

# AMERICAN SADDLEBRED HORSE ASSOCIATION, INC. AMERICAN SADDLEBRED REGISTRY

## Joint Board of Directors Meeting

Kentucky Horse Park  
United States Dressage Federation Headquarters  
Lexington, Kentucky

Monday, July 6, 2009  
10:00 a.m. Eastern Time

## MINUTES

[As amended and approved October 5, 2009]

### (Association)

**Members Present:** President Judy Werner, Vice President Barbara Molland (arrived early in the meeting), Treasurer Jim Ruwoldt; Directors Betsy Boone, Louise Gilliland, Nelson Green, Charles Herbert, Germaine Johnson, Scott Matton, Dr. Margaret McNeese, Mary Ann Pardieck, Dr. Alan Raun, Jimmy Robertson, William Whitley, Art Zubrod.

### (Association)

**Members Absent:** Secretary Paul Treiber; Directors Vicki Gillenwater, Carl Holden.

### (Registry)

**Members Present:** President Barbara Molland (arrived while the meeting was in progress), Vice President Lisa Duncan, Secretary Margaret McNeese, Treasurer Jimmy Robertson; Directors Mary Anne Cronan, Louise Gilliland, Charles Herbert, Bob Ruxer, Judy Werner, Art Zubrod.

### (Registry)

**Members Absent:** Brian Reimer.

### Others Present:

UPHA Vice President Bret Day, American Saddlebred Museum President Laurel Nelson.  
Counsel Jeff Streepey, Executive Secretary/Registrar Alan Balch.  
William Bennett, CPA, Independent Auditor.  
Executive Assistant Ann Hill, Registry Associate Katriona Adams,  
Marketing and Communications Manager Brice Carr.  
Director, Kentucky State Fair: Fred Sarver.  
Sweepstakes Committee Chair: Bill Wise.  
Steve Specht, Susan Cassell: Merrill Lynch.

**I. The meeting was called to order by** President Werner at 10:05 a.m. She stated that President Molland had called and advised she was en route. Mr. Balch called the roll and noted that quorums of both the Association and Registry boards were in attendance. The agenda was adopted as circulated in board materials, upon the motion of Ms. Cronan and second of Mr. Whitley. Mr. Balch noted that the bylaws specify that Sturgis Code of Parliamentary Procedure applies.

**II. Introduction of Guests**

Guests (above) were introduced.

Mr. Day stated he was attending for James Nichols of UPHA, and appreciated the invitation to attend. Mr. Sarver noted his new position on the Kentucky State Fair Board of Directors, emphasized how worthwhile the close working relationship of the ASHA is with the Fair, and noted several changes for this year's show. He stated that the next meeting of the Advisory Committee will follow the Fair. Ms. Nelson reminded the attendees of the fund-raiser on Wednesday night of the World's Championship, advised that the Museum building expansion is on schedule, and is working with Mr. Robertson on ideas for Saddlebred exposure at the 2010 World Equestrian Games. Mr. Balch advised that the office is open for visits and that the Museum expansion can be viewed at the same time.

*Mr. Streepey reported that the Museum seeks formal approval of an "estoppel certificate" related to the Association's lease agreement, as necessary for the Museum's financing plan. He has reviewed the documentation with Mrs. Werner. Mr. Zubrod moved approval, Mr. Ruwoldt seconded, and the motion carried unanimously.*

Mrs. Werner introduced Mr. Wise, and reported on discussions held at previous Board meetings about the possibility of relocating the Four-Year-Old Sweepstakes from Indianapolis, where it has been held for several years. She stated that she and Mr. Herbert had met with Ms. Claire Panke at Indianapolis, representing the All American Classic, and they had had a productive discussion about the importance of the Sweepstakes program for the breed and the Registry.

Mr. Wise detailed the evolution of the program, and emphasized it is national in scope. He described the significant added prize money made available for Kentucky-breds in it by the Kentucky Breeders Incentive Fund, and the Sweepstakes Committee's discussions about possibly moving its location. He noted that the soonest it could be held in a different location is probably 2011, and that several possibilities exist, including the Kentucky State Fair and the Kentucky Fall Classic. The directors discussed the matter at length, and several differing opinions were voiced. Mrs. Werner noted that this was an informational item, and not an action item for this meeting.

Mr. Balch stated that while Dr. Ernie Bailey had expected to attend during lunch to discuss his research projects, he has been unavoidably detained and apologizes that he will not be able to do so.

### **III. Consideration of Registry Minutes**

Ms. Molland assumed the chair and asked for *consideration by the Registry directors of the minutes of Tuesday, March 24. Ms. Cronan moved their approval, Mr. Zubrod seconded, and the motion carried without objection or abstention from directors of the Registry.* Mr. Balch noted that receiving electronic approval of minutes when circulated is not possible if less than a majority affirmatively responds when minutes are circulated. Even if a bare majority responds, he stated that he is reluctant to consider the minutes properly reviewed, so he has been bringing all minutes to the next board meeting as has been customary. Mr. Zubrod urged the directors to respond to the email circulation of minutes.

