

Index to a
SIERRA CLUB
Board of Directors Meeting
May 18, 2002

1. Approval of Agenda.....	1
2. Approval of Minutes	1
3. President’s Report.....	1
4. Executive Director’s Report.....	2
5. Inspectors of the Elections Report	3
6. Appreciation to Outgoing Director René Voss	5
7. Appreciation to Outgoing Director Kim Mowery.....	5
8. Appreciation to Outgoing Director Charlie Ogle	6
9. Appreciation to Outgoing Director Anne Ehrlich.....	6
10. Certification of Election/Seating of Elected Directors.....	7
11. Election of Officers	7
12. Formation of the Executive Committee	8
13. Appointment of Assistant Officers & Related Resolutions	8
14. Election of Honorary Officers.....	9
15. Memorial Resolution for Peggy Wayburn, 1917-2002.....	10
16. Treasurer’s Report.....	11
17. Sierra Club Foundation Report.....	11
18. Conservation Report.....	12
19. Environmental Partnerships	17
20. Update on Sierra Club of/du Canada Agreement.....	18
21. Lodges and Huts Task Force Update	19
22. Fundraising Reprioritization.....	22
23. Standing Rule Change Relating to RCC Representation on Council.....	23
24. San Diego Chapter Situation Resolution.....	23
25. Consent Agenda	24
<i>a. Board Meeting Schedule for 2003</i>	<i>24</i>
<i>b. Old Cc:Mail Policies to Repeal</i>	<i>24</i>
<i>c. Immigration Discussion Guidelines.....</i>	<i>25</i>
<i>d. Modification of Standing Rule on Logos.....</i>	<i>27</i>
<i>e. Election Participation.....</i>	<i>27</i>
26. Chain of Authority Resolution.....	27

27. Standards of Conduct and Minimum Standards for Chapters and Groups 28

28. Guidelines for Chapters and Groups, Forming, Reorganizing, Dissolving Groups, Plus
Alternatives for Establishing Greater Sierra Club Local Presence 32

29. Appointment of Topical & Regional Vice Presidents..... 34

30. Governance & Board Committee Appointments 35

31. Sierra Club Environmentally Screened Mutual Fund 37

32. Closed Session..... 38

33. Adjournment..... 38

Appendix A [Election Inspector's Report] 39

Appendix B [Treasurer's Report] 43

SIERRA CLUB
Board of Directors Meeting
May 18, 2002
San Francisco, California

Having determined that a quorum was present, President Ferenstein convened a meeting of the Sierra Club Board of Directors at 9:04 a.m. on May 18, 2002, at Sierra Club Headquarters in San Francisco, California.

Directors present were President Jennifer Ferenstein, Vice President Charles Ogle, Treasurer Nick Aumen, Secretary Jan O'Connell, Fifth ExCom member Lawrence Fahn, Philip Berry, Robbie Cox, Ed Dobson, Michael Dorsey, Anne Ehrlich, Chad Hanson, Kim Mowery, Lisa Renstrom and David Wells. (Director René Voss had resigned as a Director immediately prior to this meeting so that he could serve on the Nominating Committee during its current meeting.)

Also present were Executive Director Carl Pope, other members, staff and guests.

President Ferenstein announced this meeting is open to members of the Club and not to members of the working press.

1. Approval of Agenda

MSC (Fahn-Ogle) The agenda is approved, with removal of item B18 – Budget and Use of any “Surplus” and B19 – Black Hills, and addition of Short-Term Reprioritization of Funding.

Passed unanimously.

2. Approval of Minutes

MSC (O'Connell-Ogle) The minutes of the February 23-24, 2002, Board of Directors meeting are approved.

Passed unanimously.

3. President's Report

President Ferenstein – As I reflect on my first year as President, I want to thank everyone for the support I've received. It was not always easy, but I always felt that, no matter what happened, people wanted me to succeed in my position and that has made all of the difference.

People often ask what I do besides being President and how I spend my time. In the external world, I hope throughout the coming year to be a spokesperson for the Club that makes you proud. Last year, I did between 15 to 20 talk shows from local issues such as how Montanans are coming up against the so-called wise use movement to broad-based issues about energy on National Public Radio. I was interviewed by the print media from the Associated Press to *Men's Journal*. These provided good opportunities to get the Sierra Club name out. Thanks to our

media team, we were able to move toward more non-traditional media forms to get our message out and move our agenda forward.

I traveled all over the United States. Wherever I went, I spent time with our leaders and activists. In New Mexico, I met with the population team. We had a meeting with chapters and groups in Utah and Oregon for Wild Forest work. In Washington state, I met with our local entities on Lewis and Clark. I was in Connecticut and Massachusetts at Yale and Harvard, and met with the Environmental Justice people in New Haven. On Earth Day, I was part of a panel on Environmental Justice at the largest African American church in Washington, DC. It was a privilege to see staff and volunteers who have pulled together on issues regarding the Anacostia River as well as asthma and to experience the camaraderie at the church.

My goal is to travel and represent the Club in a variety of forums. Whenever I travel, I will always meet with groups and chapters for at least a day to help them promote their local issues.

4. Executive Director's Report

Executive Director Carl Pope – I would like to share thoughts about the schizophrenia of this moment in history. Many wonderful things have happened in this country since September 11th. We have seen people reach out to each other and reach down to reconnect with the communities where they live and the places they love. Visitation at national parks, wilderness areas, forests and beaches is way up.

When chapters give their members an opportunity to get out in the community, the response is much larger than a year ago. There were four EPEC events around Earth Day this year. The weather was not kind, but we had tremendous participation. Public opinion polls continue to show that Americans care about America. The loss of wildlife and fragmentation of wild lands are still deep concerns and Americans want leaders to do something about them. They want leaders to lead.

Inside Sierra Club, this is a good time. We are recruiting new members and receive time, energy and financial resources from our membership. Three million American households watched the Ansel Adams documentary co-produced by Sierra Club Productions. It gained great attention in the media.

Concurrently, I do not think there has ever been a time, in my lifetime, when the moral quality and integrity of this country's leaders was lower. We have been fighting in California to get a bill through to authorize the California Air Resources Board to set CO₂ emission standards. The bill passed. That it was opposed by the auto companies and United Autoworkers is not a surprise. That is not unusual. Since 1964, when confronted with the opportunity to move into the future, the auto industry drags its heels and tries to be an engine in reverse. What is stunning are the tactics and messages they are using. They have hired paid callers to follow the talk shows and to disseminate misleading information about what this bill would do. They say it will lead to a \$5.00 per gallon gasoline tax. The federal government will confiscate their pickup trucks. People will not be allowed to drive to work if this bill passed. These are paid lies by

paid agents of the American auto industry on right-wing talk shows. The level of vitriol is so bad. Russell Long, who started this bill moving, is receiving death threats.

The auto industry is not alone. It is following the tone being set by the White House. This administration has been trying for the last year to find a window of opportunity in which they could announce they would roll back requirements that existing coal firing plants be cleaned up. It is short sighted and nothing new in politics. Ronald Reagan did it 20 years ago. At least he admitted he was doing it.

Last week, Bush came to the Commonwealth Club in San Jose, California. Vicky Barrett-Putnam's husband shook his hand and asked "Why don't we clean up the dirty coal fire plants?" President Bush looked in his eye and said, "I have a really aggressive plan to do that." Then, after being coached by political strategist Carl Rowe, Bush came back and said, "I want you to know we have the most aggressive plan to clean up those dirty coal fire plants in America."

Guided by Rowe and ballasted by the President, this administration will do anything to win. The President may not have wanted to involve himself in no-holds-barred conflict in the Middle East. But he seems to have learned from less savory leaders in that region, that there really is not anything you don't do to win and then you don't have any compunction about lying about it afterwards.

Eventually, that will not work. This is not Syria. The American people will not tolerate that type of lying. Corporations overstate their profits by 25% according to Standard and Poor's. The auto industry maliciously lies about what a clean air bill will do. Americans will not put up with it. Our challenge is not only to hold our leaders accountable but also to relay this information to them quickly. I am glad Sierra Club is here and that it is strong because it is going to be a tough six months.

5. Inspectors of the Elections Report

The Report of the Inspectors of the Election is attached to the minutes as Appendix A.

Chief Inspector of the Election Marvin Baker – This year's process went very well, with no formal complaints filed with the Inspectors. This is truly extraordinary. Such good behavior can be attributed primarily to the efforts of the candidates and their supporters to carefully follow the election rules. A secondary explanation is due to the diligence of newsletter editors to follow the campaign rules and consult the Inspectors with regard to what may or may not be included in newsletters.

Two modifications took place in the election process this year. First, the Board updated the election rules in November 2001, following the recommendations of the Election Task Force. This action brought the Standing Rules into conformity with internal Club changes, particularly in the area of electronic communication. A second innovation was the move of the Candidates Forum from a subscription listserv to a more accessible web format on the Club's web site.

The election results for the Board of Directors were as follows:

Elected to the Board:

Ben Zuckerman	36,383
Jim Catlin	33,788
Larry Fahn	32,135
Chuck McGrady	30,532
Marcia Hanscom	30,141

The Election Task Force appointed last May made its report to the Directors last fall, and the Board acted on its recommendations. The Task Force has some unfinished business. President Ferenstein agreed that the Task Force consisting of Marvin Baker, Charlie Ogle and Gene Coan should continue.

It appears that about four times as many people visited the candidates' forum on the Club website than when it was a listserve, although the numbers are difficult to confirm. Voter participation was still low and appears to continue on a downward trend. Inspectors met with the Organizational Effectiveness Governance Committee in February. They were concerned about participation at the chapter and group level as well.

I went to Garden City, Long Island, to do final supervision, certification and to handle torn ballots that the machines could not read. I was impressed by the professionalism of our vendor. The Election Committee talked to the Executive Vice President of election.com and asked about his experience with low voter turnout.

One technique that seems to work is to offer an added incentive for people to participate such as a raffle with an inexpensive prize like a trip weekend. Another method that is more expensive is using a return mailer. Whether either of these ideas is feasible, it is something to think about.

Director Berry – Marvin, you have understated the difficulty of your job in the past. We are grateful to you. As far as the idea from the vendor about a raffle is concerned, it would be nice to have a higher percentage of ballots returned, but an extra night at the Marriott is not in keeping with the dignity of the election. I understand it is not the Inspector's idea. I do not want to see it happen.

Director Fahn – I appreciate the change in the candidates' forum on the web. Candidates were able to answer all questions not just four a week as on the list serve. What was the trend on voting via the Internet?

Marvin Baker – This was the fourth year of Internet voting. The first year yielded 7%, this year it was 16%. It is not unlikely to see 100% voting online in our lifetime, but people are becoming comfortable with this as a secure option.

Regarding Director Berry's comment. I had thought about a give away before talking to the vendor and was glad he confirmed it made a difference. If there were a give away, people could be voting for the wrong reason or for the gift. On the other hand, if it got people to begin to

participate in voting, even if for a less than completely pure motive, they might be more likely to take it seriously the second and third time around.

Executive Director Carl Pope – New members behave differently than established members. We need to analyze the numbers to see how many were new members who joined this year and received a premium.

Director O’Connell – One incentive could be a member survey. That has doubled voter return at our group level.

Director Renstrom - An invitation to join a Sierra Club national outing is different than a night at the Marriott.

Paula Boutis, Chair, Eastern Canada Chapter – Ballots were sent to members in Canada. We received email from irate Canadians saying they were leaving the Sierra Club because no Canadians were on this ballot! That has to stop. By next year, the licensing agreement should be signed and Sierra Club of/du Canada will have its own election ballots.

Richard Cellarius – I have done a study of Club elections over years. Voters do pay attention to the ballot and candidate’s statements. The results are not random. The response of Sierra Club elections is high compared to other organizations. It is nice to have a large response, but we should be pleased at the response we get and that members do pay attention. Director Ogle agreed. People do seem to make informed choices.

6. Appreciation to Outgoing Director René Voss

Director Hanson – This is a speech I was hoping not to have to give. It has been a tremendous pleasure to work with René Voss during our time on the Board together. He has brought unique and important aspects to the Board of Directors. We have had a very good Board of Directors in the past few years. René has made an important contribution to that. He continued during the past six years to work in a volunteer capacity. In Washington, DC, we were trying to find a champion for a bill on logging in national forests. People in the know said it would not happen quickly. We lobbied for a few days and had good meetings but no success. René got us a meeting with Representative Cynthia McKinney. We were about thirty seconds into our rap when she said “Stop! What do you want?” We said we need a champion for this bill. She stood up and said, “I am your champion.” This is indicative of René’s style. In his own quiet way, he is able to achieve things that people think are not achievable. In terms of finance and conservation and in terms of his people skills, his role on the Board of Directors cannot be overstated. I hope to work with him on the Board in the future.

7. Appreciation to Outgoing Director Kim Mowery

Director O’Connell – Kim Mowery has been active with Sierra Club since 1994. She was national Director of the Sierra Student Coalition. Kim was elected to the Board of Directors out of field of 17 candidates in April of 1999 at a busy and transitional time in her life prior to her graduation from Brown University. Her thesis was on lead poisoning and asthma with inner city

children. She was also preparing for her first year teaching in Washington, D.C. Kim has served on the Regional Task Force, Communication and Education Governance Committee, Organizational Effectiveness Governance Committee and currently chairs the Membership Stewardship Committee. She has remained a strong and consistent voice for students and Sierra Student Coalition. The Board congratulates you on your recent engagement! Kim, we are going to miss you.

8. Appreciation to Outgoing Director Charlie Ogle

President Ferenstein – I could not have done my job without the help of Charlie Ogle. What I was able to do was based on the support and confidence I have in the way he thinks through things. He has a thorough, complete and wonderful way of approaching issues, problems and challenges we face. I would like to present Charlie with a certificate of appreciation and a personal memento. When Charlie, Kim and I were elected we went out to dinner with now-General Counsel Laura Hoehn. We wanted to solve the problems of the world. As Bob Bingaman says, “It ain’t a plan unless you write it down.” We borrowed a pen from our waitress, and the only paper was on the placemat. We wrote into the night.

