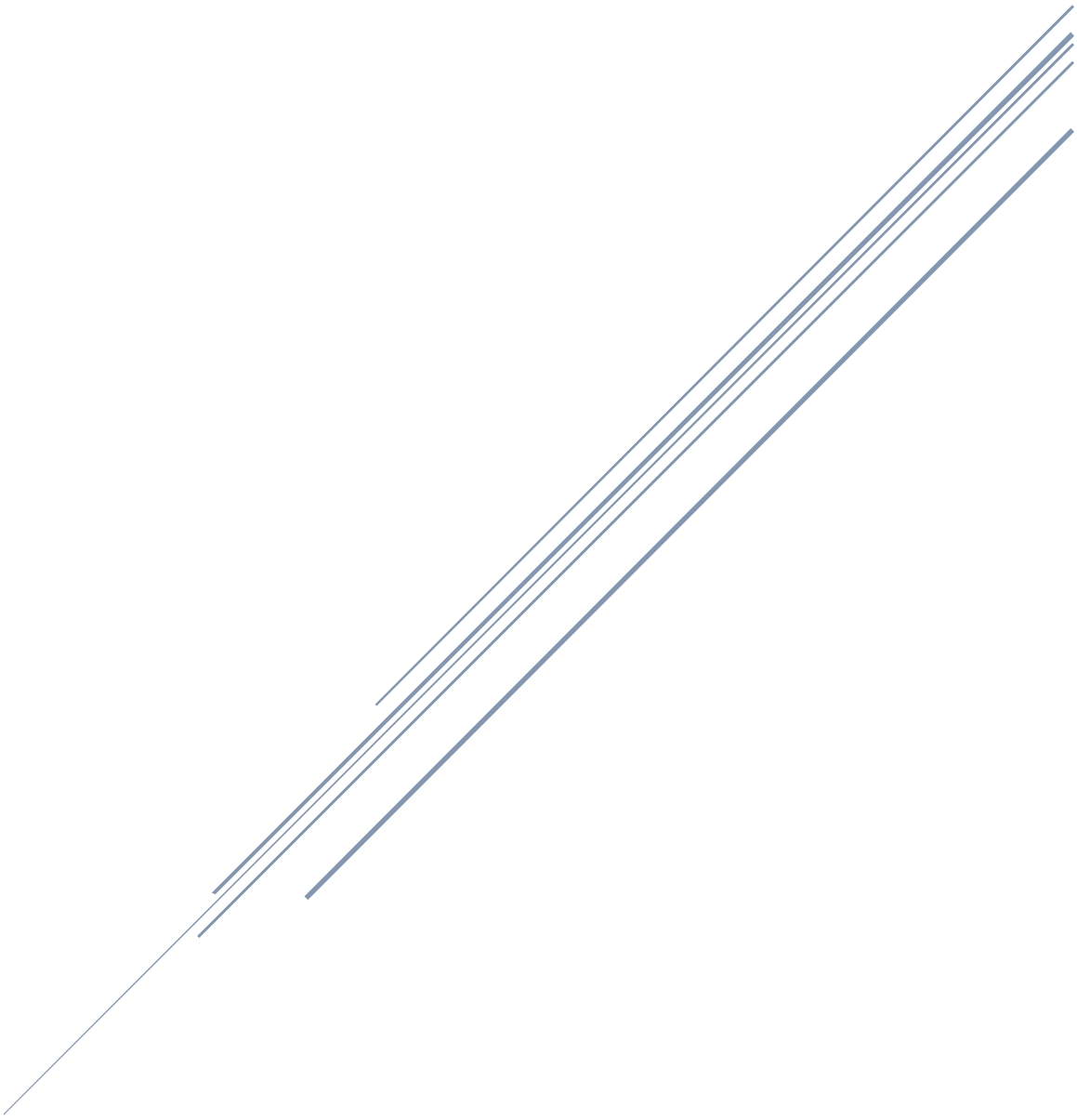


MACD/SWCDM REORGANIZATION COMMITTEE – FINAL REPORT

JUNE 01, 2020



Gayla M. Wortman, Cascade Conservation District
Committee Chair

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FORWARD

The purpose and intent of this report is only to transmit the findings of the Reorganization Study Ad Hoc Committee formed in November of 2019. However, leadership has asked, and committee members have pointed out the need for the report to also include recommendations for the pathway ahead. While Conservation Districts of Montana were solicited several times for their input, only half of the Districts participated in the survey. They will all have the opportunity to be involved in the discussion and decision during the upcoming Area meetings and finally at the State Convention business session. The Board of Directors will welcome any other observations, questions, concepts, or proposals at any time.

I. BACKGROUND

The Cascade Conservation District (CCD) wrote and submitted a resolution for the 2019 Area III meeting proposing that MACD change their IRS tax code status from a 501(c) 4 to a 501(c) 3 enabling the Association to tap into other funding sources instead of relying solely on dues dollars. Much discussion regarding the threat to the Association's lobbying abilities that change in the tax status would provoke ensued, however, DNRC/CARDD researched the lobbying laws and submitted information noting that MACD would be unlikely to breach the lobbying limits. That supporting document is attached as **Appendix A**.

During the Area III meeting, there was quite a lot of confusion about the resolution regarding what some thought was a proposal to combine MACD and SWCDM. The CCD resolution did not, in any way, propose that the two entities would or should be combined. The resolution as written was approved and moved on to the District Operations Committee for consideration. At that time, CCD was approached by then Executive Director, Chuck Cornillie, with information that he had written an amendment to the resolution combining the two organizations. Cascade CD did not support that amendment.

At the District Operations Committee meeting during State Convention, CCD was approached again about offering an amendment to our resolution proposing a merge of the organizations. CCD was told it would simplify the issue as MACD Board of Directors considered a merger. Rather than further muddy the waters, Cascade CD withdrew their resolution.

During the Board of Directors meeting on Friday morning following convention, I was asked by MACD President Jim Simpson to head an ad hoc committee to study the feasibility and process of merging MACD and SWCDM. Subsequently, other committee members were appointed: Bob Petterman, Gary Giem, Roger Hybner, John Anderson, Dean Rogge, and Mark Suta. Jim Simpson, Laurie Zeller, Gene Evans, and Stephanie Adams joined the conference calls when possible.

II. PROCESS

A committee was appointed by Jim Simpson to lead the “study” of the possibility and feasibility of merging MACD and SWCDM into one organization. This ad hoc committee included representation from each of the six MACD areas in the state. The immediate goal was to ascertain the Committee’s concerns, level of interest, and vision for the way forward.

The Reorganization Committee (Committee) set up a series of conference calls (the 6th of each month) and continued that through May. The Committee’s progress was reported to the Board of Directors at each of the monthly Board meetings. The Reorganization Committee met for their first time via conference call on January 6 and identified several items that would need to be investigated. The Committee conference calls did include **Minutes**, which are attached as **Appendix B**. It is interesting to note that in the vernacular of the Committee, the study was referred to widely as “merger” and not reorganization.

Also, per Jim Simpson, a “flow chart” was crafted which exhibited items that needed to be accomplished and the dates that completion could be expected. The document was intended to guide the Committee through the process for the year, however, for an unknown reason, the Committee abandoned the flow chart almost immediately. It is available for inspection upon request.

The process the Committee utilized was developed as need and timing dictated. For example, the one item that surfaced repeatedly was that it was imperative that MACD Directors secure District “buy-in” in order to succeed with the merger effort. To accomplish this, the Committee began sending information to Districts on the proposed merger in the form of memos, e-mails, and articles in the *District Dispatch*.

The Committee was adamant that the Districts be given the opportunity to play a role right from the beginning. To that end, an **Informational Document (Appendix C)** was sent to Districts in late December of 2019 and a **District Input Survey (Appendix D)** was developed by Chuck Cornillie and sent both hard copy and e-mail to all Conservation Districts in January. Initially, the Committee asked Districts to return those survey forms by February 1 so that the we would be able to review them at the February 6 conference call. In reality, many Districts did not consider the surveys until their February or March meetings. And, unfortunately, 28 Districts did not respond at all even after repeated attempts to gain their participation. In retrospect, there may have been a more efficient method of reaching out to the Districts.

Of the 35 Districts that did respond, 80% (28) of them chose Option 3, which indicates being in favor of a MACD/SWCDM merge. Seven Districts, or 20%, chose Option 1, leaving the current structure in place. There were no Districts that opted for Option 2 which allowed for both organizations to be a 501(c) 3. The District Input Survey results are included in this report as **Merger Tally Sheet, Appendix E**. Hopefully, MACD Directors will be able to alter the response percentage at each of the Area Meetings.

The survey generated quite a lot of questions, confusion, and general conversation. A **Questions & Answers Table** was created as a means of recording all comments, questions, suggestions, etc. from the Districts, and the associated responses either myself or Stephanie Adams were able to supply. I have attached that here as **Appendix F** for your information. Personally, I found this document to be the most helpful as I felt Districts were being very candid. There were approximately 40 individual questions/comments, however, these are only those transmitted to me in writing. Those by telephone, I did not record. I personally answered a lot of telephone calls and e-mails, as did several of the other Committee members; I assume Chuck did the same. Interestingly, of the 40 questions/comments, approximately 17 were specifically related to SWCDM. Those questions were ultimately answered by Stephanie Adams and Mike Hanson and the responses included in the Questions & Answers Table.

