



Ad Club Meeting Minutes
September 1, 2010, Air Host 12:15 PM

Ad Club Panel represented by: Jack May (Past President), Tia Dear (President), Marianne Sepich (2nd VP), Rett Hollar (1st VP) and Sara Becker (Executive Director)

Minutes recorded by: Renee Kapp (Administrative Assistant)

Tia Dear introduced the panelists.

Jack May introduced Ad Club guests and new members.

Questions and Answer Period led by Tia Dear:

- Tia began the power point presentation “Ad Club – A Year in Review”.
- The day’s objectives were reviewed:
 - Inform the membership of the situations that led to the Board’s decision to eliminate all Auction events.
 - Review our financial position headed into the 2010-2011 Ad Club year and plans to change it.
 - Address questions/comments/concerns from the membership.
- Tia updated the members on the current status of the Ad Club and C.M. Russell Museum relationship.
 - The museum pursued suing Ad Club for the CM Russell name and logo.
- Questions from the members:
 - Why was the donation to the museum lower than prior years?
 - Auction expense was greater than the sale of the art.
 - Dwight Holman was asked who was on the Future Planning Committee: Norma Ashby, Callie Moss, Audrey Stratford, Bill Preston, Chuck Fulcher, Dwight Holman, Deb Sivumaki, Jack May, Sara Becker, Mary Willmarth.
 - Why did we increase staff?
 - Dwight Holman gave the history of how we arrived at additional positions to handle the auction. Duane’s salary and Donna remaining on as Auction Director while still needing an Executive Director were increased expenses associated with the Auction that the museum was aware of.

- Has the museum hired someone to handle art acquisition for their auction event?
 - That question would have to be answered by the museum.
- The museum's Board of Directors are not all local members and do not have that local connection. The relationship between Ad Club and the museum began to deteriorate, even more so with the leadership changes at the museum.
- The auction wasn't originally designed to be competitive; the end result in 2010 was a split community and buyers market and therefore a financially unsuccessful auction.
- Why wasn't it communicated to the members what on-going negotiations with the museum were?
 - Legal and confidentiality issues made it virtually impossible to share details.
- How did the lawsuit end?
 - Ad Club retained an intellectual property attorney and a local attorney to advise the Board. Due to the emotional aspects as well as the financial cost to fight the suit, the Board chose to settle out of court with the museum, selling our rights to the C.M. Russell Auction trademarks (name and logo) to the museum.
- How much did the Ad Club receive?
 - It cannot be disclosed at this time but the money has been received.
 - Jack explained, as best as it could, the current situation and how all of the negotiations developed.
- Note from attorney Jean Faure relating to the confidentiality issue: "The Museum demanded the clause so there was no settlement without it. If we disclose the amount, we breach the agreement. A breach of the agreement means they sue us and they seek to recover not only the amounts they paid us originally but their attorney fees and whatever other damages they may have as a result of the disclosure."
- Where did the actual auction losses come from?
 - The economy.
 - The art world in general.
 - The timing of the museum going out on their own.
 - Friday night before our auction began, there had already been \$3 million in art sales within the community. We couldn't foresee the competition level at that point.
 - Ticket sales down 40%.
 - Live sales down.

- Does this agreement with the museum preclude us from ever doing an auction in the future?
 - No.
- Was everything possible done to work with the museum?
 - Yes. The museum was not willing to work with us.
- Where does the money come from now to run the Club?
 - The BOD is cutting expenses:
 - Trying to get out of our office lease.
 - The van is for sale.
 - Increased dues for the first time in 9 years.
 - BOD is paying for their own lunches when meeting.
 - Speakers at a lower cost (travel and fees).
 - Advents done in-house now.
 - Running ads in Advents for a nominal fee.
 - Electronic invoicing.
 - Insurance costs have been cut.
 - Winter Frolics is eliminated.
 - The lack of income with our major fundraiser is the biggest factor.
- How are we moving forward to bring in revenue?
 - Addy's.
 - Fundraisers
 - Marketing Bootcamps
 - Please fill out survey and offer ideas and input. Once the deadline has been reached (9/3) the results will be tabulated and shared.
 - Suggestions/Questions:
 - Should members call or email an RSVP for their attendance at lunch?
 - May members donate money for their lunch?
 - Can members have access to budget/P&L information?
 - Members are welcome to come to the office any time; that has always been the policy. Our Policies and Procedures dictate that we can't send out financials and that they cannot leave the office.
 - Will the BOD consider adjusting the by-laws to share financial information?
 - Conduct quarterly meetings to update members so that they are more informed and can ask questions about the well being of the Club? And not have a speaker every meeting?
 - Since not all members were able to attend and we ran out of time going over the power point presentation, can it be sent to all members?
 - Yes, Sara will put a link on our website.

Minutes taken for today's meeting are to be sent to all Ad Club members.

The meeting was adjourned at 1:15 PM.