President Ferenstein presented to Charlie this paper in a frame. Charlie Ogle said he would check to see what was accomplished. President Ferenstein pointed out that in the middle of the paper is “For Our Families, For Our Future,” circled about four times.

9. Appreciation to Outgoing Director Anne Ehrlich

Director Cox McGrady – George Busbee was elected Governor of Georgia on the slogan, “A workhorse in not a show horse.” For me, that slogan perfectly describes Anne Ehrlich and her work with the Sierra Club.

Anne and former Director David Brower were perhaps the only “public figures” among the people with whom I’ve served on the Board. She is a writer, a scientist, a woman who has served and who serves on a wide range of boards and committees. Yet Anne, unlike many public figures, never takes herself too seriously.

As President, I always appreciated Anne’s quiet counsel. If someone had stated her views on a subject at a meeting, she, uncharacteristically of some Board members, would stay quiet – not feeling the need to say what had already been said. As President, I really appreciated that.

Anne, I will miss serving with you on the Sierra Club Board of Directors. I hope you will stay involved with the Club, and I know the other Directors join me in thanking you for your service on the Board.

10. Certification of Election/Seating of Elected Directors

MSC (Ogle-Cox) The Board of Directors accepts the report of the Inspectors of Election and seats newly elected directors Jim Catlin, Marcia Hanscom, Chuck McGrady, and Ben Zuckerman. Director Fahn was re-elected.

Passed unanimously.

11. Election of Officers

Director Cox – I nominate Jennifer Ferenstein for President. In her report, President Ferenstein said she wanted Directors to be proud of her service. We have been and are and our strong urging that she serve a second term says how proud she has made us. She mentioned a few of her accomplishments in the first term. As a past President, I know she did far more. There are also the internal affairs of the Sierra Club. It is a demanding job to guide with a firm but encouraging hand, resolve conflict and present our public face. She has done this effectively and graciously as our spokesperson for the Club. As we move into an election year, we need that more than ever and encourage you to be as active as possible.

MSC(Cox-Catlin) I move the nominations be closed and a unanimous ballot be cast for Jennifer Ferenstein as President.

Passed unanimously.

Director Berry – I nominate Larry Fahn for the office of Vice President. It is a pleasure to watch new leaders come along. Larry Fahn has been well on my screen for some time. I have watched the development of his Sierra Club career in California, and was delighted when he was elected to the Board. He has assumed more and more leadership in the Club and demonstrated his good judgment. We are all overjoyed at the good counsel you have given the Club leadership and strong adherence to principle and expect all of that to continue.

MSC(Berry-Dorsey) I move the nominations be closed and a unanimous ballot be cast for Larry Fahn as Vice President.

Passed Unanimously.

Director Renstrom – It gives me great pleasure to nominate Jan O'Connell as Secretary. Jan's chairing of the Organizational Effectiveness Governance Committee demonstrated excellent management of a myriad of tasks and information. Her work as Secretary last year, and her reports to the President and Executive Committee, have made Directors' jobs easier, exceedingly smooth and more wonderful to participate. She is an asset to all of us. For those reasons Jan makes an ideal candidate.

MSC(Renstrom-Zuckerman) I move the nominations be closed and a unanimous ballot be cast for Jan O'Connell as Secretary.

Passed unanimously.

Director Aumen – I nominate Chuck McGrady as Treasurer. I was Treasurer but Chuck was Chair of the Finance Governance Committee. Because of my commitments, Chuck carried the load the whole year. He did an excellent job. As a former Treasurer of the Club, no one is better suited. Chuck and I have a long history. He has served a long and distinguished career with the Club. He came up through the Regional Conservation Committee, where I first met him. Chuck has served at numerous levels in the Club, as Chapter Chair first in Georgia and now in North Carolina, where he recently received his chapter's highest award. He is a two-term President of the Board of Directors. As someone said, "Chuck is a Republican but he bleeds green." I am proud to nominate him as Treasurer.

MSC(Aumen-Hanscom) I move the nominations be closed and a unanimous ballot be cast for Chuck McGrady as Treasurer.

Passed unanimously.

12. Formation of the Executive Committee

MSC (Dorsey-Wells) I move that the Executive Committee be composed of the President and Vice President, as required by the Bylaws, the Secretary and Treasurer, and Ed Dobson as the fifth member.

Passed unanimously

13. Appointment of Assistant Officers & Related Resolutions

MSC (McGrady-Aumen)

Appointment of Assistant Officers

The Board of Directors appoints Deborah A. Sorondo, Lynn Smith, and Laura Hoehn as Assistant Secretaries, and Louis Barnes, Roy Hengerson, and Hamilton Leong as Assistant Treasurers of the Sierra Club.

Bank Signatures and Financial Transactions

The persons listed are authorized to sign checks on the Sierra Club checking accounts in accordance with the following conditions: one signature (manual or laser imprinted) is required on all checks up to and including \$5,000, and two signatures are required on checks over \$5,000, one of which must be manual: Carl Pope, Deborah A. Sorondo, Louis Barnes, Hamilton Leong, Lynn Smith, and Rosa Li.

Authorization for Financial Transactions

The Board of Directors authorizes the officers of the Sierra Club to renew lines of credit and execute security agreements, to obtain credit; to sell and transfer securities, to purchase certificates of deposit, to purchase bank repurchase agreements, to open safe deposit boxes, and to execute any and all documents as may be required to complete the foregoing transactions. The Board of Directors further authorizes the officers of the corporation to open such other bank accounts as needed to carry on the activities of the Club. The following are officers of the Sierra Club:

President	Jennifer Ferenstein
Vice President	Larry Fahn
Secretary	Jan O'Connell
Treasurer	Chuck McGrady
Executive Director	Carl Pope
Assistant Secretary	Deborah A. Sorondo
Assistant Secretary	Lynn Smith
Assistant Treasurer	Louis Barnes
Assistant Treasurer	Roy Hengerson
Assistant Treasurer	Hamilton Leong

Authorization to Execute Contracts and Regulatory Compliance Filings

The Board of Directors authorizes the staff officers of the Sierra Club to negotiate, amend and execute contract agreements and regulatory compliance filings on behalf of the Club. The following are the staff officers of the Sierra Club:

Executive Director	Carl Pope
Assistant Secretary	Deborah A. Sorondo
Assistant Secretary	Lynn Smith
Assistant Secretary	Laura Hoehn
Assistant Treasurer	Louis Barnes
Assistant Treasurer	Hamilton Leong

Passed unanimously.

14. Election of Honorary Officers

MSC (McGrady-Cox)

The following appointments for Honorary Officers are for the May 2002-May 2003 term:

Honorary President	Edgar Wayburn	1993-
Honorary Vice Presidents	Pauline Dyer	1980-
	Patrick Goldsworthy	1980-
	William E. Siri	1980-
	Kent Gill	1987-
	J. Michael McCloskey	1999-

William Futrell	2001-
Richard Cellarius	2001-
Elden Hughes	2001-
Nicholas Robinson	2001-
Sanford Tepfer	2001-

Passed by acclamation.

15. Memorial Resolution for Peggy Wayburn, 1917-2002

Director Fahn – I was proud to have known Peggy Wayburn and would like to share an anecdote about this remarkable person. I was disappointed I never got a chance to go to Alaska when I first met Ed and Peggy Wayburn and they invited me. A few years ago, we had a joint Board of Directors and Sierra Club Foundation Trustees dinner at which Peggy was being honored. She arrived with a tank and tubes that let her breath. When we got to the top of the stairs, she wanted to sit down and so we sat in a foyer that overlooked the main dining room. Many of the patrons were smoking cigarettes, even though it was illegal. There were ashtrays on the tables. She said, “Isn’t that illegal? You have to do something about it!” We could smell cigarettes. I told her I would. She called me later in the week and asked if I had done anything about it. We called the Health Department. Two weeks later, the restaurant hung a white flag out front to acknowledge they would comply with the law. We wrote letters to other scofflaws and soon a whole series of restaurants complied. That was Peggy. When she saw something that needed change, she went into action.

MSC (Dobson-Fahn)

The Board of Directors notes with great sadness the recent death of Peggy Wayburn, an Honorary Vice President of the Club. Peggy, wife of Honorary President Edgar Wayburn, was widely known for her books. She edited and contributed to *The Last Redwoods and Parkland of Redwood Creek* (1969). She wrote *The Edge of Life: the World of the Estuary* (1972) about Bolinas Lagoon in Marin County, California; *Adventuring in Alaska* (1982); and *Adventuring in the San Francisco Bay Area* (1987). She wrote many articles for *The Sierra Club Bulletin* and co-authored *Alaska: The Great Land* (1974), a critical tool in the campaign for the Alaska National Interest Lands Conservation Act.

Working closely with Ed, Peggy helped with the establishment of Redwood National Park, Golden Gate National Recreation Area, and Point Reyes National Seashore, as well as the expansion of Mount Tamalpais State Park. It was her desire to vacation in Alaska in 1967 that sparked the Wayburn’s love for Alaska’s wildlands and the Sierra Club’s prioritizing their preservation. She received a Club Special Achievement Award in 1967 and was an Honorary Vice President from 2000 to 2002. Peggy Wayburn served as a Trustee of The Sierra Club Foundation from 1993 to 1999.

Passed by acclamation.

16. Treasurer's Report

The Treasurer's Report is attached to the minutes as Appendix B.

In the question-and-comment period that followed, Nancy Rauch thanked the Finance Governance Committee for additional funding to the conservation program and the Integrated National Conservation Action (INCA) Campaign. She said it would be well used in our battles with the Bush Administration and this Congress. Director Cox thanked Rauch for her wonderful work on INCA but suggested using a clearer acronym. Rauch noted the INCA supports all of the Club's campaigns when opportunities or obstacles arise.

A ten-minute break was taken at 10:20 a.m.

17. Sierra Club Foundation Report

Sierra Club Foundation Executive Director John DeCock expressed the Foundation and Trustee's pleasure at having Marty Fluharty as their President. She is a long time activist, former Director and Trustee, and the guiding force behind the Centennial Celebration in 1992 that contributed greatly to the Club.

Sierra Club Foundation President Marty Fluharty – It is nice to be back at this table for at least five minutes and also fun to see on the agenda the thing that brought me to the Board in the 70s; Guidelines for Chapters and Groups.

We are excited to have the Boards' retreat in Marquette, Michigan, this summer. It will be a terrific meeting with events planned for the Trustees and Directors as a joint group. One way to anchor ourselves is to learn together. I received a copy of Carl Pope's synopsis of the budget fundraising priorities and the program administration process. I encourage Directors and Trustees to read this as background information. We will have a joint learning experience on the whole grants process and relationship of Sierra Club and Sierra Club Foundation and c3 money distribution.

The Foundation has been working with the Trustees on the grants process. There has been a major effort to make sure there is a clear understanding between the two organizations. Credit must be given to John DeCock, Carl Pope, Chuck McGrady, President Ferenstein, and Michael Loeb who worked very hard to improve the relationship and grants process between the two organizations. They have worked hard to make it a smooth and understandable process.

We continue to improve the working relationship of Trustees and our committees and are looking forward to Marquette and learning about the Great Lakes issues.

President Ferenstein and I talked about the confusion that is created when both Boards have meetings at the same time. While it is great to get to know each other, it does prevent the attendance of Director Ferenstein and Treasurer McGrady from our meetings as well as other Directors. We are going to plan a couple of separate meetings so those Directors can attend the

Trustee's meeting and I can attend some of Sierra Club Board meetings. Congratulations to the new Directors. We look forward to this coming year.

Chuck McGrady – Marty Fluharty is probably the first national leader I ever met in the Club. She involved me on a national committee and moved me up. Marty was my first mentor.

Director Cox – Marty provided my first training in grassroots organizing with her workshop in Georgia and brought me onto the Centennial Campaign. She is a wellspring of information.

Director Dobson – It was Marty Fluharty who introduced me to training concepts in the Club.

Director O'Connell – Marty Fluharty became my mentor as well in 1975 when I attended my first chapter meeting.

Marty Fluharty – Training has always been high on my agenda. The Trustees will receive new training programs this year for committee chairs as well as the entire Board.

18. Conservation Report

Former Vice President and Conservation Governance Committee Chair Charlie Ogle – It is now an accepted norm that the entire Club's campaigns go through a planning matrix process. Neither the CGC nor the Board has adopted this practice. I recommend they do.

The CGC discussed a review of existing major campaigns and the priority-setting process. A survey was sent to the grassroots and will be coming back soon.

Conservation activities of the CGC include circulation of the Marine Resources Policy for comment. The CGC has a Grazing Committee up and running. It has made progress implementing the policy that the Board of Directors adopted after considerable discussion last year. The Forest Certification Committee is working under the Wild Planet Strategy Team.

The current major focus of CGC and the INCA campaign is energy legislation. It will be a tough fight. All of the campaigns that report to the CGC have updated campaign plans that provide the important step of knowing where we want to go and how we get there. The Regional Conservation Strategy Team will oversee the RCCs. The CGC is formalizing a book that explains how delegating works.

Conservation Director Bruce Hamilton – The Wild Forest Campaign has been the cornerstone of the Club's work for the last ten years. The Clinton wild forest initiative highlighted it. Under the current administration, the Forest Service is rewriting the plan. Attorney General John Ashcroft has said the administration would defend the initiative but it is retreating. We are not going to receive any help from them.

We will continue our battle in the courts and take it to Congress. We are waiting for a ruling. The legislative front is our best bet. Although it is in hostile hands, there is broad public support with over two million signatures. These translate into political muscle on the Hill. We have

crafted a series of legislative vehicles, including a letter that is circulating in the House. The National Forest Roadless Area Act should have an appropriate amendment attached that prohibits spending any money to destroy roadless areas. We hope to have 150 sponsors by a major lobby week starting June 10th. By forcing the issue into the legislative agenda, we can demonstrate its popularity and hope to get a majority of the House and Senate on record to support it and figure out if Bush will sign. A dozen Republican members have been working on moderate Republicans. Maria Cantwell has written a letter to the Senate. This is a key issue on which we are holding members accountable.