### **IV. Consideration of Association Minutes**

Mrs. Werner assumed the chair once again. Mr. Balch noted that minutes of February 12, February 14, and April 21, had been circulated for review. *Mr. Robertson moved the approval of minutes of all three meetings, Dr. McNeese seconded the motion, and it carried without objection or abstention.*

### **V. Review of Guidelines for Conduct of Directors, As Adopted February 2009**

Mr. Balch stated that he had been asked to re-circulate these guidelines as a reminder because some materials labeled as confidential and sent to directors had been posted on the Internet recently. A discussion of the importance of observing the formal guidelines ensued, and the reasons for them.

### **VI. Joint Finance Committee, Treasurers' Reports**

Mr. Ruwoldt, Mr. Robertson, and Mr. Balch led a lengthy discussion of the financial condition of and forecasts for both the Association and Registry.

#### **a. Five-Year Consolidated Summaries**

Mr. Balch called attention to a consolidated summary of financial performance dating back to 2000, with special attention to the footnotes. He stated that here, in summary form, is the essential documentation of the steady and improving financial management of our organizations.

#### **b. Investment Portfolio Review**

Mr. Specht gave a detailed presentation on the Merrill Lynch management of the investment portfolios of the Association and Registry. Our conservative approach to investing has meant that we do not achieve the greatest possible gains when market conditions are favorable, but that we do

not suffer as greatly when they are unfavorable, as they have been over the last year or more. The directors engaged in a discussion of the investment policy and the various fund performances.

**c. Review of 2008 Tax Returns (Registry and Association)**

Mr. Balch, Mr. Streepey, and Mr. Bennett reported in detail on the new tax return filings required for the year ended December 31, 2008. The amount and level of detail required have expanded considerably from previous years. Inasmuch as several new schedules and itemized answers are now required, leadership and staff felt that they deserved the close attention of the board. The draft returns for both Registry and Association were reviewed page by page, and item by item, with several questions raised and answered, or delegated to staff, auditor, and counsel for investigation and the appropriate response. *Mr. Zubrod moved, and Dr. McNeese seconded, on behalf of both boards of which each is a director, that the officers and staff of each organization be authorized to finalize the returns upon consultation with counsel and independent auditor, and the motion carried without objection or abstention by both the Registry and Association board of directors.*

**i. Document Retention and Destruction Policy**

Mr. Balch and Mr. Streepey described the sources and background for the draft presented and the adoption of such a policy. Following discussion, *on behalf of the Association Mr. Herbert moved its approval, Mr. Pardieck seconded, and the motion carried without objection or abstention by the Association's directors. On behalf of the Registry, Ms. Cronan moved its approval, Ms. Gilliland seconded, and the motion carried without objection or abstention by the Registry's directors.*

**ii. Employee Protection Policy**

Once again, Mr. Balch and Mr. Streepey described the evolution of the draft for consideration, and the prudence of its adoption. Mr. Streepey answered several questions about its necessity and the detailed language proposed. *On behalf of the Association, Ms. Pardieck moved its adoption, Mr. Robertson seconded, and the motion carried without objection or abstention by the Association's directors. On behalf of the Registry, Mr. Zubrod moved its adoption, Mr. Herbert seconded, and the motion carried without objection or abstention by the Registry's directors.*

**iii. Conflict of Interest Policy**

The proposed policy and its implementation were evaluated at some length. Mr. Streepey and Mr. Balch noted that its adoption would be step one in the process, inasmuch as a disclosure form would need to be developed as a companion to the policy based on the internal reference to such disclosure. Various possible conflicts of interest and definitions were discussed. In addition, a privacy policy may need to be considered depending on further research, should detailed business disclosures be required. Mr. Balch and Mr. Streepey advised that was unlikely. Existing conflict of interest policies were described, as contained in the

ethics and guideline publications received by directors and staff. *On behalf of the Association, Ms. Johnson moved the approval of the policy as presented, Ms. Boone seconded, and the motion carried without objection or abstention by the Association's directors. On behalf of the Registry, Ms. Cronan moved its approval, Dr. McNeese seconded, and the motion carried without objection or abstention by the Registry's directors.*

**d. Registry and Association Financial Statements as of May 31, 2009**

Mr. Robertson reported on the Registry's financial performance, and noted that Mr. Whitley's participation on the Joint Finance Committee was an excellent asset. Mr. Ruwoldt joined the discussion as to the Association. Detailed descriptions of various line items ensued, including unfavorable performance vs. year earlier results on Registrations and Transfers. Mr. Balch commented on staffing reductions, and noted the timing of various income items. The financial relationship with the Kentucky State Fair and its evolution was described by Mrs. Cronan.

