we don't have to be restricted to looking in Anchorage.

Hooley noted that there is a lot of unknown in the new sponsorship revenue at this time.

Hooley continued discussion of the proposed budget. He noted that we budgeted for sell out of the raffle again.

Owens commented that Nome is voting to eliminate gaming in the city. So the question becomes, "can we pay the race purse in Nome" or "draw for the raffle." Handeland said he didn't think it will go very far.

Hooley said he is concerned about looming budget cuts that will trickle their way down to towns and municipalities. He said right now we get \$25,000 in cash from Anchorage, \$10,000 from Wasilla and \$15,000 from the city of Nome. Budget cuts could affect these numbers.

Hooley said that membership is expected to increase by about \$8,000, special events, by a little over \$10,000 and royalties a decrease of about \$25,000, administrative revenues, just about flat. The reason for significant difference on the royalty equation is that we're working with a company on an upfront licensing fee for a product that will be paid prior to the end of this fiscal year as an advance against future royalties to be earned. This means that we'll receive that lump now. So we probably won't see them paying additional royalties in the next fiscal year.

On the expense side, he explained that race expenses are expected to increase by \$60,000, \$50,000 of which is increased prize money, merchandise additional expense of about \$20,000, sponsorship, and roughly increase of \$55,000, which includes \$50,000 for a new person. We're anticipating spending additional money on marketing it to sell out so we are projecting an increase in expenses of \$10K to \$12K. Membership is showing no increase in expenses, special events, any

increase, and promotions is a little less and general and administrative is between \$3K and \$4K more.

Swenson asked if we had an RFP out for a new person. Hooley said he had talked to a number of people and doesn't have a candidate right now that he is excited about. He said he is looking for ideas from other people around that are interested in the race. He said he had stayed away from an agency because he doesn't want to pay a fee to find someone if we don't have too.

Swenson asked about the \$50K increase in the purse budget and said he and Seavey would like to see it increase by \$100K.

Handeland/Owens moved to amend upward the cash purse number by one half of the forecasted net revenues for FY03.

Handeland explained that he wanted to add half of the projected net revenues for this year into the purse for next year. Despite everything that happened this year, we're projecting \$33,000 for the rainy day account and he wants to put half of that into the purse. He suggested rounding it to \$17,000.

Koch asked the maker and second to consider bringing it to \$700,000 for the whole purse payout.

Handeland said we could take the FY04 budget to 0 and put that into the purse. That would be another way to look at it.

Handeland explained that he was suggested doing a fund balance appropriation from FY03 and put that into FY04 for the purse.

Handeland said we need to continue to put money in savings. He said the request to make the purse go up by \$100,000 this year is not realistic. He said we have a \$50,000 already in the budget for this year. His proposal would go more than \$50,000 and is based on the fact that we met our projections.

Maxwell said he doesn't agree with taking an arbitrary number to raise the purse by. He said he doesn't agree with raising the purse without putting something back in there to get us back to the revenue excess. He said this budget doesn't allow us to get to a \$700,000 purse.

Maxwell said when we started looking at going up \$100,000 a year for the purse, we got down to \$77,000 in revenue excess in 2001, in 2002, down to \$37,000 and to go to 0 this year, he said in his opinion that isn't how to run a business. He said we need to find something to cut if we want to raise the purse or add

something to this budget. He said he still thinks \$50,000 in revenue excess is the number we should be trying very hard to get to.

Seavey commented that the mushers have asked for a \$700,000 purse. He said we have already voted for a \$700,000 purse last June. He said a goal is what you are going to do.

He said they are asking for \$23,775 and then we wouldn't have to go back and rescind the motion from last June. That would make mushers happy.

Maxwell explained that when we started the process five years ago of making changes in the way we did business, we wanted to get into a working capital situation instead of going to the bank. He said he agreed with the \$700,000. But he said this budget doesn't allow us to do that. We need to make some more money or cut somewhere but we can't do it by eliminating our net revenue. We need to move the revenue number up along with the purse.

Larsen noted that Seavey's request would put us in a deficit with the current numbers of \$838. He suggested that we can make another \$1000 somewhere to cover that.

Swenson noted that they want first place frozen until 20th position reaches \$20,000.

Seavey commented that mushers jump a lot of positions and that indicates that there are at least 20 good dog teams out there and people are working to get into the top 5 and they should be rewarded.

Swenson commented that we need to redistribute the wealth. He said if we don't do that, we won't have the mushers.

Handeland noted that that isn't determined through budgeting processes.

Handeland amended his motion with the concurrence of the second to add \$23,775 to the purse.

Koch noted the new number is \$673,775.

Maxwell said that last year the board said we wanted a 10% increase in revenues and asked if we have that in this budget.

Hooley said that would bring us to about \$40,000 in net revenues for this year. He said that isn't what is happening here. He said we need to have the purse where it is supposed to be and we need the working capital.

Handeland/Owens motion as amended passed. Owens, Swenson, Westlund, Burmeister, Seavey, Handeland and Larsen voted yes. Maxwell voted no.