Director Hanson – As roadless policy is being codified in the Senate and House, I hope the provision to exempt timber sale projects in roadless areas for so-called stewardship purposes is being left out. In the previous administration, we may have trusted them not to abuse it, but we cannot trust the Bush administration.

Bruce Hamilton – We anticipate a bill on Fast Track in the Senate soon. In the past, we have counted on the House to defend Fast Track, but they managed to get a one-vote victory. It is now in the Senate, which has never defeated it before. Votes may be rolled back over amendments. If the conference vehicle looks like it could be shot down, we will target about ten key districts. The Kerry amendment is critical, although the Craig amendment may be enough of a poison pill. One vote is a tenuous hold.

The area in Chugach Forest that was under attack was basically rock. Wilderness study areas that have been around for a certain number of years are being opened up for development. We will see more and more of these attacks.

The Energy Campaign is a major Club focus. So much is at stake. We lost the House vote on a terrible bill that included billions of dollars of subsidies and opening the Arctic Wildlife Refuge. It has been a struggle. We are trying to stop this in the Senate Energy Committee. We prevailed on Tom Daschle to pull it out and go straight to the floor. When it got to the floor we were coming up short. The auto industry was pouring millions into it. This is super high-stakes politics. Everyone is looking for sweet deals for their constituents and campaign contributors. It has become more important than getting a good energy bill.

We had an enormous victory on the Arctic, more than we ever hoped for with 54 votes. Some were senators who turned around and supported us. We had opponents who tipped their hats to the strength of the environmental community. It was a short, sweet victory that we all need to recognize, pat ourselves on the back, and then return to the trenches. This week a do-nothing Senate bill emerged that saves virtually no oil and does not increase alternative sources. With a House bill that opens the Arctic, we have to realize that whatever comes out of that conference will be horrendous.

We have got to continue to fight this; to make suspicion breed discontent; make people believe this is not the right energy policy and that it will not solve problems but make them worse. If the bill comes back, we will seek to defeat it in the Senate. Too many senators have a piece of it that they want. Like the Farm Bill, it is horrendous but everyone went for it to get his

or her pieces. We are going to have to turn up the heat on the Senate and convince them it is for the larger public good.

We are running a parallel c3 campaign to educate the public about what the Senate just did. We want to wake them up and get a renewed public debate about energy policy.

On June 15th, we will roll out a series of new TV spots that focus on the issue of national security and energy policy. Two decorated veterans, Bob Carey of Nebraska and a rear admiral, will talk about security and putting our armed services in harm's way in order to feed our gas-guzzlers. We need an energy policy that protects the environment and the U.S.

We received additive money for a new major corporate accountability campaign and will be working with INCA, Corporate Accountability, and Global Warming to see how to make it work best.

In mid-June, we will announce in Detroit that the auto industry is lying to people. There are existing ways to put technology on minivans and all cars to make them more fuel-efficient. It is called the Patriot Package, and we will call on Ford to put it on their cars. This package will offer people choices. The hope is that if there is enough direct consumer concern, Ford will lead the industry, install the package and others will follow suit. This new approach will be a multiple-year campaign. Going after senators to force the auto industry to do it will not work. They are on the take, and the industry lies to America. There will be more details in the months and years ahead. We will be putting organizers in the field in front of dealerships, asking for the Patriot Package and asking why consumers are not being given a choice. Hopefully, that will bring pressure to provide the package.

Bob Bingaman – I have been Field Director for nine years, and this was Sierra Club at its finest moment. We engaged and mobilized thousands around the country to protect the Arctic and express the need for a smarter energy package. The Arctic was a fabulous success. We dedicate the effort to Ed and Peggy Wayburn who motivated us.

Sierra Club engaged in a collaborative defensive campaign when it realized that Bush was a major threat. I have never seen a better collaboration among organizations on an integrated threat. With other organizations, we used a full diversity of tactics and every tool in our toolbox. There was outstanding volunteer engagement. We would not have won without it. Tactics included paid media, free press, on the ground activities, and a collaborative defense campaign. We had a national VIP tour through some of the targeted states. We did a lot of bird dogging, showing up at events and raising issues. Grassroots enthusiasm was high.

During the April recess, Congress went back to their districts, so we turned the heat up there. This was so successful, Debbie Sease has said it was the best she has seen in over a decade. We really brought it home to members in their districts.

Sierra Student Coalition was key in the field operations. They have made the Arctic a multiple year priority.

We track media hits. April was the first month since September 11th when we had more media hits than the previous year. Our campaign won over senators. A former opponent as Governor of Nebraska, now a senator, Ben Nelson, views Sierra Club as the place to go for advice and counsel. Senator Lincoln in Arkansas did not announce her position until the end. She had so many people come up to her personally and express their view on the Arctic. Coupled with press and phone banks, it really paid off.

Director Berry asked for more information about the Patriot Package. Bruce Hamilton explained that it is technology that exists and is available on certain vehicles, but no one car has the entire package.

Executive Director Carl Pope – There are three key ingredients. One is variable speed, high efficiency auto transmission with an infinite number of gears, available on high performance muscle cars that are being marketed to teenagers. The second is a multivalve fuel injection system, available on a different set of high performance cars with big V8 engines in a narrow market. There are also high performance, high tech, new materials that make a vehicle lighter that are being put into new sports cars.

All of these can be bought on one or another, but none are being used in best selling models. If these three ingredients were put into a Ford Explorer that gets 19 miles per gallon, it would get 32 mpg. It costs about \$1,000 and would save \$4,000 over the life of the car.

Director Zuckerman – Do you use the Explorer/Firestone fiasco as a carrot or a stick in dealing with Ford? The benefits of the Patriot Package could be seen as redeeming.

Bruce Hamilton – We would have to be careful about bringing that up. One reason we think Ford is a good target is that they are desperately looking for ways to regain their footing. The Firestone and other fiascos put them in the red. William Clay Ford is trying to get them out. They have lost the confidence of the market place. Ford tries to portray the company as environmental. We can put pressure as environmentalists that we think they are not. Ford may be the weakest link in the big three.

Director Cox – In calling for reduced steel components on cars, are we hurting our relationship with the United Steel Workers. Carl Pope said the steel industry is making high performance aluminum.

Allen Mattison – The Care for America ads were designed by Kim Haddow. After September 11th, we faced challenges from a messaging point of view. Things had been going very well. We were going to head to head with Bush. September 11th turned the public's attention away from environmental issues. We needed to determine the best way to connect with the public and restart the dialogue.

The premise of Care for America is that if you care about America then you should be caring for America. We equate love of America with love of the land. Such songs as God Bless America are about the beauty of the country, the land that we love. We call on Americans to put

that love into action. The framework re-defined the perception of patriotism as protecting America's land and water and love as service and patriotic duty.

As Sierra Club, we have to give Americans the tools to do this. We are inspiring them, giving them optimism and giving them responsibility.

The challenge after September 11th, was how to not let our issues disappear, to continue to advocate for the environment, and to have Americans listen to us. The ad campaign has been an effective tool and as it continues and perception moves, we will continually be testing it.

The first step was to integrate the theme throughout the Club. We weaved it through free and paid media, on the website and in *SIERRA* magazine. On the first of November, we did print ads quoting the American Red Cross to get outside and connect with nature. America is on the mend. Nature can help us heal. We created the website for "A Special Place". The number of hits was incredible. The web team created the site in Spanish.

On January first, TV ads co-sponsored with the faith community were rolled out in seven target markets. When NBC did the West Wing about 9/11, they ran ads about the President meeting with Hoffa about jobs that would be created in the Arctic. We ran ads about protecting creation as counterbalance.

"Character", a keynote ad aired around Earth Day quotes Wallace Stegner that something will have gone out of us as a people if we let the remaining wilderness be destroyed. The ad brands us as protector of America. It also ran at the end of the Ansel Adams documentary. It asks people to log onto the website to care for America. If they do, they receive an action kit. Fifteen hundred people logged on for the kit.

Grants were given to 15 chapters for Earth Day who wanted to incorporate the themes in their messaging. These ran from Sierra Club saving the Grand Canyon from flooding to forty acres of white pine still standing in Minnesota because of a mapping error. That ad says we cannot rely on mistakes to save our environment.

The campaign promotes values, new relationships and put action kits in the hands of eighty thousand Americans through Earth Day events. There are completely interchangeable sets of postcards that target certain areas. One is on clean water and wildlands, and each set contained a postcard about a local issue. There is a range of actions to take at the national, local and community level, and, in addition, at a personal level, a coupon for an energy-saving light bulb was included.

TV and radio ads were played for the audience. A question-and-comment period followed.

Director Zuckerman – The joint ads do not mention the National Council of Churches. Carl Pope explained they signed on after the ads were produced. Both logos appear at the end.

Director Dobson – Show the 800 number more often. Bruce Hamilton said the ads were targeted to chapters so their numbers were displayed.

Allen Mattison – The West Wing ad was only played in Washington, DC. We wanted to buy into the national market, but NBC would not let us, which smacked of a deal with the White House.

Director Hanson – The ads are great. How much are we still using? Regarding the postcards, one could cover ECL and Roadless for sending to Agriculture Secretary Ann Venemen.

Bruce Hamilton – The ads have a long shelf life and will be updated to include more and more of our issues. As long as the Care for America theme works, we will update it. The Earth Week package was c3 funded and sending postcards to Ann Venemen, who wasn't going to listen to us was not the way to go. Roadless and ECL will be targeted to Congress, and for that we will need c4 funds.

Director Hanscom – The ads and media efforts show great professionalism. Can they be used for PSAs and, if so, how do we distribute them to cable? Allen Mattison said the ads can be run as PSAs if they are picked up by local stations. Although distribution costs money, it can be explored. Copies can be made available to anyone who wants them.

Richard Cellarius – Caring for America and patriotism goes beyond environmentalism and America the Beautiful. It is global. In the packet or in some other way, will you broaden the issues to a global perspective?

Bruce Hamilton – I would like to see global perspective picked up in all our work. That will be a goal and interesting challenge. I will take that as a charge.

19. Environmental Partnerships

President Ferenstein – This item comes from specific actions recommended in a report that former Vice President Charlie Ogle wrote.

MS(Dobson-McGrady) See final resolution below.

Charlie Ogle – The decision that remains is which Governance Committee will have oversight. No one is disputing the recommendation. It is a bookkeeping detail. There are other programs that do not have oversight, and there are questions that need to be asked about when the oversight assignment will be made, not if it will be made. Carl Pope and Bruce Hamilton are working on a memo listing programs and associated oversight. That will provide a roadmap to other motions. Carl Pope noted the Board looked at that memo in its working session.

MSC (Dobson-McGrady) The CGC is hereby delegated oversight responsibility for the Environmental Partnership Program.

Passed unanimously.

Absent: Berry

A lunch break was taken from 12:15 until 1:35 p.m.

20. Update on Sierra Club of/du Canada Agreement

Director McGrady – A task force was put together several years ago to develop a licensing agreement with Sierra Club of/du Canada. At the Board meeting in July, there will either be a licensing and/or operating agreement that will substantially revise the current agreement. Lawyers are working on the agreement because separate legal entities are involved. The Board of Directors will be asked to take action.

Richard Cellarius – I headed up the Task Force. We worked on a wide range of issues. Sierra Club has had a presence in Canada since 1954 and in British Columbia since 1959, where it incorporated as Sierra Club Canada. In 1992, a third agreement between Sierra Club and Canadian leaders addressed relationships, the right to use the Sierra Club name, dues in Canada, etc. Some of the points are now archaic. For example, Canadian Chapters are still chapters of Sierra Club and continue to receive ballots.

The Task Force, consisting of three leaders from the United States and three from Canada, thought it was time to clarify the administrative separation between Sierra Club in Canada and in the United States. This Board and the Canadian Board have accepted the basic recommendation of the Task Force. Provisions included Canadian members as members only in Canada, electing their own Board and retaining the ability to create their own chapters in Canada.

The administrative details of separation were accompanied by recommendations for increased interaction on policy issues and coordination between the U.S. and Canada on fundamental policy issues as well as interaction on international issues. At one level, there is more separation but, at another level, there is a closer working relationship on environmental issues. This is where the draft agreement now stands.

In 1992, the agreement was not a formal or legally reviewed document and included all three Canadian entities, Sierra Club Canada, Sierra Club Canada Foundation, and the Sierra Club of British Columbia Foundation. We are working toward a separate licensing agreement with those entities. The one with the Sierra Club Canada Foundation is straightforward. The agreement with Sierra Club of/du Canada is more complex. It includes specifics on how their members act on Sierra Club principles, right to use the name and that their bylaws recognize that they are a licensee.

There is also an operating agreement about consultation and interaction on environmental and membership issues. It sets up two committees, a US/Canada Oversight Committee and an International Organizing Committee. In the international arena, we should appear as one organization as opposed to two separate ones. The International Organizing Committee will coordinate so that we have common statements internationally.

Some areas are being implemented before the agreement is signed. Up to this point, Canadian chapters have had voting rights in the Council of Club Leaders. Everyone has agreed that now they may attend the Council but cannot vote.

The Task Force has transitioned into the US/Canadian Oversight Committee. I am chairing it at this moment. We are working toward final completion of these license agreements. There was some delay, partly because of my work on the Global Environmental Security Task Force. We also wanted to wait until Laura Hoehn came on board to do our legal review. We had hoped to bring you agreements this weekend but it is not ready.

Licensing agreements should be presented in July for review and signing by the President. However, Sierra Club British Columbia Foundation may have some difficulties that need further work. The sense is the Canadians support the idea of separation and look forward to cooperation on Canadian/US issues. We may want to consult with our own attorney on the Canadian side of the agreement. Laura is up to speed and we believe we can move forward fairly rapidly.