Many of the questions from Districts, both written and verbal, were related to the potential impacts to lobbying efforts, and whether or not MACD could accept public money, as well as expressing a desire for transparency and accountability. Additionally, many comments were related to making sure Conservation Districts retained or regained control of the Association, which indicates Districts feel that they do not have control at the current time. Also, it was specifically noted that Districts are not receiving the “services” from the Association that they feel they need. There was quite a lot of inquiry and confusion about the programs that are being run through SWCDM, specifically the source of funds, who does the bookkeeping, who the employees are, and what they do, and how they are paid. There were many questions and suggestions on the subject of the composition of the “new organization.”

Overall, most Districts felt that creating one organization would result in a more efficient, less expensive, and more focused Association. As one District put it, “A lean and mean organization.”

As one can see from the attached Merger Tally Sheet, those opposing the merger cited concern that SWCDM would assume control over the District Association. In fact, there seems to be a lot of confusion, misinformation, and distrust stemming from the way SWCDM evolved into its current form. Responses to those questions were sent as quickly and factually as possible.

The Districts that indicated they were not in favor of the merger cited distrust of SWCDM; specifically, that their funding sources did not appear to be from an agricultural source. Also, Districts made note that SWCDM seemed to be not accountable to Districts. One District pointed out that the two organizations perform two different functions and therefore should remain as separate entities. Another felt that it would be very difficult to keep the dues funds and program funds separate. Co-mingling funds could lead to confusion and misunderstanding. In addition, there was concern that the lobbying arm of the new organization could conceivably oppose legislation for a funding source, while the programs arm could be accepting funding from that same source. Answers and responses to these concerns can be found in Appendix F.

III. RECOMMENDATIONS

The final Committee meeting was held May 5th. The content of this final report was discussed, and I believe that the items identified have been sufficiently included, except for a general description of how the merger might occur and a recommended timeline for when merger-related activities should take place. These items have been included here.

HOW THE MERGER WILL OCCUR

- I. Current By-Laws of both organizations will undergo a review and rewrite in preparation for the District review this fall. (This item is completed.)
- II. MACD Board of Directors and the SWCDM Board of Directors must determine if the reorganization should be pursued based on District input.
- III. Assuming that the Boards of Directors of both organizations find in favor of moving forward, it is recommended they create an "Implementation Task Force" to identify and complete or direct the tasks required in anticipation of a District affirmation of the proposed reorganization.
- IV. By-laws for the *new organization* will need to be drafted and provided to Districts for review and vote. It is recommended that Jeff Tiberi be approached to lead this effort.
- V. Districts must pass a resolution at the Area meetings approving the reorganization.
- VI. The reorganization must be included on the agenda for final District review and vote at the state convention in November.
- VII. All legal and accounting processes will be accomplished as prescribed.

PROPOSED TIMELINE FOR MERGER RELATED ACTIVITIES

June 9-10, 2020	MACD and SWCDM Boards of Directors act on the proposed reorganization based on District input. An Implementation Task Force (ITF) made up of active, motivated members is appointed to begin the process with assistance of new Executive Director and/or other MACD staff.
July 2020	ITF works with the District Operations Committee to identify and discuss action items through the end of the year. ITF provides Conservation Districts an example of a resolution directing the proposed reorganization. Questions are promptly addressed.

By-laws Committee convenes to begin writing by-laws for the new organization.

Legal and Accounting processes commenced, as necessary.

July & August	Districts take formal action at either their July or August meeting indicating their support or rejection of the proposed reorganization.
August 30, 2020	With assistance from ITF, each Area Host District drafts and submits a resolution directing the reorganization of MACD/SWCDM. Districts review draft of by-laws.
September-October	Area meetings conducted throughout the State. Business sessions include the reorganization process and protracted discussion and vote follows.
November 2020	ITF presents report at the MACD Business Meeting at State Convention; discussion and final vote by Districts follows. By-laws for new organization discussed and voted on.
December 2020	Final legal and accounting processes put in place.
January 1, 2020	The newly reorganized Montana Association of Conservation Districts open for business.

Finally, many supervisors and Committee members asked how the new organization will appear. What it will look like? What will it be called and how will the Board of Directors be populated?

Many Districts felt strongly that the new organization should retain the name of Montana Association of Conservation Districts. SWCDM would not have to change their name on anything, just include the language that they are “doing business as MACD.”

It is my recommendation that the existing MACD Board of Directors be retained as is, while the SWCDM Board members will automatically become the Programs Advisory Committee – which would operate similar to the existing standing committees, but have the flexibility needed to procure appropriate funding. I have attached a **Reorganization Chart** to demonstrate how the new organization might be structured (**Appendix G**).

In addition, as a result of many conversations I have had with supervisors around the state, and the opportunity of a new start with the reorganization, the following personnel-related recommendations are made:

- I. Each employee shall have an updated job description and it should be reviewed by the Board of Directors at least once a year.

- II. Each employee shall have an annual performance appraisal, conducted by the Personnel Committee.
- III. A Personnel Policy should be crafted and put in place, and the Policy should be supplied to each employee on hire and provided to Board members for their information.

IV. CONCLUSION

As the chair of the Reorganization Committee, I do not submit this report with a statement that it is in any way all inclusive. Indeed, there is much work to do and as the Board moves through the process, other action items will be identified. I will say, however, that most of the Districts appear to be in favor of one organization, one voice.

I would like to thank my Committee members for their as input. I have enjoyed hearing from them and the many District supervisors and administrators around the state. My great thanks to the Conservation Districts that took the time to participate in this exercise. Finally, many thanks to Stephanie Adams and Kate Arpin for their assistance.

/s/ Gayla M. Wortman

APPENDIX A – DNRC LOBBYING INFORMATION

501(c)(3)

501(c)(4)

501(c)(3)	Type of Organization	501(c)(4)
<p>Charitable Organizations — includes religious, educational, scientific, literary, and other groups whose primary objectives are philanthropical in nature or improve community overall. Individuals working for the organization may be paid for their work. Should the organization shut down, no individual may benefit from the distribution of assets.</p> <p>Examples: SWCDM, NCAA, United Methodist Churches, United Way, American Prairie Reserve.</p>	<p>Both are nonprofit organizations. Gains or profits may not go to benefit any members or individuals within the organization.</p>	<p>Social Welfare Organizations and Civic Leagues — includes nonprofit organizations that operate exclusively for the public good and local employee associations that devote their earnings to charitable, educational, or recreational purposes. If the organization has members, benefits must extend beyond its members. Any earnings may not benefit a shareholder or member.</p> <p>Not required to publicly disclose donor list.</p> <p>Examples: MACD, Americans for Prosperity, Organizing for Action, MoveOn.org, National Rifle Association, Planned Parenthood.</p>
	Deductions	
<p>Donors get a tax write-off for their donations. The non-profit organization must provide each donor with receipts for the amount or value of their individual contributions. Any contributions earmarked for lobbying are not tax-deductible.</p>	<p>Both are tax-exempt organizations, which means they don't have to pay taxes for the donations they receive.</p>	<p>Donors do not get a tax write-off for their donations, except for a few limited types of organizations (fire and rescue or veteran groups). The non-profit organization must disclose in all fundraising solicitations that contributions to the organization are not tax-deductible.</p>
	Start-up Requirements	
<p>Organization must be a corporation, fund, or community chest, following all regulations pertaining to these types of organizations.</p>	<p>Both require an Employer Identification Number (EIN)</p> <p>In some instances, an organization may create two affiliate nonprofit organizations.</p>	<p>Create the organization based on state law as a corporation, trust, or unincorporated association. State laws will dictate requirements such as by-laws and articles of incorporation, etc. Needs to be set up as a nonprofit using funds solely for social welfare.</p>
	Political Activity	
<p>May not participate in any political activity. If it participates in any political activity or campaign, it will lose its tax-exempt status.</p> <p>Attempts to lobby or influence legislation must be insubstantial, as determined by the size of the organization (generally 5-20 percent of activities); however, an organization may provide grant funding that gives grantees the liberty to use funds for lobbying purposes. The following is allowed:</p> <ul style="list-style-type: none"> • Supporting legislation based on the organization's causes or issues • Appealing to representatives or other governing bodies. <p>Must file IRS form 5768 before participating in any of the above.</p>	<p>Political Activity is defined as activity directed toward the success or failure of a political party, candidate for a partisan political office or a partisan political group.</p> <p>Lobbying is communicating directly or soliciting others to communicate with any official or his staff in the legislative or executive branch of government for the purpose of influencing any legislative or administrative action.</p>	<p>May engage in political activity if doing so is not its primary mission. There are exceptions if the organization can provide proof to the IRS that its efforts are exclusively for the betterment of the community. Expenses related to political activities may be subject to taxation.</p> <p>Unlimited lobbying is permitted if the organization is working to pass laws that are related to its program and mission. The organization may be required to disclose the portion of membership dues allocated for political lobbying or pay a penalty tax.</p>
	Filing Requirements	
<p>Churches and schools may have additional tax filing requirements.</p> <p>Must file an application for recognition of exemption, IRS Form 1023</p>	<p>Both are required to file IRS Tax Form 990, to disclose the organization's finances for the year</p>	<p>Recommended, but not required, to file an application for recognition of exemption by filing a Form 1024 with the IRS within 27 months of forming the organization.</p>



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APPENDIX B - REORGANIZATION STUDY COMMITTEE

January 6, 2020

MINUTES

The meeting was called to order at 7:35 a.m. by Committee Chair, Gayla Wortman.

