

**MINUTES OF MEETING
OF ROCKCASTLE KARST CONSERVANCY, INC.**

MEETING SPECIFICATIONS

Date: October 24, 2007
7:03 p.m.
Cincinnati, Ohio
Preparer: Lisa Pruitt-Thorner
Secretary

THOSE PRESENT:

Andy Niekamp
Werner Jud
Mike Rzesutock
Bob Yuellig
Bob Dobbs
Michael McNabb
Pete Stowe
Tammy Otten
Neena Jud
Ron Holzier (check)
Dave Green (check)
Pat Hutson
Joetta Hutson
Mary Gratsch
Howard Kalnitz
Bill Addington
Lisa Pruitt-Thorner
Roger June
Jim Perkins

Meeting called to order promptly at 7:00 p.m. by President, Andy Niekamp.

INSURANCE/COMMUNICATION

First issue discussed was insurance. Andy Niekamp informed those present that through Werner Jud's efforts, an insurance quote was proposed and accepted which will cover RKC and GCG. This insurance is a Commercial General Liability policy. In addition to the CGL, directors and officers liability coverage was also obtained. The quote for insurance is as follows:

\$2,128.75 CGL
\$ 744.00 D&O

\$2,872.75 total annual premium

The insurance rider specifically listed coverage as club liability, campgrounds and cave with tours. Coverage provided was one million.

Directors and Officers coverage is protection against a breach of "duty" by the directors and officers. Lisa Pruitt-Thorner informed those in attendance generally as to the purpose of Directors and Officers coverage. D&O insurance pays for actual or alleged wrong decisions, what the policy calls "wrongful acts." Although each insurer defines coverage in its own way, D&O insurance generally includes: "any actual or alleged act or omission, error, misstatement, misleading statement, neglect or breach of duty by an Insured person in the discharge of his/her duties." Some examples of claims under D&O are employment related issues such as discrimination, harassment, and wrongful termination, failure to provide services and mismanagement of assets.

Andy Niekamp covered the history of RKC's efforts to obtain CGL insurance. It was originally planned to only switch entities, from GCG to RKC but the prior agent kept it as it was previously. Neither Andy, nor Werner were entirely comfortable with the recommendations of the prior agent. Nautilus would not add RKC as an additional insured. RKC elected to keep policy as it was and face the issue upon the policy's termination date.

Bob Yuellig said he gave his usual courtesy call to Nautilus around the time of renewal. RKC had been listed an additional insured under prior policy but this was only in event of indemnity or if RKC was liable only because GCG was liable. RKC had no real coverage under old policy.

After great efforts, many meetings, emails and telephone calls, Werner finally brought in a quote from the Hal Kresser Insurance Agency, 3041 Symmes Road, Hamilton, Ohio. Our CGL insurance is provided through Capital Specialty Insurance and the D&O coverage is through USLI.

Bob Yuellig talked about lack of communication regarding RKC/GCG/GSP generally and the insurance situation specifically. Had there been better communication, more people could have helped out and it wouldn't have been a last minute scramble. GCG didn't know it was being taken off policy.

As to the communication problem, Bob felt that better communication was key and that anything involving GSP or RKC should be sent out to all involved groups.

Andy Niekamp said it was recognized early on that RKC would be getting an insurance policy. At the annual meeting of RKC in March, insurance was discussed. The plan

was to get an insurance policy in RKC's name. When denied the policy switch recently, plan was to wait until renewal period and get different insurance.

Andy mentioned that if/when more insurance issues come up, will seek input and help. Lines of communication should be open.

Mary Gratsch said that GCG administration didn't understand they were being taken off policy.

Werner Jud said there was a lesson to be learned here. RKC can and should be more receptive to assistance from its members and key people. Werner felt the insurance issue fell on his shoulders and so did Andy. They could have used help and lack of communication caused problems.

Ron Holzier asked why GCG has insurance coverage connected with RKC when DUG and BGG do not.

Roger June asked about whether event insurance could be added as a rider to CGL.

GCG/RKC MOU

The Memorandum of Understanding (MOU) between GCG and RKC was thoroughly discussed next.

Werner informed those at meeting that the purpose of the MOU was to continue the relationship between GCG and GSP. Since GCG managed and maintained GSP, developed GSP, once had a long term lease and had a long existing relationship with GSP, and since much of GSP's volunteer base comes from GCG, GCG's special relationship with GSP should be recognized. The recognition should come in the form of an agreement.

Originally Mark Moore drafted a Memorandum of Understanding which was in effect currently. Mark Moore, the Felburn Foundation and the organizers of RKC found it prudent to have a MOU with GCG rather than a lease or management contract since RKC was seeking to become a 501(c)(3) public charity and if it divested itself of its primary asset by leasing the land at the same time it was applying for a 501(c)(3), its public charitable status could be compromised.

Werner had a lawyer review the current MOU and make revisions so that a better MOU for RKC/GCG could be obtained. The revised MOU draft was emailed and provided to several people. The revised MOU was reviewed by those in attendance. The proposed revised MOU terminates in 2016. Lisa Pruitt-Thorner proposed that the MOU automatically renew afterward for a period of five years each. She suggested that the MOU be revised so that as long as neither party objects in writing the MOU automatically renews every five years after the initial period. She drafted a revised

renewal clause, Werner typed it in and read it to those in attendance.