Director McGrady – Director Dorsey will be attending the upcoming Sierra Club of/du Canada Board meeting. He has been liaison for past year, but that will transition back to me at end of year. Everyone feels that staying in touch is an important part of building relationships.

Paula Boutis, Chair Eastern Canada Chapter – Thank you. We appreciate the work that has gone into this and the time Richard Cellarius and Chuck McGrady devoted.

21. Lodges and Huts Task Force Update

Director McGrady – A task force was put together because we needed to look at issues surrounding lodges and huts. The Finance Governance Committee was concerned about risk and financial issues, and the Outing Activities Governance Committee was involved because lodges and huts are within its purview. The Lodges and Huts Task Force focused on national lodges and huts. Chapters have huts of their own as well.

We asked staff to look at two alternatives. One was to improve the properties and the other to hold them with a subsidiary set up to manage them. The two alternatives were not politically or economically viable. When we met again, René Voss who was on the task force suggested outsourcing the management functions.

Right now, we believe changes are needed in the operation of lodges and huts. Operating in the current manner is not viable. Clair Tappaan is 88% non-compliant, and there are hospitality issues. We will have to make a capital investment to bring the facilities up to standard. We question if it makes sense on a financial basis. The FinCom suggested that the Board view lodges and huts as it would Outings or Books, a break-even investment.

Currently staff is looking into outsourcing management. It will do a feasibility study on investing up to \$150,000 to determine what might happen in three to five years. It would take that long because of weather, the Club name and other factors to run a reasonable test and see if at the end of that period, we are looking at the same set of issues.

Emotional issues are involved as well. People feel passionately about Clair Tappaan Lodge and huts and other lodges. We are trying to make it work but recognize there are risks and

financial implications. The task force is only addressing national lodges and huts, which are all in the Sierra Nevada.

David Simon, Outdoor Activity Governance Committee Chair and Task Force Member – In response to Director Hanson’s question on how CTL is managed, on-site staff takes care of the hospitality business. There are three full-time and a number of part-time employees. The Lodge is run something like a hostel. Members pay a fee. The operation loses about \$50,000 a year on a cash basis and \$100,000 on an accounting basis.

Director Hanson – It just occurred to me that CTL is in an amazing location not just because of its beauty and history, but its strategic location. To be effective in protecting forests in the Sierras, there needs to be an on ground site. If a couple of conservation staff were there, it could be effective from the standpoint of the conservation program.

Executive Director Carl Pope– We have had conservation staff working on the ground but they lived somewhere on their own. There are a variety of other things we can do. Part of the purpose of the resolution is to get advice on how to do things more intelligently.

Director McGrady – Outsourcing management does not mean we lose the Lodge. We need to get more people using it. The pricing structure might be inappropriate. We also do not have hospitality expertise. We have outsourced other things.

Director Hanscom – Given historical concerns of our membership that we want to honor, perhaps we could donate the Lodge to the National Park Service, since they have interest in historical site management. That would limit our liability and pay for upgrading costs, yet honor our history.

Dave Simon – We did not consider that. Any options we consider along those lines will look better if we can turn the operation around. We have one lead on a management company that is near headquarters but we have not seen their proposal.

Director McGrady – We talked about disposing of the facility, but that does not necessarily mean we sell it. While this is an asset of the corporation, it is also a liability. If we spin it out, we may have to put in capital anyway. There are some real improvements that need to be made. We will look at options for outsourcing and, if it looks possible financially, we could proceed but it may not be feasible.

Carl Pope – For the record, I support looking at management options. However, there are two potential problems for making it a viable concern. First, the facility itself was built for a different era. Liability laws and people’s expectations may make it difficult to make a go of this facility. Second, we do not have experience in the hospitality industry. It is not one of the things we do. A company that does this might be able to make a go of the operation. There are things we could do with the property to make it viable, but they may not be things Sierra Club would want to do. The solution of the task force addresses the second point. If we get better management to make the facility work in this location, within constraints Sierra Club puts on its use, it may or may not be viable.

We need to determine if it is appropriate from a fiduciary standpoint to continue to invest \$100,000 a year in a facility that five thousand members use.

Director Hanson – How much do we spend on flying people to Board meetings other than the Directors? If we put a front-end investment to make CTL compliant and held one meeting a year there, we could come out ahead.

Carl Pope - We used to hold more than one Board of Directors meeting a year there. The additional expense of flying into Reno or Sacramento was viewed as excessive. It is not a nonstop trip and the Lodge itself is not big enough to handle a large number of people.

Director Hanson – Flights are cheaper now. Has anyone looked into using the facility for conservation purposes and not hospitality? I am concerned that we are only talking about money here. David Simon said we need to look at both.

Charlie Ogle – If we convert from hospitality to an operations center, the current constituency would be equally disenfranchised because they could not stay there anymore.

Director Hanson – Consider an alternative that would keep it as hospitality in whatever modified form but also include a conservation component, with a front-end investment and holding one board meeting a year there.

Director Catlin – There is rare and important money going to the Lodge. If it came from somewhere else would that be better? If we reduced the deficit altogether or the amount of deficit, would that help?

Carl Pope – If there is something that is of value to 5,000 members and we are spending something appropriate on it, it might be reasonable to continue. However, there are also the risk issues. We had hoped to get rid of the risk, but there is no clear pathway to doing that. We have to ascertain if the amount of money and level of risk make this an inappropriate thing for us to be doing. We have to make this work or do something different. I do not think the status quo is an option. Director McGrady reported that the task force agreed that status quo is unacceptable.

Director Fahn – Activities at CTL include conservation elements, programs, meetings and service trips. Staff is working to incorporate more of these activities.

Director McGrady – The outcome will be reflected next in the budget guidelines. We hope that by July we have a better sense of management options. At that time, the Board will probably give broad direction to the Executive Director. We will then come back to the Board again. The cycle for making changes is around March when it is slow at the Lodge.

President Ferenstein – Directors should stay in contact with Director McGrady with any questions.

22. Fundraising Reprioritization

President Ferenstein – The Board discussed this item at its retreat with Bruce Hamilton.

Executive Director Carl Pope – It would be helpful to have a formal resolution. Between now and October, advancement staff should give focus to raising c4 funds for fighting off Bush and for the elections.

The resolution could say that except for meeting our budget and raising unrestricted c4 funds, 527 and SCPC funds shall be the highest priority of the Office of Advancement Staff for immediate fundraising between now and October 2002.

This would give staff instructions and a resolution to point to when someone asks why some issue is a lower priority.

Director Hanson – I support the resolution but want to see our entire message incorporated strongly into our direct political accountability work. Also, I do not want to see this focus done to the exclusion of our main core issues.

Director Cox – The resolution should stand alone without incorporating instructions on messaging.

Director Hanson – I agree it should stand alone but hesitate to craft it before we give messaging instructions to our professional staff and volunteer conservation leaders. A combination of CGC oversight and staff could make judgments in response to particular political situations. Staff already has instructions on messaging from campaigns and priorities. Don't abandon those and give tacit counter instructions. We have a dual opportunity to achieve political outcomes and get information out on our issues.

Carl Pope – This resolution would not restrict our programs because the budget is the higher priority.

President Ferenstein – I believe Director Hanson is asking for judgment to be used not to dilute our ultimate strength by going off in too many directions that are not central. He is saying to use best judgment but remember our core values.

Director Hanson – I am saying that our constant goal is our priority issues and holding politicians accountable. The second goal is political outcome. Do not sacrifice the first to achieve some ostensible goal on the second. It is possible to achieve political objectives that do not advance our core messages

Director Cox – I like the way Director Hanson phrased the first goal – to advance our conservation priority goal and hold politicians accountable when they mess with us in that context. Defeating some of the bad actors is the best way to hold them accountable when they are not helping our goals and they know it, even if we are not going at them.

Director Hanson – It is important for constituents to know that as well.

MSC (Cox-Fahn) Except for meeting budget and raising unrestricted c4 funds, 527 and SCPC funds shall be the highest priority of the Office of Advancement staff for immediate fundraising between now and October 2002

Passed unanimously.

Absent: Berry, Dobson

23. Standing Rule Change Relating to RCC Representation on Council

Director McGrady – This proposed change has to do with moving the RVPs out of the Council of Club Leaders to the Conservation Governance Committee. The Council voted in favor of it.

MSC (McGrady-Aumen)

[New language in brackets]; ~~removed language struck through.~~

SR. 7-1-1: Sierra Club Council -- Membership

[The Sierra Student Coalition] ~~In accordance with Bylaw 7, paragraph 7.1, each regional committee, as defined in Bylaw 9, paragraph 9.2,~~ is authorized to appoint a delegate to the Sierra Club Council.

Adopted 11/21-22/81; amended 09/24-25/94

Passed unanimously.

Absent: Berry, Dobson

24. San Diego Chapter Situation Resolution

MSC (McGrady-Cox) The Board of Directors bans David Sousa from being a member of the Sierra Club or participating in any Sierra Club event or activity.

This action is being taken because of Mr. Sousa's use of the San Diego Chapter's 20s/30s Singles Section membership list to send an inappropriate, unauthorized newsletter.

Passed unanimously.

Absent: Berry

25. Consent Agenda

MSC (McGrady-Cox) The Board adopts by consent:

a. Board Meeting Schedule for 2003

The following meeting schedule for the remainder of 2002 is confirmed and the schedule for 2003 is approved:

July 17-21, 2002	– BOD/BOT Retreat, Marquette, Michigan
September 19-22, 2002	– BOD Meeting, Circus, SF
November 14-17, 2002	– BOD Meeting, SF
February 19-22, 2003	– BOD Meeting, Honolulu, HI
May 15-18, 2003	– BOD Meeting, San Francisco, CA
July 16-20, 2003	– BOD/BOT Retreat, Montana
September 18-21, 2003	– BOD/CCL Meeting, San Francisco, CA
November 13-16, 2003	– BOD Meeting, San Francisco, CA

b. Old Cc:Mail Policies to Repeal

The following old policies are no longer relevant in that we no longer have the cc:Mail system. To the extent that they deplore poor e-mail behavior in general, these matters are essentially covered by still more generic policies on appropriate behavior of Club leaders and members.

Cc:Mail Policy

Cc:Mail lists and multiple addresses may not be used to criticize the competence, motives, or integrity of a Sierra Club volunteer or staff member.

If such criticism is essential, it should first be discussed with the volunteer or staff member whose behavior is at issue. If the problem cannot be resolved in this manner, a phone call, a letter, or a cc:Mail message to one responsible Club leader is appropriate:

In the case of a staff member, that person's supervisor or the Executive Director or the President.

In the case of a member of a volunteer entity, the chair of that entity or the President.

The Executive Committee will enforce this policy. In the case of a first violation, they will issue a formal warning explaining how the policy has been violated. In the case of a second violation, the individual's cc:Mail license will be revoked unless the full Board decides this is inappropriate.

Board of Directors Executive Committee, 20 December 1993

Interim Cc:Mail Anti-Harassment Policy

The Board of Directors adopts the following interim cc:Mail anti-harassment policy, effective immediately:

The Sierra Club's electronic mail system, cc:Mail, is a tool for accomplishing the mission of the Sierra Club. Use of the system is a privilege extended to member activists and staff to achieve that mission.

In the absence of a bulletin board system, cc:Mail may be used to discuss existing or proposed policy.

Communications shall occur within the spirit of the Sierra Club Code of Conduct. The Club reserves the right to remove anyone from cc:Mail for unacceptable behavior. Expression of a difference of opinion does not, in itself, constitute unacceptable behavior.

Unacceptable behavior includes:

1. Volume of use that grossly and unreasonably exceeds the average use;
2. Inappropriate and offensive language;
3. Acrimonious communications;
4. Personally threatening or harassing messages ;
5. Harassment through repeated unwanted messages or other means;

6. Deliberate communication of inaccurate or misleading information;

7. Inappropriate distribution of messages.

These restrictions and the general policy shall be interpreted to favor free speech and the orderly and effective conduct of Sierra Club business.

Reported violations of this policy shall be handled in the following manner:

As a first step, the cc:Mail administrator shall notify the individual and the volunteer contact person designated by the Organizational Effectiveness Governance Committee of a reported violation of the policy. Failure of the individual to cease the reported unacceptable behavior will be referred to a Board of Review for determination. The Board of Review is authorized to suspend or remove a person's access to cc:Mail. If an individual believes his or her behavior was not in violation of this policy, he or she may also appeal to the Board of Review for a determination.

The three-person Board of Review shall be appointed by the Organizational Effectiveness Governance Committee. The decisions of the Board of Review may be appealed to the Organizational Effectiveness Governance Committee and, in turn, to the Board of Directors Executive Committee. The decision of the last body that chooses to act is final.

Board of Directors, 24-25 September 1994

c. Immigration Discussion Guidelines

Volunteer and Staff Guidelines for Maintaining the Member-Adopted Policy of Neutrality on Immigration

The following guidelines are intended to ensure that all Club entities, and all Club leaders when using their Club affiliations, adhere to the member-adopted position of neutrality on policy matters relating to U.S. immigration levels and policy.

(1) These guidelines cover all Club entities speaking to the media, the broader public, public officials, etc. The only activity they do not cover is activity carried out within the Sierra Club, to Sierra Club audiences, the exclusive purpose of which is to influence Club policy. These guidelines also cover all Club leaders using the Club's name, their Club leadership affiliations, or Club trademarks, such as "Sierran."

(2) Club leaders and staff may discuss the recent Census Bureau projections that show that U.S. population will double this century to over half a billion. Club spokespersons may discuss the impact of this growth to plant and animal life, the crowding of parks and recreation areas, the increased demand for forest, water, and energy resources, and the compromise to essential ecosystem services. Club spokespersons may also speak about how domestic population pressures add to the difficulty of protecting the global environment. For example, achieving Kyoto protocol goals for addressing climate change will be difficult, if not impossible, due to high U.S. population growth and energy consumption patterns.