Members Present: Roger Hybner, Gary Giem, Jim Simpson, Mark Suta, and Gayla Wortman

Other Present: Laurie Zeller, Stephanie Adams, Chuck Cornelilie, Jeff Wivholm, and Bob Peterman

Mark explained his thought process in naming members to the committee and named Gayla Wortman as the chair. As such, Gayla can appoint others to the committee as necessary.

Gayla and Chuck provided an update as to the work the committee has done to date:

1. An informational document (letter/article) was crafted explaining the process. The document was e-mailed to all committee members and all conservation districts in late December.
2. A Reorganization Committee Action Item chart was created and e-mailed to all committee members on January 3.

ACTION ITEM: Other outlets for not only these documents, but all related documents now and in the future was discussed. All documents, including the ones already created, will be disbursed to the District Dispatch, to all CDs via e-mail, and placed on the web sites of both organizations. The reorganization action item chart will be e-mailed to all districts.

- A. A district input survey was crafted and will be e-mailed and hard-copied to all the districts. The need to have all district supervisors/staff was discussed.

ACTION ITEM: Area Directors are encouraged to contact each of the districts in their area to encourage the supervisors to participate by filling out the survey.

Chuck asked what legal obligations there are in the effort to dissolve MACD and reorganize SWCDM, particularly with the Secretary of State. We are assuming that at the business meeting in November, districts will go through the formal resolution process, but we need to have all the documents in place at that time. Chuck noted of concern is how one goes about changing the name of SWCDM to MACD. Gary noted that our process must be governed somewhat by the by-laws. He advised that we contact both the attorney and the accountant as well as the Secretary of State for appropriate information.

ACTION ITEM: Chuck will follow up.

Gayla mentioned that there has been some question as to why MACD is on a calendar fiscal year rather than a fiscal year like that of the districts (July 1-June 30). Gary noted that is used to be that way, but it

was too difficult and time-consuming to gather information from 2 calendar years to file the 940. It is just simpler to use a calendar year. Also, Jim noted that to approve the MACD budget, there needs to be a meeting of the districts, so the annual meeting in November is used to approve the budget beginning in January of each year.

Gayla referred to Action Item #21 on the draft Reorganization Chart of Action Items. It addresses the fact that once MACD is dissolved, so then, is the Board of Directors, making the SWCDM board the governing body of the new organization. Jim reviewed how the current SWCDM Board is constructed, but that did not really address the issue of Area Directors, etc. He offered that the by-laws of both organizations will be followed to create the new board. After further discussion, Jim instructed that the issue be placed on the agenda for the upcoming (January 13) MACD Board meeting.

ACTION ITEM: Chuck will follow-up.

Gary reiterated that it is critical to the whole process and to district buy-in that we pay particular attention to the by-laws of both organizations and involve the districts at every step. Everyone agreed.

Roger commented that he is uncomfortable calling districts about the process because he is still confused and needs more clarification as to why this reorganization is being considered. The following points were made:

1. MACD needs to be a 501c3 in order to obtain contributions from private individuals and businesses and to take public money for district projects. Both opportunities would lessen MACD's dependence on dues.
2. Since SWCDM is already a c3, it seems reasonable to blend MACD with SWCDM and then repurpose and rename SWCDM the new organization to be accountable to districts, represent districts, lobby for districts, etc.
3. Also, by combining the 2 organizations, instead of just making MACD a second c3, we eliminate the possibility that 2 organizations would compete for the same money.

Bob Peterman also said he was confused, and other districts were expressing confusion and had questions. After discussion, it was decided that districts need more information. It needs to be made clear The following action item was set:

ACTION ITEM: Gayla will send an e-mail and a letter to all districts in today's mailing of the survey further explaining the reasons and expected process. The meeting minutes, December informational document, and the Reorganization Action Item Chart will all be e-mailed to districts today.

Bob Peterman would like to have copies of the by-laws of both organizations. Stephanie noted that on the web at swcdm.org and macd.org the by-laws are available for download.

Laurie said that the feedback she is getting indicates that a lot of the districts think this is a done deal, which of course is not true. The result of the survey will guide our direction. It needs to be made clear to the districts that this is a proposal and that they weigh-in so we are clear about their wishes.

ACTION ITEM: Gayla will include this language in the letter.

Stephanie noted that at the last meeting of SWCDM a motion was made and carried that SWCDM would work with MACD to pursue this reorganization.

Gayla asked Jim if he would be appointing a by-laws sub-committee. Jim said he would work with her to develop a committee; all districts have been invited to participate in the survey.

ACTION ITEM: By February 10 (see Chart Item #8) Jim and Gayla will have selected by-laws sub-committee participant.

ADJOURN:

With no further business, the meeting adjourned at 8:40 a.m.

NEXT MEETING: April 6, 2020 7:30 a.m.

/s/ Gayla Wortman

APPENDIX B - REORGANIZATION STUDY COMMITTEE

February 6, 2020

MINUTES

The meeting was called to order at 7:30 a.m. by Committee Chair, Gayla Wortman.

Members Present: Bob Peterman, Jim Simpson, Gayla Wortman, Gary Giem and Roger Hybner.

Other Present: Stephanie Adams, Gene Evan, Chuck Cornillie

The group agreed that the best way to send correspondence, documents, meeting notices, etc. is through the District Dispatch.

Discussion regarding the need to update the by-laws of both MACD and SWCDM was followed by Jim's report that he is working on putting together a by-laws committee.

The "internal structure" of the "new organization" was discussed at some length. The consensus is that there should be some kind of structure in place, engineered/drafted, for Districts to "look" at in order to get their buy-in.

Several members of the committee felt that we were "going too fast" – putting the "cart before the horse." Area Directors were encouraged to call their Area Districts, but they don't feel they understand the proposal or the process well enough to talk to their Districts.

ACTION ITEM: It was decided that a joint meeting of the MACD and SWCDM Boards was necessary to address some of the barriers the committee leadership is experiencing in building the prototype of the new organization. Chuck will work on setting up a meeting. [Partially complete]

Some members felt that the joint meeting could be done during the Spring Board Meeting, but others felt that we would lose momentum and District interest. Chuck said he felt that there is an expectation that this is going to happen and putting things off to the Spring Board Meeting would unnecessarily stall the process.

Stephane felt we should slow down and make sure the SWCDM concerns are fully addressed.

ACTION ITEM: Gayla will produce a table of some kind that will recap District comments and questions with responses for general distribution. [complete; updated as needed]

Chuck reported that about 95% of the roughly 30 Districts that responded to the survey indicated a favorable vote for the reorganization.

Everyone agreed that the launch date for the new organization of January 1, 2021, was too aggressive; the target is now sometime after January 1; perhaps 18 months from now.

ADJOURN:

With no further business, the meeting adjourned at 8:40 a.m.

NEXT MEETING: April 6, 2020 7:30 a.m.

/s/ Gayla Wortman



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APPENDIX B - REORGANIZATION STUDY COMMITTEE

March 6, 2020

MINUTES

The meeting was called to order at 7:32 a.m. by Committee Chair, Gayla Wortman.

Members Present: Bob Peterman, and Gayla Wortman, Gary Giem.

Other Present: Stephanie Adams, Kate Arpin, Laurie Zeller, Gene Evan, Steve Hedstrom, Toni Benson, Paul Rosenberg, Gene Evan, David Martin

Gene Evan pointed out that his last name was incorrect in the February meeting minutes.

There were no changes or additions to the agenda as published.

PROGRESS REPORTS:

1. By-Laws Committee:

- a. In Jim Simpson's absence, Gayla Wortman reported that a By-Laws Rewrite Committee had been named and that Jeff Tiberi will staff and chair that committee. No other information was available.

2. Merger Survey:

- a. Gayla Wortman reported that she believed all survey results that were going to be coming were in and that over-whelming of those received the choice was to move ahead with the merging of the two organizations. Dave Martin asked about the details of the survey, which CDs had responded, and which had not. Gayla noted that Chuck had been keeping those results and they were not in her possession. Stephanie said that she would access Chuck's email to see what could be extracted from that. Those results will be added to the few that Gayla has and a report provided back to the MACD Board at the upcoming conference call.
- b. Dave suggested that we either do the survey over or try to reach out to those Districts that did not respond.
- c. Paul Rossenberg expressed acute frustration over the whole process of the merger pointing out that the Districts never know what is going on. He specifically cited the dismissal of the Executive Director as an issue that is frustration and causing annoyance.