Revised renewal clause is as follows: "At the end of this initial term, this contract will be automatically renewed for five year periods unless either party submits a written objection within 30 days of termination".

All Board Members stated that once the revised MOU with the revised automatic renewal clause was provided, they would agree to it, approve it and sign it. The MOU will be sent around to all Board members and signed in the very near future.

EQUIPMENT LEASE

Questions arose about GCG's intentions regarding leasing the tractor and other equipment at GSP to RKC. AT one time GCG suggested it would lease the equipment to RKC for \$1 a year but a formal lease arrangement was never made. Pete Stowe and Bob Dobbs said that GCG would discuss this and make a decision.

CARETAKER LEASE

Werner drew up a new caretaker lease for Bill Carr and/or successive caretakers. Modifications were made which included a provision that caretaker expend 10 hours of work a month toward maintenance of property.

The current caretaker wasn't enthusiastic about the 10 hours a month provision and felt that security was the primary reason for caretaker on property, not maintenance. In initial lease there were certain hours mandated/stipulated. According to those present, including Werner, Bill Carr didn't want provision for specific number of hours, didn't want to promise to "mow 300 acres".

The caretaker was concerned at one time about RKC takeover as landowner of property. Werner wrote Bill Carr letter, signed by others, that Bill Carr would get same consideration under RKC and all would consider the unique situation.

A new lease does need to specify that the land being leased by caretaker is the specific plot of land where he resides, not entire 300 acres. Jim Perkins asked if there is language in lease about what happens if there is a successor caretaker someday.

Renewal clause of caretaker lease discussed in detail. Suggested revision: "this lease shall be extended for additional consecutive periods of one year on the same terms as provided for in this lease, unless either party gives 90 days written notice of the intent to terminate." This discussed clause was a change from 6 months to 90 days.

It was suggested that the new lease specify the caretaker should furnish a monthly report to the GSP committee.

Nothing was decided about caretaker lease and the discussion was tabled.

BANK SIGNATURE CARD FOR GSP ACCOUNT

A resolution was earlier passed (a couple of months ago) by RKC Board to add Mike Rzesutock, treasurer of RKC, to signature card for GSP account at bank. The resolution was voted upon and passed through internet/email resolution and voting.

However, even though a resolution was passed, Mike Rzesutock has not yet been added because of bank regulations regarding approval by other persons on signature card.

Werner Jud said he started the controversy because he knew that some people had a problem with the RKC treasurer being on the signature card, even though the GSP Committee is a Committee of RKC and the GSP account is therefore an account of RKC. He said that some people, specifically members of RKC (and the GSP Committee) were concerned that having the RKC treasurer on the account could mean that RKC could empty the account arbitrarily, leaving Great Saltpeper Preserve with no operating/maintenance funds.

Mike Rzesutock said that RKC would have no incentive to remove funds from GSP account and that his CPA recommended the RKC treasurer be on the account since the RKC treasurer is the person with the largest financial fiduciary duty. Lisa Pruitt-Thorner, secretary herein, stated that in her opinion it was important for the RKC treasurer to be on the account for tax, legal, and ethical reasons. Andy Niekamp read email correspondence from a well known cave conservancy administrator who opined very vehemently that the RKC treasurer should be a signatory to the GSP account. It is important because of record keeping and because RKC is ultimately responsible for the financial management of the assets of RKC and GSP is the largest asset.

Werner Jud said that even though he voted against the resolution initially, it was because he did not agree with the way it was being rushed through and he thought it should be discussed and explained better first. He stated that he no longer had a problem with the RKC treasurer being on the account.

Mary Gratsch asked about the proposed resolution that Lisa Pruitt-Thorner had drafted and emailed. She wanted to know the status of it. Others agreed that such a resolution was a good idea in order to ensure that the GSP bank account was designated as a GSP maintenance fund and to ensure that RKC would not arbitrarily remove funds that are needed for GSP. The RKC Board all said they didn't have a problem with such a resolution even though the proposed resolution of Lisa Pruitt-Thorner had not yet been discussed or reviewed in much detail since it was circulated while Andy was on his extended hike.

Lisa Pruitt-Thorner said she would email the resolution to everyone again.

The following is Lisa Pruitt-Thorner's proposed resolution. It is reproduced herein for information only, is subject to revisions, and is not yet a formal resolution of RKC.

A PROPOSED RESOLUTION

Rockcastle Karst Conservancy, Inc. ("RKC"), through its Great Saltpetre Cave Preserve Committee ("GSP Committee"), shall maintain and manage a separate bank account for the preservation, maintenance and improvement of the Great Saltpetre Cave Preserve. The GSP Committee bank account shall be designated as the GSP maintenance fund and monies deposited, held, and spent therein shall be used solely for GSP unless there is an emergency requiring withdrawal of funds by RKC.

"Emergency" is defined as a condition requiring urgent action by RKC in order to protect the funds or assets of GSP from accidental or intentional misuse and/or to respond to a sudden, unforeseen and serious incident which threatens the security of Great Saltpetre Cave Preserve. Before any emergency condition is established which requires withdrawal of GSP maintenance monies from the maintenance fund, there must be a 2/3rds majority [original proposal specified unanimous vote, which is often impossible, so amended to 2/3rds] vote by the RKC Board of Directors.

Drafted by Lisa Pruitt-Thorner, RKC Secretary

Meeting was adjourned at approximately 9:00 p.m.
Minutes prepared by Lisa Pruitt-Thorner, secretary