THE PRAIRIE ENTHUSIASTS, INC.
Special Board Meeting Minutes
Tuesday, August 11, 2009
7:00 pm
via Teleconference

ACTION ITEMS IN RED

1. Roll Call

ATTENDEES:
Directors: Evanne Hunt, Jack Kussmaul, Nick Faessler, Clarence Malick, Bill Hogseth, Jim Rogala, Richard Henderson, Paul Rode, Ann Woldt, Jim Sime, Richard Oberle

Guests: Brad Glass, Claudia Vlisides

Staff: Carol Winge

The special meeting of the Board was called to order at 7:00 pm by President Evanne Hunt.

2. Meeting Minutes

A motion was made by Jack Kussmaul and seconded by Richard Oberle to accept the minutes of the July 19, 2009 Board Meeting as presented. Motion carried.

3. Board Member At-Large Nominations

Evanne Hunt asked for nominations for the TPE Board Member At-Large position. Jack Kussmaul nominated Brad Glass and provided a brief background of Brad's qualifications. Hearing no other nominations a motion was made by Jack Kussmaul and seconded by Clarence Malick to appoint Brad Glass to the TPE Board for a three year term ending July, 2012. Motion carried unanimously.

Evanne Hunt reminded board members to sign the Board Member job description and return it to Carol to have on file in the TPE office.

4. 2008 Audit Report

Claudia Vlisides, TPE Accountant, presented a summary of the 2008 Audit Report to the Board. Highlights of the audit are:

- The audit is a consolidated audit; both TPE, Inc. and the Trust were audited. Now that the Trust has been funded and because of auditing standards, the audit had to be a consolidated report.
- The audit firm presented TPE with their unqualified opinion on the organization's financial statements. This is the highest level report they can issue.

- Grants are reflected as Temporarily Restricted. Note that net assets are reflected in three categories in the audit; unrestricted; temporarily restricted and permanently restricted. A few years ago Earl Mihlbauer pointed out that net assets were all categorized as unrestricted and urged us to document the restricted net assets. Claudia noted that she believes this goal has now been accomplished.
- The audit firm included a letter in the audit regarding a significant deficiency. Carol and Claudia reviewed this letter in person with the audit team and partners to express our desire for them to work with us to eliminate the issuance of this letter. The audit team mentioned their hands are somewhat tied because of the new audit standards. They did want us to know that 95% of their clients receive this letter. We made it clear that we want to be in the 5% next year. We developed a plan with the audit team that we feel will help us to eliminate the issuance of this letter next year. The deficiency is issued when the audit team has to make adjustments to entries based on their opinion and that they believe would not be detected by the entity's internal control. We were issued this letter because of appraisals performed on a property we were purchasing. We used a different appraisal figure from the one appraisal they determined should have been used. TPE needs to adopt a policy on appraisals to provide to the auditors to document the appraisal procedure and what appraisal will be used so we are consistent. Carol and Claudia will prepare a draft policy and submit it to committee for recommendation to the board.
- Total assets as of December 31, 2008, are $5,486,815. Of this total 92% are Restricted Assets, either Temporarily Restricted or Permanently Restricted.

Clarence Malick asked about related party transactions and what these would be. Claudia replied this would be monies paid for work performed by a company that is owned or co-owned by an officer, board member or highly compensated staff. Evanne Hunt noted that this was an issue pointed out in our 2007 Audit that the Board took action on right away. Going forward if this situation occurs, our accountant will notify the Board immediately so that they know and their discussion can be documented in our minutes.

There was discussion about making related party transactions a policy, but Evanne Hunt noted it is not necessary to make any policy on this issue. It is addressed in our corporate bylaws. We just need to be reminded. And we all sign a Conflict of Interest form annually. We will also add this to our Board Member Job Description.

Claudia stated she will report whether or not there are any related party transactions to the Board on a quarterly basis.

Clarence Malick asked how often our cash deposits were in excess of insured limits. Claudia will try to provide us with information on this. Carol reminded the board that we had investigated other banks and other programs earlier this year to insure our cash deposits were safe but the Board decided to not make changes at that point in time. We looked at a CDAR program that would diversify our cash deposits and no money would be at risk. The credit union does not offer this program. We would have to use another banking facility to take advantage of this program. Nick Faessler asked if the credit union offered a repurchase agreement and asked Carol to check into this.

5. Conservation Defense Insurance Program

Jack Kussmaul and Clarence Malick presented a summary of their review of two Land Trust Alliance documents pertaining to the proposed Conservation Defense Insurance Program. Land Trust Alliance is setting up this program. Although the deadline is July 1, 2010, there are benefits for acting soon. Early commitment will encourage the organizers of the proposed program and other organizations that may be waiting for leadership to join. Also, TPE needs to initiate a systematic process leading up to our achieving accreditation, which is not only good policy since it embodies good practices, but also entitles us to an $11 annual discount against the $60 annual premium per easement. The LTA has indicated they need 12,000 easements from across the country to make the program go. For a modest amount we can have insurance that we would be hard pressed to afford ourselves. For now the recommendation is to not commit to insure our fee-owned parcels. We can always add them at a later date if something arises that we have not thought of. There is a minimum standard of monitoring that we must do to be eligible for the insurance but we meet this already and can provide the necessary documentation.

Rich Henderson stated he feels it is essential we do this and that we use our Legal Defense Fund to pay the annual premium.

Nick asked what the maximum is on defense. Clarence responded it is $500,000 per parcel and aggregate for one year. There is a $5,000 deductible but this can be provided in pro bono service.

A motion was made by Clarence Malick and seconded by Richard Oberle to adopt the resolution and direct Evanne Hunt and Carol Winge to complete it and submit it to Land Trust Alliance together with the start up payment of $250 to be paid out of the Legal Defense Fund. Motion carried unanimously.

There being no further business, a motion was made by Paul Rode and seconded by Brad Glass to adjourn. Motion carried and the meeting adjourned at 8:14 pm.

Respectfully submitted,

Carol A. Winge
TPE Business Manager