ACTION ITEM: Gayla Wortman will reach out to those recorded as having not responded to the survey giving them one last chance to respond.

3. MACD/SWCDM Joint Meeting:

- a. Gayla Wortman noted that the joint meeting of the MACD Board of Directors and the SWCDM Board of Directors in Lewistown is still being planned. Chuck previously put out

a doodle poll to help determine the best possible date. Gayla Wortman is working on a progress report to provide to the 2 boards at this meeting. {All committee members are asked to be present at the joint meeting to help explain the work the Study Committee has been involved in for the last 3 months.}

ACTION ITEM: Gayla Wortman is working on a detailed progress report to give at the joint meeting. The report will be in written and oral form allowing for questions.

4. *Question/Response Table:*

- a. The Questions/Response table which records questions asked of the various CDs and then answered either by Gayla Wortman or Stephanie Adams. To date, Gayla has received no further comments or questions to add to the table.

ACTION ITEM: Gayla Wortman will record comments and questions on the table as they come in distribute the table again via e-mail.

NEXT STEPS:

Gayla Wortman explained what she felt the “next steps” in the process will include from her perspective:

- a. Prepare a Progress Report for the Joint Meeting in Lewistown.
- b. Develop “prototypes” of how the conjoined organization might appear. For example, a financial structure and an organization chart will be developed to help stimulate ideas for the final product.
- c. A Fact Sheet will be produced so that members will be able to see immediately what the Study Committee has determined.
- d. Produce hand outs and a power point presentation as supplementary information for the joint meeting.
- e. Begin outlining Final Report to be presented at the Spring Board Meeting.
- f. David Martin will assist Gayla Wortman in preparing for the Lewistown meeting.

ADJOURN:

With no further business, the meeting adjourned at 8:30 a.m.

NEXT MEETING: April 6, 2020 7:30 a.m.

/s/ Gayla Wortman



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APPENDIX B - REORGANIZATION STUDY COMMITTEE

May 5th, 2020

MINUTES

The meeting was called to order at 7:30 a.m. by Committee Chair, Gayla Wortman.

Members Present: Jim Simpson, Steve Hedstrom, Gayla Wortman, Dave Martin, Gary Giem

Other Present: Stephanie Adams.

Gayla discussed the purpose of this meeting which was primarily to gain input about what information should be included in the final Reorganization Study Committee report that will be developed and distributed during the Spring Board meeting (as well as sent to all Conservation Districts for review)

Final results of survey and discussion

The Survey, originally published in February, received responses from a little over half of the Districts (34), out of which, 28 were in favor of the merger, 7 were against, and 1 was undecided.

Provided suggestions for report development:

- The purpose of the Reorganization Study Committee
- Explanation on how input was received (i.e. the merger survey)
- A condensed summary report and a recommendation by the committee
- A general description of how the merger would occur (i.e. accounting needs/changes)
 - *It was noted that all funding received from membership dues will remain in its current bank account, separate from program (currently SWCDM) funding.*
- A recommended timeline for when merger-related activities should occur
- A list of both pros and cons of a MACD-SWCDM merger
 - *Including comments provided by Districts through the survey*
 - *Because many negative comments were directed at SWCDM, Gayla will work with Stephanie to obtain SWCDM input and clarification on the role that SWCDM plays and how to address concerns.*

A continued discussion on the merger will be had during Spring Board and a recommendation will be discussed. If it is recommended that MACD-SWCDM move forward with the merger, Conservation Districts will vote on that recommendation during the 2020 MACD Annual Convention in November.

ADJOURN:

With no further business, the meeting adjourned at 8:30 a.m.

/s/ Gayla Wortman

Appendix C

Reorganization Study Committee Created

By Gayla Wortman, CCD, MACD Reorg Committee Chair and Charles Cornillie, MACD Executive Director

As many are aware, there are rumblings that MACD and SWCDM are moving toward merging the two entities into one. Since the MACD Convention in November, a few steps have been taken to begin serious discussions regarding the merge. As expected, there are questions, concerns, and confusion. We will try to alleviate those concerns, answer the questions, and clear up confusion in this letter. Failing that, we invite anyone interested to join us on our Reorganization Study Committee conference call January 3. More on that later, but first let us tackle this beastie head on:

The organizational structure of groups such as MACD and SWCDM are defined by the IRS Tax Codes. Currently, MACD is a 501(c)(4), while SWCDM is the 501(c)(3). Both are tax exempt non-profit organizations, however, MACD is defined as a “social welfare” organization and SWCDM is a “charitable” organization, making any monies donated a tax “write off” for the donor.

As a social welfare organization (c4), MACD operates exclusively for social welfare, or the “public good”. MACD and as such has its limitations. For example, it may not accept charitable contributions or own property. But there are no limits to lobbying which is defined as “communicating directly or soliciting others to communicate with any official or his/her staff in the legislative or executive branch of government...” Also, MACD is directly accountable to conservation districts.

Charitable organizations (c3), such as SWCDM, include religious, educational, scientific, literary and other groups whose primary objectives are philanthropical in nature or improve community overall. Nearly every other state conservation district organization is a 501(c)(4). SWCDM may own property, like the office building in Helena and the Plant Materials Center. Attempts to lobby or influence legislation must be insubstantial, generally 5-20% of activities, and may only support legislation based on the organization’s causes or issues. Grant funds, however, may be used for lobbying purposes. SWCDM has been vastly useful in running programs, but it is only indirectly accountable to conservation districts.

Clear as mud, right? Right, but what does that all mean for the conservation districts of Montana? Generally, it can be distilled down to three choices to consider:

1. We can maintain the status quo, leaving MACD as a 501(c)(4) and maintaining SWCDM as a semi-independent 501(c)(3) organization, utilizing it for pass-through programs.
2. We can decide to change MACD’s status from a c4 to a c3 and not change SWCDM, creating two non-profit organizations able to do the same thing, however, MACD would be directly accountable to conservation districts while SWCDM only indirectly so.
3. We can merge MACD with SWCDM creating one c3 organization directly accountable to conservation districts.

Clearly, one advantage of changing MACD’s status to a c3 is that MACD would have the capability of limiting their dependence on membership dues to stay operational. If we choose option 3 and decide to merge MACD with SWCDM, we would eliminate the possibility of competing directly with a sister organization for program dollars. Confusion as to who does what would be cleaned up, new by-laws would be adopted, and we would no longer have 2 Boards of Directors. It remains to be seen which direction we take, but if we were to merge with SWCDM, it is

possible we would dissolve the existing 501(c)(4), and use the current 501(c)(4), repurposing it to be a member-driven organization.

The MACD Board has appointed a Reorganization Study Committee to research these options and direct a path toward a potential new structure for MACD. Anyone of these paths will likely mean a rewrite of the bylaws. To that end, the ad hoc committee will be soliciting conservation district supervisor and staff input as to which direction to pursue. The Reorganization Study Committee will be sending out a very brief survey for district supervisors to fill out at their January board meetings. The survey will ask for their personal opinions on the future structure of MACD. We also will be collecting names of supervisors who want to have input into a rewrite of the bylaws. There will be other issues in the course of the work of the committee where we will want to hear from district supervisors.

MACD is as committed to making this process as transparent and open as possible and it is important that supervisors weigh in on these issues so we can truly and rightly make decisions with which the conservation districts have ownership. The more involved the membership is in the process the better the final product will be. We are open to any comments or questions and invite anyone interested to participate on our first committee conference call. It is set for 7:30 a.m. on Friday, January 3. Call-in details will be coming out soon. In the meantime, if supervisors have any questions, they are invited to call Chuck at the MACD office, or contact Gayla Wortman, at 788-3128.

APPENDIX D

MACD REORGANIZATION SURVEY

'MACD has 3 choices as to how we will be organized in the future. We are asking you to pick one and tell us why. They are as follows

1. We can keep things as they are currently structured. Leave MACD as a stand-alone entity organized as 501c4 fully accountable to Districts. Leave SWCDM as a semi-independent 501c3 responsible for administering and finding funding for projects, things that it's c3 status allows it to do.
2. We can change MACD to a 501c3 and leave SWCDM as it is. As a 501c3 MACD would be able to accept charitable tax deductible contributions and take public money from entities such as NRCS. In short MACD could perform all the same functions as SWCDM. There would be two organizations that could perform the same function.
3. Merge MACD and SWCDM into one 501c3 organization. As a 501c3 there will be limits on the new MACD's lobbying ability that it would not have been encumbered with if it had stayed as a c4. However these limits would not have restricted any lobbying MACD has done in the past and it is highly unlikely to restrict our lobbying efforts in the future.

Even if we choose not change our current legal structure we may still choose to change MACD's bylaws. Are there specific bylaws changes you would like to see?

Would you be willing to provide input on a rewrite of the MACD bylaws?