Larsen asked if we need to get to \$2,839,000 in gross revenues. Hooley noted that he was talking about a 10% increase in net revenues so rather than the \$37,000 we planned for this year; this year's budget should provide for a \$40,000 net revenue surplus and then next year about \$44,000.

Larsen noted that we would need to come up with \$41,000 in additional revenues to cover this. Hooley noted that that would be provided there weren't any expenses associated with raising this amount of money.

Burmeister/Handeland moved to take line #148 (village relations) down from \$21,500 to \$20,000.

Maxwell asked if there had been any discussion about what Air Force insurance would be next year. Don Patterson said he had been told it would increase about \$8000.

Hooley said he would like to leave line #148 alone.

Burmeister withdrew his motion.

Swenson/Burmeister moved to eliminate the \$4800 to the IFSS, line #149.

Hooley commented that there is merit to this. It is certainly a help to get the Norwegian mushers over here for the Iditarod. He said this is the lowest in payment we can go and it is based on our budget.

Swenson withdrew his motion.

Larsen asked about Runner advertising, whether more revenue could be realized for that. Potts explained that most of the sponsors feel that they are contributing all they want to with their sponsorship. She said we only have two sponsors advertising right now, the Millennium and Anchorage Chrysler. She said Deby Trospen is working on trying to build the advertising base but it's difficult with such a small circulation base that we have.

Bill commented that our membership numbers are down to a pathetic low right now.

Handeland/Maxwell moved to reduce line #130 (pre-race grooming) from \$10,000 to \$8,000.

Swenson asked about the cost of the big groomer. Hooley said that from Wasilla to Knik twice is \$4,000 and it's \$8,000 to the Big Su and back twice.

Koch noted that grooming has now become part of putting in the trail.

Swenson noted that there is grant money available in Fairbanks. The Quest and North American are getting \$30,000 to groom the trail from Fairbanks to Angel Creek. He said it's a SkiTracks grant program administered under DNR.

Koch noted that we have applied for grants and haven't gotten them. Those that get them are maintaining trails all season while we do it as a one-time thing.

Handeland/Maxwell motion passed.

Swenson asked about the discussion we've had before about enhancing the website for the membership to get more up to date race information. Hooley explained that the cost of this would be from \$250,000 to \$300,000.

Gallea noted that people are interested in the up to date information but what they really want is the story behind the stories on the race.

Westlund commented that GCI has asked for a business case for enhanced coverage that would include real time updates on the race.

Swenson commented that Runyon is a free agent now. Hooley noted that four years ago when he talked to Runyan it would have taken \$10,000 to get him on board.

Burmeister/Maxwell motion to approve the budget passed. Swenson, Westlund, Burmeister, Seavey, Handeland, Larsen and Owens voted yes. Maxwell voted no.

2004 RACE RULES

Koch noted that we have an equipment issue but the breakdown of the purse is a rules issue. Hooley suggested adopting the purse breakdown at the organizational meeting on the 28th.

Swenson said that he had asked that the rules be looked at again. He said he would like to see more specifics in the rules about mandatory gear. For example, he suggested that it state that mushers must carry 8 lb of dog food excluding

snacks when leaving checkpoints. He said that is enough emergency food for 16 dogs.

He said he would like to see it mandatory that mushers have a minimum of 36 ounces of fuel when they leave the checkpoint.

Seavey commented that there had been complaints that there wasn't enough fuel in the checkpoints.

Swenson commented that we know mushers are leaving without the correct mandatory items as well as unsafe towlines and harnesses. He said it wants it required that the gear be made available to the race staff prior to the race start.

Nordman said he would like to be able to check the gear on start day so that if there is a problem, the musher will have time to correct it before there-start because he said if it isn't adequate when it is checked at the re-start, the musher won't leave until he had adequate gear.

Swenson/Owens moved that each team be required to carry 36 ounces of fuel, 8 pounds of emergency ration and a cooker of 3-gallon capacity when they leave a checkpoint.

Koch noted that the change could be made in Rule #5. The period could be changed to a comma and minimum of 36 ounces of fuel be added. A new item could be added that says, "When leaving a checkpoint 8 lbs of emergency dog food must be on the sled."

Larsen asked if this would have the concurrence of the rules committee. Nordman said this had been discussed at the rules committee meeting and he could get that concurrence today.

Swenson/Owens motion passed unanimously.

DIRECTOR'S COMMENTS

Seavey stated that the board had made a wise decision on the issue of Rachael Scdoris' entry request. He thanked the board members for their interest in the purse. He reported that the INHT had undertaken four projects: 1) trail work from Finger Lake to Rainy Pass; 2) shelter cabins between Ophir and Ruby; 3) bridge on the trail out of Knik; and 4) 21 or 22 tripod signs along the way marking mileposts. He also reported that a Trail Blazers organization is being organized in McGrath.

Owens suggested writing letters to Senators Green and Olson thanking them for their support of House Bill 232 (FN).

ADJOURNMENT

Owens/Maxwell moved to adjourn. Motion passed.

The meeting was adjourned at 2:30 p.m.