Club entities are not prohibited from talking about the sources of domestic population growth in a factual and non-judgmental way. However, to maintain strict neutrality, when Club entities and leaders discuss the environmental impacts of domestic population growth, these impacts should be discussed as impacts of population growth, and not as impacts of immigration or any other particular statistical component of population growth.

(3) The Sierra Club should not comment on the substance of, or the politics of, policy issues relating to immigration policy or levels, or the impact, environmental or otherwise, of immigration on the United States, other countries or the world. However, the Club President should direct that designated Club spokespeople on this issue, including the President, the Vice-President, the Executive Director, the Chair of the Sustainable Planet Strategy Team, and the Population & Environment Program Committee, plus staff individually delegated by the Executive Director as part of their duties, may explain and defend the member-adopted policy with appropriate statements. They should not seek to inject the member-adopted policy into external policy debates, however, but should confine themselves to explaining the Club's position in response to questions or statements by others directly referencing the Club's position.

(4) The fact that an issue on which the Club would otherwise take a stand for environmental reasons may have an impact on the implementation of U.S. immigration policy does not preclude the Club from taking this stand. For example, if the argument is made that waivers to the Endangered Species Act are needed to facilitate the work of immigration authorities, the Club may, through its established processes, still take a position on those waivers.

(5) However, the Club, its entities and its leaders shall not, while representing the Club or using their leadership positions, take a position on social or economic issues that have only ancillary environmental implications and which directly impact on immigration policy or levels. (Any policy position relating to an economic or social issue on which the Club does not have clear and direct policy requires, under existing policy adopted in February 1998, approval by the Vice President for Conservation or the CGC. If taking such a position on any issue would compromise the Club's neutrality on immigration, the Vice President should not give such approval.)

But, where the Club has an approved or established practice of taking a stand on an economic or social issue (such as voting rights) the fact that taking such a stand might have an impact on immigrant communities shall not preclude the Club taking a position on the issue; approval by the Vice President for Conservation or the CGC must still be obtained, as on any social or economic stand.

(6) Anyone who believes that a staff member has violated these guidelines shall inform both the staff person involved and the Executive Director, who shall determine if there was a violation, if so, ensure that the violation does not recur.

(7) Anyone who believes that a volunteer has violated these guidelines shall inform the volunteer leader and the Chair of the Population & Environment Program Committee. If the Chair believes that there was a violation, a warning shall be issued to the volunteer leader. Repeated violations after such a warning shall be viewed as a serious violation of Club procedures and policy, and may subject the leader to a Breach of Leadership Trust action.

d. **Modification of Standing Rule on Logos**

*The added short paragraph below [**boldface and in brackets**] is intended to clarify a matter left ambiguous by the present Standing Rule: the mechanism by which the Club can allow modifications of its logo for internal specialized uses.*

SR. 1-1-2: Name

The names Sierra Club and Sierran, and the Club's logo are registered trademarks. Permission to use them must be obtained from the Board of Directors or as directed by it. Permission to use the name and logo on newsletters, stationery, and informational literature is hereby granted to Sierra Club chapters, groups, and national and regional committees and task forces.

The official design of the Sierra Club seal shall be the version designed in 1998 by John Bielenberg, depicting a *Sequoiadendron giganteum* and Half Dome with a mountain peak in the background, and with an elliptical border. The words "Sierra Club" and "Founded 1892" are underneath in Trajan type. An official reference copy of this design shall be maintained by the Executive Director at the Principal Office of the Club. Only this design may be used as the Sierra Club logo. No modifications of this logo or other designs shall be used in place of the above logo without specific approval of the Board of Directors or its designee.

[The Board of Directors delegates to the Executive Committee approvals of any variations in the text components of the logo that may be required by Club operating entities.]

Adopted 11/20-21/82; amended 02/2/86, 02/19-20/94, 07/18/98, 01/20-21/99

e. **Election Participation**

The Board of Directors recognizes that efforts to increase participation in our democratic process, and specifically to encourage greater registration and turn-out in elections, is a fundamental component of the Club's mission of protecting natural and human environments.

Passed Unanimously

Absent: Berry

26. **Chain of Authority Resolution**

President Ferenstein – This resolution has been circulated to Board members, and they have agreed to it.

MS(McGrady-Aumen) See final resolution below.

Maker and seconder agreed to add “and enforced” to the resolution.

MSC (McGrady-Aumen) The Sierra Club's chain of authority shall be respected and enforced by staff and volunteers at all levels of the organization.

Passed unanimously. Absent: Berry

27. Standards of Conduct and Minimum Standards for Chapters and Groups

Greg Casini, Organizational Effectiveness Governance Committee Chair – The Standards of Conduct Policy was previously discussed between the Council and Board at the February meeting. It comes out of the Board of Directors request last year for a policy dealing with racial remarks. Executive Director Carl Pope asked the OEGC to expand it to include other inappropriate behavior. This document was developed by the OEGC after discussion at the joint meeting of the Board and Council in February. At that Annual Meeting, the standards were well received, but there was concern about a process to be followed when there was a violation of standards and inappropriate behavior.

We feel we have addressed the concerns raised. We have guidelines for handling conflict. Most often, there are three ways that conflicts arise in the Club. They are policy interpretation disputes, internal decision-making disputes, and disruptive personal behavior.

We spent time writing formal rules but recognize also that we operate in the Club in informal ways. Disputes should be addressed first locally and informally to see if they can be resolved. We need to come up with policies that allow us to handle disputes in the most expeditious manner that is both fair and perceived as fair.

New language on matters of policy interpretation says it is best if people go to national staff first since they are involved everyday on the ground. Volunteers can appeal.

The process for dealing with disruptive behavior begins in a more informal nature. Assess the situation fairly and do not rush to judgment. In most situations, there is usually some bad behavior on both sides. Take an informal action, if appropriate, and formal only if necessary.

When it comes to handling serious misconduct, the language was changed to make it clear that really serious behavior includes:

- (1) Physical or sexual assault or violent threats toward others, including bringing firearms to Club offices, meetings or events unless specifically sanctioned.
- (2) Embezzling funds for personal use or misdirecting Club funds, membership lists or other assets for activities not authorized by the responsible Sierra Club entity.
- (3) Use of racial slurs or other derogatory language regarding gender, ethnic or national origin, religion, age, sexual orientation, or disability.
- (4) Fraud, libel, defamation or illegal activity of any kind in the conduct of Sierra Club business.
- (5) Illegal or unethical misconduct outside the Sierra Club if that misconduct could significantly damage the Club, its staff, its members or its assets.
- (6) Harassment, threats toward Sierra Club employees or any action toward an employee that may be illegal or a violation of Club employment policy.

We want to be able to take immediate action and have the authority to temporarily suspend a member. We need feedback from the Board on who has the authority to suspend a member in serious situations. After this feedback, the OEGC will edit the document and circulate it to

chapters and groups for discussion. A final document will be brought back to the Board in July for adoption.

The Board can approve the Affirmative Standards and No Go Zone as a Standing Rule, adopt the process for handling conflict as an OEGC guideline, and give the OEGC the authority to clarify and amend the guidelines as needed.

Suspension would apply in extreme situations such as a chapter treasurer stealing funds. They need to be removed from authority over the bank account. Another example would be an Outings leader who made a sexual assault. In these situations, leaders would be suspended immediately from those appointed positions to get them out of the situation and then as clearly and fairly as possible, the accusations would be assessed.

Director Hanson – Due process is missing. Under these rules, a person could be suspended with only allegations. An allegation can be an act of revenge and the person accused can be the victim rather than the perpetrator. I have seen people suspended without being able to give their side of the story. It has taken months to reverse the suspension. There has to be a process for suspension.

Greg Casini – Agreed. We want to avoid things like that. I have also seen it happen. We are trying to rectify that situation. The document says there needs to be an initial assessment, clear documentation and multiple reports to warrant serious misconduct.

Director Hanson – The person should be consulted to present their side of the story. The language in the other section about steps to take needs to be in the serious misconduct section as well. I do not want to see someone further victimized who has had an allegation made against him or her.

Executive Director Carl Pope - There are circumstances where we cannot wait to hear from the person such as evidence of threatening someone, coming to a chapter meeting with a gun, documentary evidence about stealing money. We cannot wait to take away the right to access that bank account. There are some cases where we, as an independent corporation, need to have the capacity to suspend immediately.

Director Hanson – I am concerned about the notion of threat. It is subjective. It can come down to that whoever makes the first complaint, the other is suspended. It is of particular concern if one is a volunteer and the other staff. There is a tendency to believe one over the other. Stealing money is one thing, but threats are different. I do not want to see someone suspended just because they argue.

Director Hanscom – In the section on disruptive personal behavior, it reads “The first step is to assess the situation fairly.” That should also be put into the serious misconduct section. It would help clarify Director Hanson’s concerns. Problems often come from both sides and each should have a chance to speak.

Carl Pope – I have no problem with that first sentence if it is only a complaint or report. If we have documentary or corroborating evidence, we cannot wait if someone’s life is at risk. We need to leave ourselves flexibility to deal with extreme situations. In a situation in which someone reports a member walked into the room with a gun, that first sentence can stand but do not import the whole paragraph.

Director Renstrom – Under each category of type of dispute, have a step 1, 2, 3 format. Do we as a Board have a process when making a decision to remove membership or ban a member? Richard Cellarius reported there is a Standing Rule.

Director Hanson – I want the option to act in extreme situations protected. But mostly, we will not be dealing with life threatening situations. That is my concern. Refine the language to clarify what situations call for immediate suspension.

Director Dorsey – In life threatening situations, this is moot because someone calls police. We need language on due process that works for the Club as well as the member.

Carl Pope – Every individual involved should be called, but it can become a he said, she said situation.

Julia Reitan – BoLT is due process for serious offenses. If we have evidence something bad has gone down and suspend first, we give that member information about the allegation and provide an opportunity to respond. If something is serious, we can say this person’s role is suspended while we engage in due process.

Director Hanscom – I have a problem with number 6 under Serious Misconduct that states harassment/threats toward employees may be illegal. The word “may” puts a question into it. In the Angeles Chapter someone was suspended for six months without ever being talked to because an employee felt threatened. It took six months to clear up, and Sierra Club business was impeded during the interim. The person who felt threatened may be legitimate but there were other things going on. I was present and, in my view, that person was not physically at risk. It took a long time to clear it up. There is a gray line between serious misconduct and disruptive personal behavior in item six.

Carl Pope – The phrase “may be illegal” is awkward and is not hypothetical. The law protects employees from harassment. I have no problem with importing the first full sentence from the other page. We should provide some kind of rapid assurance that when something arises it will be resolved quickly. We can add wording that assures the process will not drag on due to a failure of diligence on the part of the Sierra Club.

Director Hanson – Have a timeline of two weeks at most. Also, include volunteers in number six. Carl Pope said he would be glad to have volunteers added. It will raise the standards of overall behavior in the Sierra Club.

Maker and seconder agreed to add volunteers to item 6.

Julia Reitan– We are already concerned with the issue of violent threats. What is important is to keep this as black and white a possible. Adding in volunteers opens us up to the problem of what is a threat. We could clarify that by saying “violent threats”.

Director Hanson – In what way does adding volunteers to number 6 change how it will be interpreted? Julia Reitan said the policy suggests that, unless the behavior falls into a category of very serious and dangerous threats, we will go through more of an initial process where we allow people to respond. In other words, we would follow due process first.

Director Hanson – Why can't we give volunteers the same rights?

Carl Pope - If you want to expand the arena in which one strike and you are out applies, then you would add volunteers to number 6. In regard to employees, there is no choice but to have high standards to protect the staff under California law.

I know of a Chapter Executive Committee where a member, on several occasions, picked up pens and threw them at people. The Executive Committee tolerated it. If someone did that to a staff member and Sierra Club did not take steps to protect that person, we would be legally liable. If we add volunteers to number six it says we are not going to tolerate that any more and if you do that behavior you are out.

Richard Cellarius – Chairs can remove individuals from a meeting. Number 3 gives no reference to committees other than Executive Committees.

Director O'Connell – I had discussions with Sue de LaRosa on this. We have authority to do this with staff, but do not have direct authority with others.

Carl Pope – Including volunteers in item 6 would provide supplemental authority that applies to volunteers.

Director O'Connell – Do we want to be that strict on volunteers for a one-incident situation? Carl Pope said that we must be that strict on staff by law.

President Ferenstein – Continue dialogue regarding suggested changes by email. Use the time now to get concerns on the table.

Director Hanson – I am not talking about a hypothetical concern. I know of two specific circumstances in the past year when this happened. Staff members who felt volunteers were behaving inappropriately would fall under this language. Both were suspended without due process, and it took a long time to sort things out. I do not want to see suspension over people raising voices.

Director Fahn – It would be better if we expected volunteers to have the same standard. That would hold us all to the high standard. Add the word “serious” to threat.

Carl Pope - If a staff member is physically threatened, we must act. We have an obligation to provide a workplace free of harassment.

Director Dorsey – I want the high bar in place to facilitate better behavior. Throwing pens should not be allowed to continue. We move volunteers into staff positions. We cannot have this dichotomy. It is unfortunate if the volunteers are not ready for this. It is the real world. It is also important on the staff side that there is a due process.

Director Hanscom – The distinction we still need to make is whether something is disruptive personal behavior or serious misconduct. We have to figure out how to make due process work while protecting employees. It should not just fall on the person accused. Make sure who ever received complaint immediately finds out who else was present. Gather all the information. Corroboration is not always proof. It is incumbent to be fair on both ends while making sure people are protected.

Director Renstrom – Move forward with immediate suspension when harassment is against an employee.

Carl Pope – There are two issues. First is the question of what constitutes a threat or harassment and then whether it actually happened. We have no choice in that high standard. We can say you are both suspended until we figure out what happened and have the hearing promptly. We are entitled to suspend quickly and hear quickly.

Julia Reitan – There are also questions about volunteer-to-volunteer actions such as a series of nasty emails. What is the high bar?

President Ferenstein – This has been a good discussion. It is becoming clearer what the standards are for serious behaviors.