APPENDIX E - MACD/SWCDM Merger Survey Responses

Updated 05/06/2020

Conservation District	# Responses	Favored Option	Comments
Beaverhead	2	3	Motion by Tom Miller 2nd by Carl Malesich, Motion carried.
Big Horn	1	3	The Big Horn Conservation District decided voted on April 2 nd , 2020 that this is they option they Supprt (Option #3)
Big Sandy	1	3	
Big Sandy(2)	1	1	
Bitterroot	1	1	
Blaine	1	1	
Broadwater	2	3	Hoping that a merger will help address issues due to inefficient, unresponsive, and territorial competing agencies. If cost savings are a fringe benefit, all the better and maybe the new merger association can spend some time and resources addressing the dilemma of local CDs basically having an unfunded mandate with regard to administering and enforcing the 310 permitting process / In my opinion there does not seem to be enough specific info to make an informed decision. There needs to be a comprehensive list of pro's and con's, perhaps an outline of what each org will be responsible for and a specific list of probable savings (not just generalities and maybe's), the timeline info is a start but why the rush? Gov't is not known for speed. Is there specific budget info available for both org's, what is expected income and how will it be divided? This info was apparently sent after the request for the survey input, seems the cart is first.
Carbon			
Carter	1	3	We fully support the option to merge MACD and SWCDM into one organization. We believe this merge will have less restrictions on funding.
Cascade	9	3	Merging would simplify a lot of issues. Start fresh with a Bottom-Ran Organization. Districts need complete control. Increase income possibilities
Chouteau	5	3	(5 supervisors responded all in favor of the merge) #3 is my choice if the boards still control the administration discussions. State convention attendees culd have more say as to the resolutions. Reduces duplication of effort and competition for resources, personnel, money, and attention from legilator and government officials. Montana is a low population/density state and almost everyone involved in anything wears multiple hats as it is. It seems definatley in efficient and probably foolish to have two organizations competing with each other in the same space. Major changes (to the by-laws) shouyd be announced with a longer lead time and more publicity to the conservation districts. There is still a lot of discontent with the change to voting for CDs (per District instead of per supervisor) and I think much of that is because the decision was done right before an MACD meeting. A merger would elimatte duplication and hopefully streamline operation where everyone is working in the same direction. Also, every supervisor should have their vote back. In favor of the merger if the executive administrator can handle the job. Is there any way for all attending can vote on all issues at area or state meetings?
Custer	1	3	
Daniels			
Dawson			
Deer Lodge	1	3	
Eastern Sanders	1	3	
Fergus	1	3	Fergus Conservation District Supervisors feel that option 3 would be the best option. This would make the office stronger, working as one unit. It worked for many years this way and should never have been changed. It caused division in the work force and with Districts. So we feel if it is put back to one strong organization would be the best for the office and the CD's.
Flathead	1	3	Need one set of goal, objects, budget, and board. Can reduce some costs such as Audits.
Gallatin	1	3	The consensus of the board (all 7 members present), was to pursue option 3, following deliberate discussion. Good questions were asked, especially in the area of allowable lobbying in the combined 501c3 structure, and making sure SWCDM would be able to continue to fully function in program management and CD support. The board indicated they felt a combined organization would be more efficient and transparent to the MACD-CD membership.
Garfield			
Glacier			
Granite			

APPENDIX E - MACD/SWCDM Merger Survey Responses

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Green Mountain	1	3	We believe that this option is the best option with the following beneficial effects. It will streamline the procedures, more efficient use of staff and finances, reduce staff confusion for the CD's and the public and there would be a clear job description for all.
Hill			
Jefferson			
Judith Basin			
Lake	1	3	
Lewis and Clark	1	3	Basically the board feels that having both entities under one umbrella would provide clarity in the office (and to the CDs) on what the mission of MACD is, and would hopefully provide office staff clarity as far as what their roles are. (Hopefully get you more day to day assistance from those who work in the office).
Liberty	1	3	LCCD generally thought this option was the best. One supervisor did voice concern that if MACD was accepting monies from special interest groups, would MACD be influenced enough to tailor their program in order to receive that funding?
Lincoln			
Little Beaver	1	3	The two entities are already functioning as one, and we feel like it would reduce confusion.
Lower Musselshell			
Madison			
McCone	1	3	With ever shrinking resources and qualified staffing pool, this option appears to be the best solution. Questions: 1 – How are other states organized? 2 – What root operating goals would lost if combined? 3 – What would the actual impact be on lobbying? 4 – What would the short and long term cost savings be from combining the offices? 5 – What are the compelling reasons not to join the two entities together?
Meagher	1	1	Our board is concerned with what special interest groups SWCDM accepts money from and what strings are attached. What groups MACD would accept funds from if it becomes a 501c3. SWCDM is not represented by agricultural interests. Supervisors cited that the advertisement for an SWCDM executive director said applicants should have a strong background in natural resources and proven experience working for or with non-profits. There was no mention of having an agricultural background at all. SWCDM is not accountable to the conservation districts.
Mile High			
Mineral			
Missoula			
Northern Powell	1	3	North Powell Conservation District met, May 4th and voted to support Option #3. We believe this is the most efficient way to have these two groups to work together and leverage funds. We are not concerned about the lobbying issue.
Park			
Petroleum	1	3	Option 3 seems the most logical solution and should pool both entities' resources and staffing needs under one entity. With that said, the merged entity's board should be made up of a mix of the two entities' boards. The new entity should have accountability to the districts as well as the partners so having an at large person on the board that represents these partner would be advisable. A joint mission statement and purpose would then be written along with new by-laws for the entity. We would like to see in the future, full meeting minutes records such as minutes and financial reports be emailed to the districts as a show of transparency.
Phillips	1	3	I am absolutely in favor of merging MACD into SWCDMI as a 501c3, while retaining or renaming the organization as MACD. I think this would clear up a lot of confusion, open new opportunities to MACD, and help assure that the vision and direction of the organization be determined by the Conservation Districts of Montana. Currently I believe there is some question regarding the direction of SWCDMI, and the alliance with Conservation Districts. I believe the current structure is very confusing, and I feel it must be very difficult to operate two entities as one. I can understand how this could easily create personnel and other issues due to uncertainty of responsibility, authority, and direction.
Pondera	1	N/A	PCCD would appreciate seeing evidence with a list of pros and cons that support the merger, or the continuation of both entities operating as they currently are organized. Once fully studied and with the facts and figures laid out, PCCD will then form our official position on the merger.
Powder River	1	3	We discussed the merger at our Powder River Conservation District meeting. The Board were leaning toward merging the two entities, for various reasons, but also wanted more information. The reasons include having only one board, perhaps reducing membership dues (since ours tripled by going to the minimum), being able to take in donation (501c3), and less expense due to having less administration.
Prairie			
Richland	1	3	We would like to see one organization called MACD Since that is the name agencies and people associate with Conservation Districts.

APPENDIX E - MACD/SWCDM Merger Survey Responses

Updated 05/06/2020

Roosevelt	4	1	I do not see or agree with a need to change or restructure moving forward / These two entities perform 2 different functions. Don't waste money and time merging them
Rosebud	1	3	A few years ago that the c3 was MACD and the c4 was swcdm. They switched so that swcdm could go after programs. We would request complete and detailed disclosure of the financials as well. SWCDM generates substantial revenue through the programs it currently runs and the partnership it has with NRCS. We would request that once the merge is complete, the fees and operating costs generated through these partnerships, could be used to offset the dues that districts pay to the organization and are used to directly benefit CDs. Although many of the programs are from federal funds, once the organization deposits these funds they are no longer federal. We would like to see current & future partnerships and programs managed by conservation districts. This would help cd's who operate on very limited budgets and are not currently able to offer full time employment or higher wages. We would like the merged MACD to work for and with the best interest of conservation districts. As contracts end with the current programs, instead of renewing or going after these opportunities, MACD should reach out to districts that would be willing and able to manage these programs. We would also like to see the bookkeeping and the website done by a conservation district employee who has the expertise already and would like the benefit of more hours or higher pay. We currently do not see a measurable amount of the services that are being paid for by MACD or DNRC being fulfilled. we would prefer that macd goes back to the state association that works for cd's. Helping cd;s apply for programs and grants, helping cd's build capacity, provide auditing and financial assistance when requested by a cd. Reaching out to cd's when opportunities arise to build partnerships and programs, helping district with the process, from applying for grants or programs to fiscally managing and reporting. We do expect resistance from SWCDM to merge the organization, both because they don't want to lose their jobs and the benefits of building the organization to operate on its own. We feel that the swcdm employees will have a huge part in the success of this transition and that there is no reason they cant fit into the MACD.
Ruby Valley			
Sheridan	5	1	SWCDM is accountable to MACD, in the MACD appoints directors. It is better to have two stand alone entities, one that is primarily focused on lobbying and other political activities (MACD), and one that is focused on delivering programming of interest to the conservation community (SWCDM). It is not difficult to envision a scenario where the lobbying entity is advocating on behalf of programs, activities, or legislation that are opposed by the funding agency. It is human nature to become resistant to supporting those who oppose your viewpoints, and having only one conservation district entity (in the case of a merger) simultaneously request programming funding while opposing the funding agency's position on some issue in the capitol is not a recipe for increased collaboration (i.e.. increased funding for SWCDM) between the two.
Stillwater			
Sweet Grass	2	3	We can merge the two entities into one organization. But does it eliminate board members? The main reason for SWCDM was to provide faster response and flexibility that MACD did not have. 2nd comment the main reason for SWCDM was to own Bridger. If MACD can change its tax status and take over Bridger then there is no reason to have two separate organizations.
Teton	2	1	A merger could result in lobbying restrictions.
Toole			
Treasure			
Upper Musselshell			
Valley	1	3	want a "lean & mean" organization able to be nimble and responsive. The have to problem with the new dues structure; however, they would like to see the size of the board reduced.
Wibaux	1	3	CDs must maintain control
Yellowstone			

Overview of District Responses

TOTAL Option 1	7
TOTAL Option 2	0
TOTAL Option 3	28
N/A	1
TOTAL Responses	35

* Big Sandy included twice

APPENDIX E - MACD/SWCDM Merger Survey Responses

Updated 05/06/2020

UNKNOWN RESPONSES

		3	The merger would have everyone going the same direction
		3	Option 3 will work as long as Districts have a vote and control who is on board and local Districts maintain all rights and power we currently have.
		3	As long as the new structure allows the individual CDs the power to make all decisions.
		3	
		1	The purpose of SWCDMI was to allow MACD to have ownership of Bridger BPMC. If MACD changes it's tax status and assume the responsibilities of SWCDMI then there is no reason to have two entities. In the last few years SWCDMI seems to have generated friction with MACD and it's members. It appears that some of the participants in SWCDM have ideas that are contrary to many of the CDs and supervisors. It bothers me that MACD's assets have been transferred to sWCDMi, especially when some SWCDMI members don't think they have to answer to the CDs. Eliminate SWCDMI and eliminate some of this friction. / Current by-laws lack specific procedures for amending said by-laws. All members have the right to adequate notice anytime by-laws changes are proposed.
		1	Leave as funded. SWCDM merges back to CD. Don't want public money. There is no new MACD. SWCDM is wanting to break away, "bange" bylaws and go for more public money.

APPENDIX F

PROPOSED MACD/SWCDM MERGER

Questions & Answers

NEW COMMENTS ARE HIGHLIGHTED IN YELLOW

SWCDM Responses were provided by S. Adams and incorporated; they highlighted teal.

Updated: 4/22/20

Last Distribution: 4/8/20

QUESTION	RESPONSES	NOTES
Is there an SWCDM Board and who are they accountable to?	<p>Yes, there is a board; they are somewhat accountable to the MACD Board of Directors.</p> <p>The SWCDM Board is currently made up of 7 District Supervisors. 4 of these members are also on the MACD Board and the other 3 are appointed by the MACD board.</p>	<p>4 members of the 7-person board are also members of the MACD Board:</p> <p>As of Jan 1 st , 2020: Mike Hansen (Chair & MACD Board member), Jeff Wivholm (Vice Chair & MACD Board Member), Dean Rogge (MACD Board member), Roddy Rost (MACD Board Member), Gene Evans (Treasurer), Roger Hybner, and John Anderson.</p>
Who currently sits on the SWCDM Board?	See Above	See Above
Do CDs appoint the SWCDM board members?	<p>Only in the sense that the MACD board appoints the members to the SWCD.</p> <p>SWCDM Board members are appointed by the MACD Board. So, yes the CDs do appoint the SWCDM board members through their MACD district directors.</p>	<p>The SWCDM statement to the left is a matter of opinion as is this:</p> <p>Most Districts, I think, would say that they have had little or no input as to the composition of the SWCDM board.</p>
Do CDs have the authority to consolidate MACD & SWCDM or did they lose that ability when the two separated	If the CDs direct MACD to pursue consolidation with SWCDM, MACD will comply and we believe, so will SWCDM	One note of interest, MACD and SWCDM have always been separate entities.
If CDs do have authority over SWCDM, would it be simpler to merge MACD into SWCDM, eliminating all the confusion and divide et impera [divide and rule or conquer].	Districts do not have authority over SWCDM; but, nonetheless, the Reorganization Study Committee has been tasked to: determine the best way to merge MACD and SWCDM into one 501c3 organization utilizing SWCDM's existing 501c3 status	<p>Initially, the proposed merger was given a target completion date of January 1, 2021; however, that fast-track is uncomfortable for many, so the new target date will be sometime after January 1, 2021;</p> <p>NEW COMMENT/RESPONSE: Shouldn't even exploring the merger process be the result of a vote at convention? <i>Under normal circumstances, yes, but the MACD Board directed the study at the November meeting and the Committee responded by going out to the Districts with a survey. No actual changes have been made at this time – we are only in the discovery phase.</i></p>

<p>Our board is concerned with what special interest groups SWCDM accepts money from, and what strings are attached.</p>	<p>We assume that the question asks us to identify the special interest groups and associated strings. We are willing to work with the ED of SWCDM to answer this question.</p> <p>All funding is scrutinized, as to its source, to be consistent with the goals and mission of MACD in supporting collective Conservation District's effort to put conservation on the land.</p>	<p>That said, the vast majority of SWCDM's funding is Federal, coming from NRCS partnership agreements or competitive grants such as DEQ's 319 funding. NRCS funding is broken into categories such as "Soil Health", "Pollinators", and "Conservation Story Telling" which we are then able to sub-award conservation districts for projects relating to these topics or to fund Big Sky Watershed Corps members. Soil health funding has also been used to help host workshops and our 2020 Soil Health Symposium. Very small amounts of funding come from other NGOs such as the World Wildlife Fund and Ducks Unlimited. These funds are directly applied in support of the Sage Grouse Initiative Program which employs 4 people who work with NRCS and local CDs to provide technical assistance to landowners. We may solicit sponsorship funds from private companies to help host our annual soil health workshops and symposiums. Our funding is all dedicated to increasing capacity, providing education and outreach, and implementing conservation for soil and water resources. SWCDM does not partake in any lobbying activities.</p>
<p>What groups MACD would accept funds from if it becomes a 501c3?</p>	<p>MACD could/would accept public money, grant funds, contribution, donations, etc.</p>	<p>A good example might be that if a large implement dealership wanted a significant tax write-off, they could donate money to MACD</p>

SWCDM is not represented by agricultural interests. Supervisors cited that the advertisement for an SWCDM executive director said applicants should have a strong background in natural resources and proven experience working for or with non-profits. There was no mention of having an agricultural background at all.	<p>This concern should be submitted to the SWCDM board and/or executive director, Stephanie Adams for clarification. The committee has no ready information regarding this issue.</p> <p>The key role of the SWCDM Director (not executive director) is to provide program leadership and build and maintain relationships with the wide variety of critical conservation partnership organizations MACD and SWCDM consistently work with. Regardless whether the job announcement specifically required an agriculture background, it was definitely part of the evaluation criteria. Having overly specific criteria in an announcement can severely limit applicants, especially in today's job market.</p>	<p>Observation: several of the board members are ag producers.</p> <p>Legitimate. Could there be requirements that board members have agricultural backgrounds or be active in the ag industry? <i>In my opinion, certainly there could be requirements attached, but this is a question for the SWDM Board to tackle.</i></p> <p>That said, SWCDM is focused on natural resource conservation issues which include, but not limited to those related to agriculture, lakeshore development, urban, recreational land uses and wildlife. MACD and SWCDM's boards have a wealth of agricultural experience in support of this effort. SWCDM also works to involve and partner with individual agricultural producers along with the myriad of dedicated agriculture and conservation organizations. The current SWCDM Director shares experience working directly with conservation districts as well as agricultural producers on implementing locally-lead conservation initiatives.</p>
SWCDM is not accountable to the Conservation Districts	<p>True.</p> <p>SWCDM is not directly accountable to the Conservation Districts, but the board does consist of mainly MACD Board members and is appointed by the full MACD board, who are representatives of and accountable to the Districts. Our board was designed this way so that SWCDM stays closely aligned with MACD's goals and mission.</p>	<p>Directors are appointed by CDs. <i>This is true. Of the 7 SWCDM board members, 4 are also members of the MACD board. MACD board members are elected by the CDs.</i></p>
We prefer that they merge into one organization that operates as the Montana Association of Conservation Districts.	<p>The name of the proposed new organization has not yet been discussed; however, your preference is noted</p>	
We would request complete and detailed disclosure of the financials as well.	<p>For which organization? Or, for both? And, more specificity would be helpful.</p>	<p>Both, probably. I'm not so sure any entity receiving a large percentage of funding from public sources might not be required to disclose their financials. How on earth can they be exploring a merger and not have looked at financials? <i>To date, the financial</i></p>