28. Guidelines for Chapters and Groups, Forming, Reorganizing, Dissolving Groups, Plus Alternatives for Establishing Greater Sierra Club Local Presence

Greg Casini, Organizational Effectiveness Governance Committee Chair – The OEGC wanted feedback on the discussion we had in February with the Board and Council on Minimum Standards for Groups. Council members wanted clarification on how these guidelines affect them on the ground.

There is a traditional Sierra Club mindset to create new groups wherever a group of members existed. In many parts of the country there are vast population differences. It is hard to find enough people who want to do the work of running a local organization. People get involved with the Sierra Club to do conservation, often in places where there is not a large population. We would like people to think in terms of how we can create an effective Sierra Club presence wherever it is needed.

Sometimes, when there is an active presence as an extension of a chapter, it is not necessary to start a formal group. Rather, we should focus on what it takes to provide an effective presence for Sierra Club in areas where we need it.

There is no formal process for reorganization and we are trying to define it. As a temporary status, reorganization would take place for one year only if a group has been inactive, not held elections, or communicated in a year, and has not offered opportunities for members to participate during that year.

It is inappropriate to use reorganization as a weapon if a group is of a mind different from a chapter or there is conflict or debate over policy.

Reorganization is about a lack of activity and not having a strong presence. There is not just an expectation, but also a requirement for chapters that create groups to give them the assistance they need to be healthy whether through subvention, a pool of money, staff or volunteer support. It is the obligation of chapters to assist groups who are not meeting minimum standards.

In February, there were two sets of minimum standards presented – those that meet Bylaws and Standing Rules and minimum standards that meet the expectations of members and the public.

After Board feedback, this document will be revised and sent to Council delegates, and to group and chapter chairs for discussion by their executive committees. The document will come back to the Board for adoption in July.

During a question-and-comment period, the following points were made. Groups are not obligated to have newsletters unless chapters say they must. If the chapter requires one, they have an obligation to fund it. Groups can communicate through the chapter's newsletter.

There are times when a Sierra Club presence could be effective through working with other organizations.

The Georgia Chapter uses informal groups to get new activists started in an area. This is nothing new; it is suggested as a good option. If the Board thinks it is a good idea it should promote creating a presence to replace the mentality of forming groups.

Some groups and chapters do not meet that often. There may not be time for discussion by July. September would be a better time, and the Council can be involved as well.

There are a number of groups that are more about social gatherings than conservation. Engage groups in a national priority campaign if they are not ready to take on a local campaign.

Greg Casini – In Colorado, we have groups with huge territories and small populations. It takes an hour and a half to drive to a meeting. It is a challenge to sustain them. We are asking core leaders to run an organization rather than do conservation work. Chapters too often create groups and then let them flounder. Too many chapter leaders do not know what is going on in

their groups. In my chapter, we have a group vitality committee to talk with others and determine best practices. This is a huge issue happening in so many groups in areas where we need environmental protection.

There are groups where good old boys have potlucks and talk about what the world should be. Groups exist for the conservation effort of the club not as a social club.

President Ferenstein – This is a well-written document. There are places in Montana where there are just not enough people to deal with structures.

Greg Casini – The document has been to the Council and was submitted by email to chapters last fall. It has been discussed by the Board of Directors. The intention is to have group and chapter discussion by email and not bring it to the Council again.

29. Appointment of Topical & Regional Vice Presidents

MSC (McGrady-Renstrom) The Board of Directors appoints the following Topical & Regional Vice Presidents:

a. Topical Vice Presidents

Conservation Law	Phillip Berry
International Affairs	Michele Perrault & Richard Cellarius
Conservation	Larry Fahn
Political Affairs	Jim Dodson & Gayle Gordon
Communication & Education	(vacant)
Outdoor Activities	David Simon
Organizational Effectiveness	Greg Casini
Training	Mike Arnett

b. Regional Vice Presidents

Appalachian	Jim Wright
California/Nevada	Alan Carlton
Gulf Coast	Barbara Coman
Midwest	Barbara Frank
Northeast	Helen Lofgren
Northern Plains	Jan Swenson
Northwest	Edwina Allen
Southern Plains	David Klar
Southwest	Roy Emrick
Hawaii	Randy Ching
Alaska	Richard Hellard

Passed Unanimously.

Absent: Berry

30. Governance & Board Committee Appointments

Director McGrady - In the past, the Board of Directors adopted a tenure policy, with 2-year terms. We do not have to appoint many to the Governance Committees because it was done last year, but Board appointments are made every year.

MSC (McGrady-Cox) The Board of Directors moves to appoint the Board representatives to the Governance Committees listed below:

	Current	Proposed
Communication & Educ.	Michael Soper, Chair	vacant
	Robbie Cox, BOD Rep.	Robbie Cox, BOD Rep.
	Lisa Renstrom, BOD Rep.	Susan Heitman
	Gwyn Jones	Gwyn Jones
	Adam Werbach	Adam Werbach
Conservation	Charlie Ogle, Chair	Larry Fahn, Chair
	Phil Berry, Legal Advisor	Phil Berry, Legal Advisor
	Ed Dobson, BOD Rep.	Jim Catlin, BOD Rep.
	Michael Dorsey, BOD Rep.	Chad Hanson, BOD Rep.
	Ann Ehrlich, BOD Rep.	Nick Aumen, BOD Rep.
	Larry Fahn, BOD Rep.	Chuck McGrady, BOD Rep.
	Jim Dougherty	Jim Dougherty
	Michael Gregory	Michael Gregory
	Judy Kunofsky	Judy Kunofsky
	Patrick Murphy	Patrick Murphy
	Nancy Rauch	Nancy Rauch
	Connie Wilbert	Connie Wilbert
	Bruce Hamilton	Bruce Hamilton
Finance	Chuck McGrady, Chair	Chuck McGrady, Chair
	Nick Aumen, BOD Rep.	Marcia Hanscom, BOD Rep.
	Lisa Renstrom, BOD Rep.	Lisa Renstrom, BOD Rep.
	David Wells, BOD Rep.	David Wells, BOD Rep.
	Rob Flint, TSCF Rep.	Rob Flint, TSCF Rep.
	Kathy Gregg	Kathy Gregg
	Roy Hengerson, Asst. Treas.	Roy Hengerson, Asst. Treas.
	Terri Tipping	Terri Tipping
		Dick Fiddler
		Dean Amel
Org. Eff. GovCom.	Greg Casini, Chair	Greg Casini, Chair
	Kim Mowery, BOD Rep.	Lisa Renstrom, BOD Rep.
	Jan O'Connell, BOD Rep.	Jan O'Connell, BOD Rep.
	René Voss, BOD Rep.	Ed Dobson, BOD Rep.
	Drusha Mayhue, Council Elec.	Drusha Mayhue, Council Elec.

	Brian Pasko, Council Elec.	Brian Pasko, Council Elec.
	Meg Robertson, Council Elec.	Meg Robertson, Council Elec.
	Bonnie Sharpe, Council Elec.	Bonnie Sharpe, Council Elec.
	Jim Steffens, Council Elec.	Jim Steffens, Council Elec.
Training	Mike Arnett	Mike Arnett, Chair
	Robbie Cox, BOD Rep.	Robbie Cox, BOD Rep.
	Jan O'Connell, BOD Rep.	Jan O'Connell, BOD Rep.
		Ben Zuckerman, BOD Rep.
	Jim Callison	Jim Callison
	Allison Chin	Allison Chin, Budget Mgr.
	Bettye Harris	Bettye Harris, Vice Chair
	David Karpf	David Karpf
	Holly Minch	Holly Minch
	Joan Willey	Joan Willey, Secretary
Outdoor Activities	David Simon, Chair	David Simon, Chair
	Ed Dobson, BOD Rep.	Ed Dobson, BOD Rep.
	René Voss, BOD Rep.	Michael Dorsey, BOD Rep.
	Helene Baumann	Helene Baumann
	David Crabb	David Crabb
	John Edginton	John Edginton
	Susan Heitman	Susan Heitman
	Kate Moffat	Kate Moffat
	Rudy Scheffer	Rudy Scheffer
	Ray Simpson	Ray Simpson
Advancement	Allan Brown, Chair	Allan Brown, Chair
	David Wells, BOD Rep.	David Wells, BOD Rep.
	Lisa Renstrom, BOD Rep.	Michael Dorsey, BOD Rep.
	Michele Perrault, BOD Rep.	
	Chuck Frank, TSCF Rep.	Chuck Frank, TSCF Rep.
	Phil Blumenthal, TSCF Rep.	Phil Blumenthal, TSCF Rep.
		Marty Fluharty, TSCF Rep.
		Mary Byrne, TSCF Rep.
	Michael Loeb, TSCF Rep.	Michael Loeb, TSCF Rep.
	Maurice Holloway, TSCF Rep.	Maurice Holloway, TSCF Rep.
	Roger Hersey, TSCF Rep.	Guy Saperstein, TSCF Rep.
	Al Meyerhoff, TSCF Rep.	Al Meyerhoff, TSCF Rep.

In addition, the Board re-appoints Nancy Rauch to the Conservation Governance Committee; Dick Fiddler and Dean Amel to the Finance Governance Committee; and Mike Arnett as Chair of the Training Governance Committee.

Passed unanimously.

Absent: Berry

31. Sierra Club Environmentally Screened Mutual Fund

President Ferenstein turned the gavel over to Vice President Fahn

Vice President Fahn – The Board met with Lloyd Kurtz and had a fruitful discussion. He is a great source of information. We discussed how to take our base screens and improve upon them. Directors gave suggestions. Lou Barnes and Hamilton Leong compiled comments that were sent to the Chapter Chairs, Treasurers, Conservation Chairs, and Council Delegate, as well as the Corporate Relations and Corporate Accountability committees and the Finance Governance Committee. Following discussions, it was suggested the Board do a resolution so people will know what is happening. This will return to the Board before completion.

MS (Fahn-Cox) See final resolution below.

Director Hanscom – I am concerned about the seven-year commitment. If something goes wrong are there ways out. This could be part of the negotiations. For instance, what if a horrible public relations crisis hits the Club because of this fund. I am willing to go along and hope it will help the Club and Foundation with its environmental investments. It would be prudent to direct the media staff to develop a crisis media plan that a business would normally consider.

Finance Director Lou Barnes - We do have escape hatches in the contract. Sierra Club will be able to terminate the contract with 60-day notice in the event Forward Funds or its subdivisions do not follow social criteria that we license to them as our screens pursuant to a 20-day period in which they have to cure the matter. We can also terminate for any other breach with 120-day notice and a 30-day cure period.

Director Dorsey – Escape hatches are well and good but different from affirmative media response.

Lou Barnes – We have not formulated a media plan in the event we make an investment in a holding found to not be consistent with our screens. A very important component of going forward will be that we have an exit strategy for getting out of the contract and our media plan.

Carl Pope agreed.

Director Hanson – We should talk about what we do with the money the fund raises. Now is not the time, but we need a strategic plan. Treasurer Chuck McGrady said the money would go into the budget and follow budget guidelines.

Steve Baru, Kansas Chapter Chair – I have some experience in this arena. Why do you want to have a mutual fund of publicly traded stocks? That means that money is not necessarily going to the company. It is traded over the exchange. You are providing a needed service to public. If you are not doing it to influence a company you are doing it for the investor and the fund has to be able to perform.

When screens are tightened too much, the number of stocks in the portfolio becomes limited and that may defeat the purpose of a mutual fund, which is to diversify risk. Your advisors are well respected. However, if the purpose is to influence companies to be more socially responsible, a venture capital fund would be the vehicle but that has different laws.

Lou Barnes – We did discuss diversified needs and our advisors believe that even as we significantly modify, add and refine our existing screens, they will be able to find those necessary companies that are large cap growth stocks that will closely mirror the Russell 1000 index and a return that tracks that index.

Roy Van de Hook, Los Angeles Chapter – As a biologist, I think about the big picture and vision. Petroleum and logging are finite resources that are running out. In the Midwest, bricks and stone were used to build houses because there were no trees. We should find and support industries that are switching to other products to build homes. There are resin materials and homes made of stone supported by iron. There are industries we could invest in that way.

Director Fahn – Our original screens address renewable resources and recycled materials.

Richard Cellarius – As a courtesy, before you adopt the screens, send the final list to the Trustees as well. The Foundation has now invested in a couple of screened funds.

MSC (Fahn-Cox) Resolved, that the Sierra Club's finance staff, led by Lou Barnes, in conjunction with its Mutual Fund Task Force is authorized to continue and complete contractual negotiations with Forward Management, Inc., to launch one or more Sierra Club environmentally-screened mutual funds.

Resolved further that the environmental screens to be utilized by any Sierra Club Mutual Fund be based upon screens currently in place for the Club's own investment portfolio, but be significantly refined, tightened and enhanced, as discussed extensively during the Board of Directors working session of May 17, 2002.

The Board authorized the Executive Committee to approve the final screen language after electronic distribution to and consultation with the entire Board.

Aye: Aumen, Berry, Catlin, Cox, Dobson, Dorsey, Fahn, Hanscom, McGrady, O'Connell, Renstrom, Wells

Abstain: Hanson, Zuckerman

Absent: Berry

32. Closed Session

The Board met in closed session on matters of confidentiality and conflict of interest.

33. Adjournment

MSC (McGrady/Dorsey) The meeting is adjourned [4:47 p.m., May 18, 2002].

2002 Report of the Sierra Club Inspectors of Election

General Remarks and Results

The Inspectors of Election are pleased to report to the Directors the results of the 2002 election. This year's election process went very well, with no formal complaints filed with the Inspectors. This is truly extraordinary! Such good behavior can be attributed primarily to the efforts of the candidates and their supporters to carefully follow the election rules. A secondary explanation is due to the diligence of newsletter editors to follow the campaign rules and to consult the Inspectors in advance on any question that arose in regard to what may or may not be included in newsletters. Two modifications in the election process took place this year. First, the election rules were updated by the Board in November 2001, following the recommendations of the Election Task Force. This action brought the Standing Rules into conformity with internal Club changes, particularly in the area of electronic communication. A second innovation was the move of the Candidates Forum from a subscription List Serv to a more accessible web format on the Club's web site.