	<p>MACD and SWCDM Financials are posted to their corresponding websites: www.macdnet.org and www.swcdm.org</p>	<p><i>mechanics of the proposed merger has not been reviewed simply because we have not yet had time or the necessity as a decision has not been reached in terms of follow through on the merger and, this will have to be achieved through the treasurers of each organization. I have no doubt that this will be at the top of the priority list when or if this process continues.</i></p>
<p>SWCDM generates substantial revenue through the programs it currently runs and the partnership it has with NRCS (2.5 million dollars a year). We would request that once the merge is complete, the fees and operating costs generated through these partnerships, could be used to offset the dues that districts pay to the organization and are used to directly benefit the districts of Montana.</p>	<p>This request will be reviewed and discussed once, or if, the green light to continue toward the merge is received by the Districts, and the internal structure of the new organization is determined.</p> <p>SWCDM received a partnership agreement with NRCS that included \$2.5 million over the course of 3 years, or a bit over \$800k/year. There is no guarantee of this agreement being renewed in the future. SWCDM also does not dictate the spending of this agreement and acts as an oversight/pass-through entity for these funds, all spending is approved by NRCS leadership. \$1.6 million of this agreement has already been encumbered to fund our Sage Grouse Employees, a Soil Health research position with Little Beaver CD, and Pheasants Forever Wildlife Biologists. Of these agreement funds, SWCDM receives but a small portion of this funding to complete administrative support tasks. This agreement funding is likely not eligible for offsetting dues-based funding.</p>	<p>I would think this a key consideration; the reduction of dues paid by CDs. If the combined entity has the same administrative costs, there really isn't a point of consolidating the two and blurring the distinction between the lobbying and programing.</p>

<p>We would like to see current and future partnerships and programs managed by conservation districts.</p>	<p>Please see the previous response. These details will be addressed at some point in the future.</p> <p>SWCDM works to include and provide opportunities to Districts to help implement our programs and the majority of our programs are sub-awards provided to Conservation Districts. The benefit of SWCDM is our ability to cast a wide net across the state to disperse these funds whereas the benefit of a local Conservation District is working to implement programs at a local scale. SWCDM is focused on and is making strides in this effort.</p>	<p>It would be hard to prevent favoritism on the part of the managing CD, even if unintentional.</p>
<p>We would like the merged MACD to work for and with the best interest of conservation districts throughout Montana.</p>	<p>This is at the very core of this effort.</p>	<p>A legitimate question. Either is, in fact, accurate; or MACD doesn't do a good enough job educating on its activities.</p>
<p>As contracts end with the current programs, instead of renewing or going after these opportunities, ACD should reach out to the districts that would be willing and able to manage these programs.</p>	<p>A reasonable request, but there may be some specific requirements attached to the contracts. Again, once the dust all settles, we will be in a better position to make changes in the current way of doing business.</p> <p>See the above response.</p>	<p>Government entities such as CDS cannot conduct lobbying efforts. Nor can public funds be used for those activities. If CDs undertake all programs except lobbying, why go through the work of merging and consolidation? Just dissolve SWCDM. <i>The proposed merge of SWCDM and MACD would blend the 2 organizations into a single 501c3, the tax status that would allow MACD to explore other funding streams. According to DNRC/CDB the "lobbying" work that CDs themselves do is defined as "advocacy" and not lobbying as it is defined by the IRS. In addition, "A 501c3 is permitted to expend up to approximately 20% of total funds on lobbying under this election." Under this "substantiality test" 20% of the total funds of both MACD and SWCDM would be a very significant amount of time.</i></p>

<p>We would also like to see the bookkeeping and the website done by a conservation district employee who has the expertise already and would like the benefit of more hours or higher pay.</p>	<p>Certainly, within the realm of possibility.</p> <p>SWCDM & MACD appropriately have staff employed for these activities. The benefit being that they are central to our office and have the ability to solely focus on SWCDM & MACD activities which require a full-time position and a high level of involvement with the Boards. Fragmenting this role could introduce unwarranted inefficiencies.</p>	<p>Could be a way to save money, provided there is CD employee available with that skill set. If the current bookkeeping etc is done art tie, there probably won't be much savings. <i>This idea may be considered in the future.</i></p>
<p>We currently do not see a measurable amount of the services that are being paid for by MACD or DNRC being fulfilled. We would prefer that MACD goes back to the state association that works for CDs.</p>	<p>The meaning of this is a bit unclear, but our goal is to make sure the new organization does indeed work for CDs.</p>	<p>If I understand right, concerned that SWCDM doesn't perform up to what is expected. I would think that performance is contractually obligated. <i>This is something the SWCDM staff/board should be able to clarify.</i></p> <p>It would be beneficial to have this concern clarified, SWCDM is happy to discuss new or improved ideas for future programs and services. Many of our current programs are the result of collaborative discussions between SWCDM, CDs, DNRC, NRCS, and other partners such as MRCDC.</p>
<p>We feel that the SWCDM employees will have a huge part in the success of this transition and there is no reason they can't fit into the MACD. They may argue that the partners may not be willing to partner with MACD if the organizations merge. We hope that the committee goes out to the partners and visits with them directly.</p>	<p>As this process evolves, we will more than likely be working with partners and stakeholders.</p> <p>SWCDM is not concerned that partners would "Not want to partner with a merged MACD". It's more that many ongoing SWCDM programs require the ability to "cast a wide net" (i.e. our Education and Outreach grant is open to all CDs, watershed groups, NGOs focused on conservation, tribal, etc.). We believe there are solutions that can be incorporated into the merged organization to help retain these programs and will be addressed in further discussions of the possibilities with MACD and the Reorganization Committee.</p>	<p>If they don't get buy-in from outside stakeholders ad partners for the merger, the whole thing if completed will be DOA and a waste of everyone's time.</p>

We hope that the administrator will be kept in the loop and allowed to participate in meetings and calls as this process continues.	We are making every effort to keep everyone informed of everything as soon as it happens. Letters and e-mails are being answered as soon as possible, memos from the committee, and other documents produced by the committee are being shared with Districts through e-mail, but also, we will be putting documents on the web sites and we will be utilizing the District Dispatch. In addition, both Chuck Cornillie and Gayla Wortman are willing to attend District meetings to help alleviate confusion.	Anyone, supervisor or administrator or any other stakeholder, is more than welcome to participate in the conference calls. The calls are usually on the 6 th of each month at 7:30 a.m. Watch your e-mails for notices and then please do join us! CALL IN NUMBER IS ALWAYS: 1-888-575-2051
Previous letters sent out to the membership note that the reorganization will “limit the dependence of MACD on membership dues.” Some folks have the impression that SWCDM funds would be then able to fund MACD functions, which is made complex in that SWCDMs primary source of income includes federal grants that are directly tied to the programs we manage and are ineligible for lobbying efforts....it is important to note that SWCDM’s current funding would be very limited supplement to MACDs dues-based funding.	This is true, however, the comment regarding the dependence on membership dues did not specifically indicate that SWCDM CURRENTLY contracted funds would be utilized for lobbying or other purpose. What the comment was meant to point out is that as a 501c3, the new organization would be able to accept contributions and donations that could earmarked for whatever expense.	This is one of those areas that will need much thought and good bookkeeping. The bookkeeping is not difficult. Just ensure what you spend on lobbying is less than is received in unrestricted funds. The political environment could become difficult (to be charitable) if a single entity performs lobbying and programming activities. It is not hard to envision a scenario where lobbying takes place that is opposed to the position taken by a funding agency.
We recommend forming a budget for what it will cost MACD/SWCDM to go through reorganization before we get too far down the road. Costs for reorganization may include a re-do of our Chary of Accounts, audits prior to the reorganization, moving assets around, having a lawyer review the new bylaws, and likely other activities yet to be determined.	This is a good idea, but so far there has not been any or very little expense incurred - only just a few telephone conversations with the non-profit attorney in Missoula. Chuck Cornillie will be in a better position to craft a budget having recently just met with the Secretary of State.	If we use the existing MACD by-laws as a starting point for the new by-laws, we may not need a full legal review. An attorney will still need to look at the finished product, if for no other reason than CYA. And I thought no actions were being taken until the merger was formally approved? (like convening a bylaws committee) <i>The by-laws committee is initially instructed to look at the EXISTING MACD and SWCDM by-laws as many CDs have expressed desire to update both sets, no matter what the outcome of the proposed merger.</i>
Another topic worth discussing would be how the reorganization and becoming a	The goal of the proposed merger is not to somehow put SWCDM programs or funders in	

membership-based organization may affect SWCDM programing. Currently, though focused on providing services to Conservation Districts, SWCDM also provides funding and services to partners such as watershed groups, tribes, and other conservation-focused organizations that propose projects within MACD/SWCDM's broad Montana Conservation Focus. It is important to our programs, and our funders, that these programs remain open to our wide variety of partner clientele.	jeopardy. Every effort will be made to protect and broaden what SWCDM has created and built the last few years. Building capacity for the new organization will be a huge benefit for Districts.	
SWCDM is a unique organization and depending on funding and partnership opportunity, will need the ability to remain nimble, keeping the ability to make quick decision (i.e. applying for funding, developing a new program, partnering with other organizations). How will we provide a flexible, conservation responsive structure within a membership-based organization where the grater membership may drive what the program portion of the organization works on? Possibly provide for a SWCDM subcommittee responsible for program aspects.	Another great discussion point! Once we get a littler further down the line, this and many other points will have to be resolved. Please be patient.	I'd think ironing out who does what is a core component of this whole process and the main reason for a merger. <i>I agree that this is a very important component of the process (I do not agree that it is the main reason for the merger, however) and I envision new job descriptions will be written with input from each employee.</i>
Even as separate organizations, there have been comments made about the concern for SWCDM using MACD dues funding for our programs. How can we effectively assure the greater membership that this is not the case as a single entity?	One way will be complete transparency of the accounting. But, again, this has not been discussed in any way to date.	Why has this not been brought up at all?
Much thought and consideration should be put into determining how staff will function and how responsibilities will be delegated under the new organization, recognizing that in recent time SWCDM has gone from 5 to 3 staff.	This will indeed take some careful thought on the part of the new board of directors. When/if the new organization becomes a reality, a plan of work will need to be written (or the current one significantly updated), during that time, new job descriptions could be written.	Would it be more advantageous for one agency or the other to contact services to the other under the current structure to save on labor costs? (maybe?)