The election results for the Board of Directors were as follows:

*Elected to the Board:

* Ben Zuckerman	36,383
* Jim Catlin	33,788
* Larry Fahn	32,135
* Chuck McGrady	30,532
* Marcia Hanscom	30,141

Lois Snedden	28,639
Charlie Ogle	28,504
Bernie Zaleha	27,103
Nancy Rauch	25,199
René Voss	24,204
James Mays	20,706
Brian Brademeyer	15,692
Patrick Murphy	12,798

Election Summary:

		% of Returns
Total Ballots Mailed	776,586	
Total Returns by Mail	62,064	84.05%
Total Returns by Internet	<u>11,778</u>	<u>15.95%</u>
Total Returns	73,842	100.00%

Percent of Ballots Returned 9.51%

Comments and Observations

For the first time in some years there were no personnel changes among the Inspectors this election cycle. Marvin Baker completed his eighth year as an Inspector, the last four of those in the capacity of Chief Inspector. Associate Inspector Barbara Postles completed her third year, and Associate Inspector Jonathan Stoke was serving in his second year. Gene Coan was never failing in providing staff support for the Inspectors and coordinating all aspects of preparing the ballot materials and working with the vendors on the actual mailing and voting process. His detailed timetable kept all parties focused on the day-to-day operation of the entire election. Running our Board election has become an almost year-round activity, and the timetable has become essential to make all run smoothly.

It was indeed a very smooth election from our viewpoint. The Inspectors issued only one ruling...and it was an advisory ruling at that. There were no formal complaints filed. This was a first in the experience of any of the Inspectors. About half a dozen informal advisories were given, mostly on what was and was not allowed to be put into newsletters. Everyone was very civil, polite and gentle this year. Is it a new millennium or just what? Whatever turns out to be the explanation, we were grateful to have a very light workload for once and a chance to carry on some personal activities during the election season.

Internal Improvements-Election Standing Rules. In May 2001, the Board of Directors appointed an Election Task Force. Among its charges was to recommend changes in the Club's election Standing Rules. A set of recommended changes from the Task Force was approved by the Board at its November 2001 meeting. These changes brought our rules into conformity with actual Club practices and technology, especially in regard to electronic communication. These changes should greatly reduce the number of future complaints dealing with aspects of the use of the Internet during the campaign season. There are some more challenging issues regarding the rules dealing with the ballot issue process that the Task Force plans to address in the coming months. Recommendations in this area should be ready to bring before the Board sometime in the fall.

Increase in Internet Voting. This was fourth year in which members had the opportunity to cast their votes by Internet. It was also the fourth year in which the percentage of votes cast by Internet increased. In round numbers, the votes cast for the past four election using the Internet option was as follows:

1999	3,900	(7.0%)
2000	6,000	(9.2%)
2001	9,000	(13.4%)
2002	11,800	(16.0%)

The system seems to be working very well, and only a literal handful of members indicated any problem with casting votes by Internet and these were quickly corrected. We feel that the membership is gradually coming to see this mode of voting as one that is as reliable as the traditional paper ballot. That is the comfort level is increasing which should lead to a continuing upward trend in these percentages. However, the day of the paperless election remains far in the future.

Continuing Low Voter Participation. Only 9.51% of the ballots mailed out were voted by the members. This is lower than the 9.8% that voted in the 2001 election. It also continues a general downward level of voting which began in the 1970s. The highest participation percentage in the 1970s was 32.1%, the lowest, 19.0%; the highest participation percentage in the 1980s was 21.8%, the lowest, 13.2%; in the 1990s the highest participation percentage was 15.0%, the lowest 9.6%. In the current decade (2000s) the highest participation percentage to date was 10.1% in 2000, and the lowest, 9.51% in 2002. Thus, we have already dropped below the lowest year of the 1990s. The explanation for this trend is not simple and the Board charged the Election Task Force with the task of studying the matter and offering recommendations. That work is continuing and we hope to have a report to the Board this fall. One variable has to be the very large number of new members added this past year. Almost 94,000 more ballots were mailed this year than in 2001. We can assume with some confidence that the newest members are likely participate in voting at lower levels than long time activists and core members. We also know that these trends mirror the experience of virtually organizations in America and the public electoral process as well. In discussion of the matter with the members of the Organizational Effectiveness Governance Committee at its February 2002 meeting, it became clear that the challenge the Club faces at the national level is much more severe at the chapter and group level, at which participation in voting often drops to 1-3% of the membership.

Changes in the Candidates Forum. Standing Rule 5-2-6.4 provides for the creation and operation of a Candidates Forum on the Internet by the Organizational Effectiveness Governance Committee (OE GovCom). In the past, this has required the attention of a moderator or list owner who weekly posted questions and responses of the candidates and which also required the members to search out and subscribe to a specific email Listserv. Subscriptions were scanty and obtaining the service of willing moderators was at times challenging. This year OE GovCom took an innovative approach by moving the forum to the Club's national website. Questions for the candidates were solicited from Club activists across the country, consolidated, and sent to the candidates well in advance of the campaign season. This allowed all candidates to provide full responses to each and any question and these responses were then posted on the Club's website. Since the web site can be accessed much more easily than subscribing to a Club Listserv, this approach has the potential for reaching far more members. The full analysis of this first year effort will have to come from OE GovCom. However, the early indications are that the number of hits of the website was not much more than with the old Listserv approach. With an early effort to widely publicize the existence of this easy to visit source of electoral information there is good reason to expect much greater use in the future.

A Personal Note. After the Board meeting in May 2001 I told President Ferenstein that I was planning on this election to be my last as Chief Inspector. After eight years serving either as Associate or Chief Inspector, I am ready for a new Club assignment. It has been a most interesting eight years. The workload on the Inspectors in some of those years was very challenging, time consuming, and at times tumultuous. We did our best to keep the electoral process fair to all and running smoothly through it all. By its very nature the role of the Inspectors is to deal with folks who are often unhappy about a matter, and our rulings seldom could please both parties to a dispute. It has been a privilege to work with and learn

from the other Inspectors I have worked with and I thank them all for I learned from them all. Barry Satlow and Sandy Tepfer were my principal mentors, and I must single them out and thank them publicly for helping me learn something of what a judicial temperament should be. Finally I have to thank Gene Coan for guiding me in the arcane area of the nuts and bolts of how the election process works. His long study and knowledge of the evolution of the election rules and past elections is a major asset to the Club. He always made sure the Inspectors did not foul up and once I became Chief Inspector he became my third mentor. Thanks, Gene!

The election process has changed greatly in the last eight years and all for the better. With the help of at least two election task forces and a couple of ad hoc efforts, our election rules have been modernized and clarified in ways that markedly ease the task of the Inspectors (as well as candidates and staff). Information about proper campaign practices is now widely distributed to newsletter editors. We have learned to live with the freedom of the Internet in campaigning and now use it in our voting. The challenge of novel complaints or questions about election matters will always make the job of Inspector interesting and not routine but the above noted improvements certainly should make recruiting future Inspectors less daunting. It would be a stretch to call the job of Inspector "fun" because our work seldom was. Nonetheless this position has brought me as much if not more satisfaction than any other I have had with the Club over the years, plus who can resist having a title like "Chief Inspector"?

Marvin Baker, Chief Inspector of Election
Barbara Postles & jonathan stoke, Associate Inspectors of Election

TREASURER'S REPORT

May 18, 2002

The information and data presented to you in this regular Treasurer's report includes, but is not limited to: actual budget performance to date, the full year forecast, significant operational variances, membership data and program commentary, special matters, and Finance Governance Committee activity. Thank you for your continuing interest and involvement in the Sierra Club's financial affairs.

1. Actual Budget Performance to Date

The March 31, 2002 year-to-date national Sierra Club operating results show that revenues have exceeded expenses by \$1,581,000, which is \$109,000 ahead of the 3-month aggregate budget expectation of \$1,472,000. Included in these figures are seasonal timing differences as well as permanent differences to the budget. In summary, on a year-to-date basis:

- * **Conservation** is short of its YTD budget by (\$855,000). The year-to-date (YTD) Conservation results include receipt of 2001 Environmental Public Education Campaign (EPEC) and other grants in 2002 of \$1,755,000. National Grant revenues are behind plan by (\$119,000) partly due the FY02 National Educational Plan not having yet been approved by the Sierra Club Foundation. Restricted grant revenues are behind budget because of pending SCF grant approvals of (\$1,700,000), delays in billing of (\$300,000), delay of eligible project spending of (\$1,070,000) and a permanent reduction in other project expenditures of (\$230,000). Voter Education revenue is also behind budget by (\$775,000) because of deferral of activities until after Earth Day events. Offsetting the revenue shortfalls are positive variances in expenditures due to project delays: \$565,000 in staff salaries and travel and \$927,000 in various media buys, fees and printing.
- * **SIERRA** is ahead of plan in the amount of \$140,000, most of which is permanent, including positive higher ad revenues of \$20,000, reduced commissions and fees of \$19,000 and reduced postage and manufacturing expenses of \$78,000.
- * **Books** has come in with a year-to-date (YTD) net budget positive variance of \$44,000. Part of this variance is a result of timing – an earlier than budget royalty advance from UC Press, the new co-publisher of the Adults' books. A permanent positive variance of \$20,000 is from lagging staff hiring.
- * **Marketing** shows a variance of \$77,000 to budget. Of this, \$60,000 is the result of 2002 grant revenue for 2001 grant eligible expenses and (\$10,000) associated with a legal claim. The remaining \$27,000 is associated with timing, as budgeted permission payments have not yet been incurred, but are still expected.
- * **Licensing** is behind budget by (\$25,000) as a result of shortfalls in royalty income. Earnout of one licensor is below budget and revenue from another licensor was booked in FY01.

* **Outings** have a favorable YTD variance of \$82,000. Foreign trips to date are performing at 95% signup versus a budget of 65% and have contributed a net \$49,000 to this variance. Cancellation revenues are greater to budget by \$10,000, offset by a YTD negative variance of (\$26,000) in catalog and insurance expense. The remaining variance is due to timing in various line items.

* **Development** is up YTD from budget by \$923,000. Prospect Direct Mail (PDM) is performing better to budget by a net of \$352,000, as actual response rate YTD is approximately 1.45% versus 1.0% budget. The Renewal and Reinstatement Programs contribute \$168,000, as a result of a higher membership base than budgeted. The Fund Appeal Programs add \$135,000 from higher than budget response rates. John Muir Society and the monthly Wilderness Guardian program combine for a total of \$225,000 YTD variance, both programs benefiting from a larger than budget file size. Nearly all of the other OoD and membership programs realized positive variances in excess of \$400,000, enough to offset the grant revenue variance of (\$353,000), the revenues of which have yet been realized.

* **Office of Advancement** bequest is short by (\$58,000). Because of unfilled positions, costs are better than budget by \$56,000. Much of the remaining variances are due to timing, as a Planned Giving mailing project has been delayed until later in the year. The total YTD department variance is \$131,000.

* **Finance and Administration's** YTD net results are (\$319,000) below budget. Although the magnitude of the negative variance is not quite as large as in the previous year, investment revenue is well short of budget, as the Q1 return was essentially flat.

* Other variances in all **other departments** amount to (\$175,000), much of which is timing, including (\$85,000) for elections expenses budgeted for Q2 and (\$110,000) for Web grant revenue budgeted but not yet realized.

* **Volunteer Entities'** positive variance of \$87,000 is due to timing as the budget basically straightlines expenses, due to unpredictability of expenses.

2. FY02 Forecast to Budget

The 3 + 9 Forecast, for the full year, shows that national operations are expected to generate an operating surplus of \$1,158,000 or a favorable experience of \$1,150,000 to the FY02 budget, which basically is a break even budget. However, it is important to realize that first quarter data is comparatively much less reliable in forecasting full year expectations than 2nd and 3rd quarter information, with their additional facts and established trends and a recent actuarial analysis requires that we record a \$1,000,000+ pension expense that is not reflected in the 3 + 9 Forecast. Volatility can manifest itself in a number of budget areas, most stemming from factors outside our control, thus we must remain cautious when using the 3 + 9 Forecast data as we make important incremental spending decisions.

The following are departmental financial highlights pertaining to the 3 + 9 Forecast:

- * **Conservation's** full year bottom line forecast is better than budget by \$1,755,000. This is basically the result of the receipt and application of 2001 grant funds, including EPEC, for \$1,755,000 in 2002. It is expected that at year-end 2002, because of delays in project approvals and timing of receipts, a negative variance of (\$1,500,000) has been included in the forecast for FY02 for grant eligible expenses for which funding from the Sierra Club Foundation isn't expected to occur until 2003. An incremental \$1,700,000 in lobbying grants are forecast to be realized in Conservation. Included in the EVEC revenues are amounts that were budgeted in OoD as part of its c(4) membership funds which, after BOD approval, are now being used to fund EVEC. Lastly, an additional \$200,000 has been incorporated into the Forecast for incremental conservation defense work based on recommendations from the Fincomm and staff.
- * **SIERRA** is expected to realize a full year positive variance of \$1,200,000, of which \$1,039,000 is a result of grant funding for 2001 eligible editorial pages and the remaining mainly a result of fewer pages and lower manufacturing costs.
- * **Outings** foreign trips are expected to contribute a net positive variance of \$125,000, as full-year signups are forecast at 81%, versus 65% budget. Offsetting this is a negative net variance of (\$90,000) in domestic trips as a signup rate of 76% is expected versus a budget of 81%. The full year positive variance for Outings is \$44,000.
- * **Development** has a negative budget expectation of (\$173,000). Most significant is the (\$1,700,000) of budgeted membership dues being recognized in Conservation as EVEC funding. If it weren't for this one event, OoD would have a very favorable variance; as most programs are expected to perform above budget. Please refer to Section 3 below for specific commentary on selected programs.
- * **Office of Advancement** full year expectation is to perform below budget by (\$297,000). It is not anticipated that the Club would bill out the entire fundraising contract amount with the Sierra Club Foundation, as infrastructure expenses are lower due to a lag in hiring.
- * **Finance and Administration** is forecast to fall short of budget by (\$615,000) as the return on investments have been forecasted conservatively.
- * **Information Systems** is also expected to be below budget by (\$131,000), the bulk of which is a reversal of 2001 grant revenues in 2002 for expenses billed in error and higher than budget depreciation expenses because of a higher fixed asset base.
- * **Volunteer Entities** are expected to exceed its full year budget by (\$630,000) due to two events: (\$200,000) in incremental Conservation defensive work, as recommended by the Fincomm and staff, and (\$451,000) in chapter subvention allocation as a result of better than budget performance from OoD.

3. Membership and Direct Fundraising Programs

On an "all sources" basis, the Office of Development 3+9F net contribution of \$17,177,000 will exceed the full-year budget of \$15,063,000 by \$2,114,000. This positive variance excludes the

\$1.7 million EVEC dues/Donation transfer from OoD, which will be used to increase the EVEC funds available for Conservation program spending. The Prospect Direct Mail program is forecasted to have a positive \$165,000 net variance with increased revenues due to a better year-to-date (YTD) and forecasted response rate more than offsetting negative expense variances. There is forecasted a positive \$18,000 variance in the Web Acquisition area. Another contributor to our departmental variance is the increased net contribution of the John Muir Society mid-range donor program, with forecasted performance \$519,000 better than budget (again, this is on an "all sources" basis - approximately, 50% of JMS revenues go to the Sierra Club Foundation). Our Renewals program continues to perform very strongly, forecasted to yield a net contribution of \$548,000 better than budget. This increase results from larger expire pools for the expiring member groups mailing in the fall than budgeted due in large part to a larger number of new members being acquired in the last quarter of 2001 and the first quarter of 2002 than the conservative post "9/11" budget assumed. The combined Fund Appeals program (mail, phone and white mail) is forecasted to deliver a positive variance of \$280,000, with a strong February '02 Fund Appeal performance due to more pieces being mailed because of the larger than budgeted total membership. The Wilderness Guardian Program started the year with over a thousand Wilderness Guardians than budgeted and is now forecasted to add over a thousand more Wilderness Guardians than budgeted, there is a \$417,000 positive net variance for the full year. Other programs and activities contributed the balance of the forecasted positive variance:

In addition to our positive financial variance, we will have a very significant positive variance in our number of new members. In the *PROSPECT DIRECT MAIL* program ("*PDM*"), we are forecasting the acquisition of 177,000 new members, at the forecasted, (better than budgeted), investment of \$3,320,000. Our forecast anticipates that we will mail the 13.2 million pieces budgeted and acquire 50,000 more new members than budgeted. This is due to better than forecasted actual response rates for our first two post "9/11" PDM mailings, with a 1.50% rate for the December '01 PDM mailing and a 1.45% response rate for the February '02 PDM mailing. Also in the 3+9F we have increased our response rates for the rest of the year from a budgeted 1.00% to 1.25%. The cost per new member acquired, including the cost of the fulfilled premium, is forecasted to fall to only \$19.45 (vs. **a budgeted rate of \$23.98**). Due to the Club's victory in the Senate to keep the Artic National Wildlife Refuge off limits for drilling, the successful Arctic National Wildlife Refuge package will be replaced with a new "control" – likely including Yellowstone/Grizzly Bear package which tested extremely well in the last two PDM mailings. Premiums can also significantly affect response rate and cost/new member acquired: in 2002, our "control" premium has been the high-performing "Expedition Pack." New premiums are being tested throughout 2002, as well, since they do not remain at their peak effectiveness for more than 12 - 18 months, on average.

In *WEBSITE AND OTHER NEW MEMBER ACQUISITION*, primarily via the website, we are forecasting a positive variance to budget of \$18,000. After a slide in the late fall the Website Acquisition Program has rebounded and is forecasted to produce 900 members a month. Unlike almost all other membership acquisition programs, the Website program produces a large positive net contribution, because there are virtually no costs associated with this program other than premium fulfillment and it is forecasted to produce \$384,000 net contribution. The MDM/Other Membership programs are mainly composed of SIERRA inserts and the Linkshare program, and several other smaller programs. Due to a fewer than budgeted number of members

produced by the Linkshare program, there is a (\$36,000) negative net variance in the MDM/Other Membership program area

The **RENEWALS** program has forecast a net contribution of \$12,466,088, which is \$548,000 better than the full-year 2002 budget. The renewal revenue budget was built on conservative assumptions for renewals and membership acquisition for the fall of 2001 and the spring of 2002. The actual performance of fall of 2001 and the spring of 2002 was much stronger than assumed in the 2002 Budget. There was a larger number of members acquired in PDM direct mail program than budgeted, and since initial renewal results indicate that the 2+ tenure groups are doing slightly better than budgeted, and the larger 1st year tenure group is doing much better than budgeted, there is a 51,573 increase in the number of members to renew in late 2002. Also the renewal rates in the forecast are kept at the conservative budgeted rates. The effect of the larger than budgeted expires, and the better than budgeted 1st quarter rates is a \$640,000 positive dues variance. These factors also produce a \$125,000 positive donation variance. Partially offsetting these positive variances is a (\$216,000) negative variance due to a lower average dues forecasted as a result of the larger than budgeted first year total expire pool. Total expenses are forecasted at the budgeted level with: less premium expense due to the use of a less expensive premium than budgeted; offsetting increases in telemarketing expense due to more contacts than budgeted; and increased postage expense due to an earlier than budgeted postage rate increase. New to Renewals Program in 2002 is the offering of a premium to all members renewing for the first time. Early results from the first few expire groups with the 1st year premium offer, show that the first year renewal rates are being maintained, and that the premium offer is working. Print and mailshop expenses were budgeted conservatively and cover the increased volume of mail. We now forecast that 334,000 members will be renewed through this program in 2002.

The **REINSTATES** program has a forecasted net contribution of \$95,000 better than the FY 2002 budget. This program continues to very cost-effectively reinstate former members into the Club. Ongoing improvements in response rates to our mailings, as well as a growing number of potential former members to reinstate have allowed this program to become more profitable while continuing to reinstate substantial numbers of former members at a small positive net contribution per member. This year 36,000 former members are forecasted to be reinstated as Club members, generating a positive net contribution of \$292,000 at the same time.

The **LIFE MEMBER** program is forecasted to continue to grow strongly - 1,111 new Life Members in 2002, but less strongly than assumed in the 2002 budget which assumed that 1,184 members would become Life Members. The 2001 actual number of new Life Members was 945.

The combined **FUND APPEALS - MAIL & PHONE** programs are forecasted to perform strongly, at \$280,000 better than budget. In the 3+9F, Fund Appeal Mail is forecasted to have combined response rate of 3.95% versus the budgeted 3.81% with the February '02 F.A. mailing expected to finish with a 5.20% rate versus the budgeted 4.00%. Due to the larger than forecasted membership the number of pieces mailed in this program is forecasted to grow by 99,000. Fund Appeal mail in 2002 will include two SCPC mailings.

The **WILDERNESS GUARDIAN PROGRAM** has a forecast net contribution that is \$417,000 better than the FY 2002 budget. That net contribution variance grows to a net \$495,000 when combined with decrease expenses of the WG acquisition programs which are investment

programs. The decreased expensed are related to fewer contacts and a lower per contact cost than budgeted. This net positive variance is due to an average file size now forecasted at 25,368 vs. the budgeted 23,825, as a result of acquiring more new Wilderness Guardians than budgeted and a bigger beginning of the year file size than budgeted. This, in turn, in part is due to our higher than budgeted numbers of new members from which to seek our Wilderness Guardian "monthly donors" and the lower than budgeted cancellation rate.

The **JOHN MUIR SOCIETY** mid-range donor program has registered another year of excellent growth. By year-end 2002, 2,280 individuals are forecasted to have met the \$1,000/year criteria for "membership" in the John Muir Society. Net contribution from the program is forecast to reach \$2,753,079 - \$519,000 better than budget, and 15% higher than 2001. The key to success in this program has been ongoing segmentation analysis, expanding the pool who are solicited for this program, and strong donor stewardship, as well as the growing membership base, which increases the pool of potential JMS donors.

MEMBERSHIP - As a combined result of all membership programs, at 3/31/02 the Sierra Club had 750,919 members (677,922 memberships). And our current forecast predicts that we will have 785,000 Sierra Club members at the end of 2002, an unprecedented figure.

MEMBERSHIP CLASSES/TOTALS	April'02	%	April'01	%	March'02	%
Life	24,946	3.37%	23,862	3.64%	24,851	3.35%
Honorary Life	50	0.01%	48	0.01%	50	0.01%
Regular	540,867	72.99%	511,006	77.93%	556,785	75.14%
Supporting	39,742	5.36%	37,344	5.69%	39,474	5.33%
Contributing	8,446	1.14%	8,333	1.27%	8,509	1.15%
Student	12,047	1.63%	12,026	1.83%	11,998	1.62%
Senior	93,945	12.68%	87,843	13.40%	92,924	12.54%
Limited Income	15,860	2.14%	17,420	2.66%	16,328	2.20%
Total members	735,903		697,882		750,919	

Lastly, it should be noted that the next few months will continue to reveal if there is any lasting impact that the events of last fall and, more importantly, the state of the economy, will have on 2002 membership and fundraising program results. All indications at this time are that we are seeing a return to pre-2001 response rates, but certainly we not expecting to see the same kind of phenomenal fundraising and acquisition results that we experienced during the first six months of 2001. Last year's 6+6F treasurer's report said, "more so than in recent years, external events are influencing those results," though we could never have ever guessed just how true those words would prove to be. The objective this year will be to maintain and, if possible at reasonable cost, grow our membership, while simultaneously ensuring that the strategies that we adopt are sufficiently flexible that they can be altered timely if external influencing factors change in a significant way. That being said, indications at this time are that this will be a strong year in the Membership and Development areas.

4. Finance Governance Committee Activities and Financial Issues

A variety of agenda items were reviewed at the May 3-4 meeting, including the 3 + 9 forecast and other financial and risk management issues. Items of note included:

* The FinCom passed a motion recommending to the Board that it authorizes a staff recommended amount of \$400,000 beyond budget for incremental defense work needed in 2002. This amount is included in the 3+9 Forecast and is allocated \$200,000 in the Conservation Department and \$200,000 in the Volunteer Entities. Nancy Rauch and Larry Fahn presented a request on behalf of the Conservation Governance Committee to increase funding to the Conservation GovCom by an additional \$350,000.

* The Sierra Club Productions Task Force presented the results of their joint evaluation, in coordination with staff, regarding SCP operations and prospects. The SCP Task Force is comprised of members from both the Communication/Education and Finance Governance Committee. An extensive dialogue took place focusing on the revenue returns, appropriate level of investment, and the broader goals of SCP. The Finance Committee recommends that the Task Force continue to evaluate the program on an ongoing basis.

* David Simon (OAGC Chair) and Dave Simon (Director of Outings) made a presentation to the FinCom. FinCom reviewed the OAGC proposed policy in defining an "outing", differentiated from an activity, and passed unanimously its acceptance of the DRAFT policy as written. Dave Simon requested the Fincomm review the current allocation of liability insurance premium to the National Outing program. It is Outings' perspective that the allocation between operating entities is outdated and not reflective of where risk is borne. The FinComm also reviewed an OAGC DRAFT policy regarding medication on outings. There were varied perspectives on this matter and it is suggested that ultimate resolution will rest with the Board.

* The Committee was updated on the activities involving the Environmentally Responsible Investment Mutual Fund Project. The proposal documents were well received and the Committee recommends the Board proceed with the execution of the Term Sheet.

* In preparation for the FY '03 Budget process, Board Director Lisa Renstrom made a proposal to improve the budget process. These recommendations will be discussed at this week's meeting.

* Upcoming FinCom meetings have been tentatively set for the following dates: August 2-3, October 25-27 -- the annual budget meeting which all Board members are encouraged to attend -- and February 7-8, 2003 (in New Orleans)

5. In Closing

Nick Aumen, our outgoing Treasurer has asked me to thank you, on his behalf, for giving him the opportunity to serve as your Treasurer. It has been an immense opportunity for him to work with so many dedicated, hard working and tenacious people, who in combination make up the most effective and influential environmental organization in the world. Nick thanks you fellow directors for electing him Treasurer and, more importantly, for supporting the work of our financial team in strengthening our financial position and for your attention to the Club's ever evolving financial and business affairs.

During the most recent term, Nick and I, along with your finance team have undertaken significant financial challenges associated with the tragic events of 9/11. We are particularly proud that this Board pulled together quickly to react to this devastating event and coalesced to develop a plan for the remaining year expenditure as well as the FY02 budget. Staff management did an excellent job of re-developing the budget, in the midst of the hectic budget cycle, and presented the Board with detailed options. The financial reserves that the Club built over the past few years, along with volunteer and staff resolve, have allowed us to endure this event without a significant crisis to the Sierra Club.

Special thanks go to the outgoing Treasurer Nick Aumen, and Finance Governance Committee members Carolyn Carr, Rob Flint, Kathy Gregg, Roy Hengerson, Laura Hoehn, Aline Lotter, Lisa Renstrom, Terri Tipping, and David Wells whose advice, diligence and esprit de corp have made the Treasurer and Chair's functions immensely more enjoyable. Thanks to Carl Pope and his senior management team, and especially Lou Barnes, Hamilton Leong and Kaycee Misiewicz and their finance team, who are to be commended for continuing to improve and protect the Sierra Club's financial health. And finally, thanks to all of the Sierra Club staff and volunteers who drive this organization towards greatness.

Respectfully submitted,
Chuck McGrady
Treasurer