When the current MACD is dissolved, the existing Board of Directors and the officers is dissipated as well. Will we retain the existing Board of Directors? What will happen to SWCDM's board? How will this be handled?	This is again a question that will take some careful and creative thought. Suggestions are welcome!	There better be a plan in place to run a new entity before the existing ones are dissolved. Which would require the by-laws of the new entity be complete. Indeed.
You want the Districts to buy-in on this, but we don't know what it will look like. What's it going to look like.	The organization will be whatever the Districts want it to be as long it isn't in contravention to the laws and regulations. This question will be easier to answer the further we get down the line. We've only been working on this about a month. Please be patient.	One scenario is that the new association (for the time being, I'm going to call it CD Association to keep it separate from the other 2) will look much like the current MACD does now, with the exception that SWCDM's programs and staff will be blended and unified within the structure to create one super-association.
SWCDM is accountable to MACD, in that MACD appoints directors. It is better to have two stand alone entities, one that is primarily focused on lobbying and other political activities (MACD), and one that is focused on delivering programming of interest to the Conservation community (SWCDM). It is not difficult to envision a scenario where the lobbying entity is advocating on behalf of programs, activities, or legislation that are opposed by the funding agency. It is human nature to become resistant to supporting those who oppose your viewpoints, and having only one conservation district entity (in the event of the merger) simultaneously request programming funding while opposing the funding agency's position on some issue in the capitol is not a recipe for increased collaboration (i.e. increased funding for SWCDM) between the two.		
We would like to see one organization called MACD since that is the name agencies and people associate with conservation districts.	Noted.	

We do not see or agree with a need to change or restructure moving forward.	Thank you for your comment. The final decision will be made by Conservation District vote, perhaps as soon as November.	
We fully support the option to merge MACD and SWCDM into one organization. We believe this merge will have less restrictions on funding.	Thank you for your comment.	
It seems wise to merge the two organizations. All our efforts would be forced through one organization. This would contribute toward greater unity.	The desire to have “greater unity” has surfaced in many, if not all conversations.	
We can merge the two entities into one organization, but does it eliminate board members?	The actual “mechanics” of how this will be achieved and what the final structure will be has yet to be worked out. Because we are merging two boards, one with 18 members and one with 7, 4 of which are included in the 18, we could, then have a board of 21. However, as noted, nothing has been worked out to this date.	One suggestion has been to utilize the existing MACD Board of Directors because they were elected by the Conservation Districts. The existing SWCDM Board members would/could be utilized as a “Programs Advisory Committee” directing the programs that SWCDM currently has and/or others yet to be obtained.
The main reason for SWCDM was to provide faster response and flexibility that MACD did not have.	We are considering different options that would retain the fast response time and flexibility necessary to service the programs, however, since this process is still in the “study phase” nothing has been decided to date.	Some of these types of issues will be discussed in some detail when the two boards meet in Lewistown toward the end of March.
Also, SWCDM’s original purpose was to own Bridger Plant Materials Center. If MACD can change its tax status and take over Bridger, then there is no reason to have two separate organizations.		
What funds are used to pay SWCDM employees? Is it some administrative fee from the grants?	Stephanie Adams or one of the SWCDM Board members should be able accurately provide this answer. SWCDM staff are primarily funded through a mix of program grant admin and NRCS partnership agreements (again, for providing admin for pass-through funding)	
[We] generally thought this option was the best (option 3). One supervisor did however	This concern, and others very similar, has been voiced by other CDs. Both Boards of Directors	

voice concern that if MACD was accepting monies from special interest groups, would MACD be influenced enough to tailor their program in order to receive that funding?	will have to discuss this at some length and perhaps set some guidelines should the proposed merger become a reality.	
Could you please let me know what the status of the merger is?	The status of the merger is that it is only proposed. No decision, one way or the other, has been made, and will not be made before we have heard from each and every CD. This will be discussed in detail at the Spring Meeting in June.	
What is the real timeline for the decision making process? I heard the decision could not possibly be made before January of 2021.	I can't be certain on what the real time decision-making process on this is partly because we want to make sure we hear from each CD, but also because both the MACD and SWCDM boards must ultimately make the decision to move forward as directed by the CDs. IF the majority of CDs indicate that we should move forward, the proposal will be fleshed out over the summer, introduced as a resolution at each Area meeting, and if passed there, moved to the state convention for the vote. At this time, we are looking at January 2021 as the launch date.	
Can you let me know how, if this merger is completed, the governing authority of every Conservation District will be affected.	Conservation Districts are self-governing so the merger, if it happens, will not have any impact.	
Is this question something that can be added to your Q&A sheet?	I will certainly add all of these comments, and my responses, to the Q&A table.	
#3 is my choice if the boards still control the administration discussions. State convention attendees could have more say as to the resolutions.	There is an effort underway to streamline the resolution process.	
Reduces duplication of effort and competition for resources, personnel, money, and attention from legislator and government officials. Montana is a low population/density	The by-laws are currently being reviewed and revisions being considered. Districts will be given every chance to review the proposed by-laws prior to adoption.	It might be worth mentioning that SWCDM and MACD do not compete for resources, personnel, or funding. Primarily because we serve different functions. Our staff (most of SWCDM staff is shared with MACD)

state and almost everyone involved in anything wears multiple hats as it is. It seems definitely inefficient and probably foolish to have two organizations competing with each other in the same space. Major changes (to the by-laws) should be announced with a longer lead time and more publicity to the conservation districts. There is still a lot of discontent with the change to voting for CDs (per District instead of per supervisor) and I think much of that is because the decision was done right before an MACD meeting.	Yes, there is still a lot of discontent over this issue. My only suggestion is that submit a resolution for consideration and/or suggest a by-laws change.	maintain close communication with both Boards and ongoing work and we strive to complement each other. (i.e. MACD resolution 16-05 was passed to support pollinator education, SWCDM has worked (and continues to) to find ways we can help support CD pollinator programs through either through funding CD capacity with the Big Sky Watershed program or with available program cost-share funding)
A merger would eliminate duplication and hopefully streamline operation where everyone is working in the same direction. Also, every supervisor should have their vote back.	The notion of each supervisor having a vote at MACD meetings is one that many, many supervisor's voice. A resolution could be written and presented at the Area Meetings for District vote.	
In favor of the merger if the executive administrator can handle the job. Is there any way for all attending can vote on all issues at area or state meetings?		
Option 3 seems the most logical solution and should pool both entities' resources and staffing needs under one entity. With that said, the merged entity's board should be made up of a mix of the two entities' boards. The new entity should have accountability to the districts as well as the partners so having an at large person on the board that represents these partners would be advisable. A joint mission statement and purpose would then be written along with new by-laws for the entity. We would like to see in the future, full meeting minutes records such as minutes and financial reports be emailed to the districts as a show of transparency.	<p>Thank you for your comments. The actual structure of the board will have to be determined by mutual understanding and decisions of both the existing boards of directors.</p> <p>The idea of writing a mission statement could certainly be on a list of tasks as this proposal gains legs.</p> <p>Currently, the minutes of the MACD Board and the financial statements are on the MACD web site. Perhaps when we get a new executive director, this request can be revisited. I know many Districts have requested this.</p>	All SWCDM and MACD Board meeting minutes and financials are posted to the websites: www.macdnet.org and www.swcdm.org . All minutes and financials are also emailed to CD administrators and Supervisors via our biweekly District Dispatch. Please feel free to reach out if you are not receiving these emails

We want a lean, mean, nimble, responsive organization.	If the reorganization effort comes to fruition, this would be our goal!	
We think the size of the board is way too big to be efficient.	If the Reorganization effort comes to fruition, one of the first focus areas will be the compilation of the board of directors. Several ideas have been proposed, but since we were unable to have the joint meeting of the 2 organizations, this has not been discussed yet.	

Appendix G - Proposed Reorganization Chart