**e. Consideration of Independent Auditor**

Mr. Ruwoldt noted that the Joint Finance Committee had discussed the changing attitudes in business and the not-for-profit world as to continuity of independent auditors: whereas once it was considered a red flag to change auditors, now it is anticipated that auditors should be changed on some basis in order to prevent undue familiarity, perhaps every five years or so. The Finance Committee will continue to review this matter, but adopted a recommendation at its last meeting that the leadership should explore the possibility of changing auditors after the 2010 annual meeting.

**VII. Registry Programs, For Consideration/Action**

**a. Saddlebred Record**

Mr. Matton described the work of his committee to enable proper recognition of Country Pleasure horses in this important program. The proposed changes in the rules were reviewed, as circulated, and Mr. Matton noted that the number of points should read, correctly, "For every 6 points previously earned in the Country Pleasure section, one point will count toward the 15 points required." Mr. Matton noted that this will mean the program will have one system of points. The effective date of the changes will be the current competition year, commencing December 1, 2008. *Ms. Molland requested a motion from a Registry director. Ms. Cronan moved approval of the revised proposal, Ms. Gilliland seconded, and the motion carried without objection or abstention.*

**b. Equitation Mount Recognition**

Mr. Matton mentioned the importance of recognizing Equitation mounts in some manner consistent with the existing Saddlebred Record program, perhaps through a Hall of Fame, or with designation as ECH (Equitation Champion), based on points, or both. There was general support for further investigation and the need for such a program. Mr. Matton will report on his committee's work to the board.

## **VIII. Association Programs, For Consideration/Action**

### **a. Charter Club Council**

Mrs. Molland reported on discussion by the Charter Club Council at its meeting in February, and a desire for smaller groups (than the 20 required) to be able to form a Charter Club. Following discussion, several directors had suggestions for other ways to provide incentives for participation, and that reducing the required number of members would not necessarily be positive overall.

### **b. Equine Welfare Committee Grants**

Mr. Balch noted that a situation developed quickly in Mercer County that needed our attention, and that urgent funds were sought from our Equine Welfare Fund per the application forms we had previously developed. Several additional donations were received, dedicated to use in this particular case. While President Werner had approved the grant, retroactive approval of the board is in order. *Ms. Cronan moved the approval of the funds dedicated to the Mercer County situation, Ms. Molland seconded, and the motion was carried without objection or abstention.*

A discussion ensued of the mission and purpose of the Equine Welfare Committee. Mr. Robertson suggested a director be appointed to serve on the committee. Dr. McNeese suggested that the committee's purpose be reviewed and perhaps defined more carefully.

## **IX. Report of the Executive Secretary/Registrar**

Mr. Balch called the attention of the directors to the organizational chart and position descriptions included in the board packet. He stated this was for informational purposes, and that no action was required. He noted that some positions are currently vacant owing to budgetary constraints.

In addition, he noted briefly the various statistics and trends provided in the directors' materials, particularly the Breed Registration comparisons.

He presented an overview of the Association and Registry performance from 2004-2009. In addition, he described an inventory of staff projects pending, and major initiatives pending for future consideration, as well as a Powerpoint presentation on the evolution of the Association and Registry.

## **X. Other Business**

Mrs. Johnson described the status of the Youth Auction for the Kentucky State Fair, and emphasized its vital importance for the Association's programs. She reminded everyone that their support and attendance was encouraged.

## **XI. Executive Session**

Upon motion of Mr. Robertson, seconded by Mary Ann Pardieck, and approved unanimously, guests and staff (with the exception of Mr. Balch) were excused and the directors retired to an Executive Session at 2:50 p.m. to consider legal matters.

Following extensive discussion, the meeting reconvened and the Association directors considered adoption of two additions to the Bylaws of the American Saddlebred Horse Association.

*Dr. Raun moved that a new bylaw be adopted as to Litigation (attached), and Mr. Matton seconded. The motion carried without objection or abstention.*

*Ms. Pardieck moved that a new bylaw be adopted as to Inspection of Records (attached), and Ms. Johnson seconded. The motion carried without objection or abstention.*

*The Registry directors considered an addition to its Rules, Section XII, Registry Not Liable (attached). Mr. Robertson moved its adoption, Dr. McNeese seconded, and the motion carried without objection or abstention.*

Mr. Balch was then excused in order that the directors could consider personnel matters related to his contract in executive session. When the meeting reconvened, the Association's directors approved an amendment to the Executive Secretary's employment contract setting his current non-deferred compensation at \$75,000 per year effective as of July 1, 2009, and permitting him to engage in outside activities and projects for compensation with the approval of the Association's officers. The Executive Secretary is to provide the President of the Association with a written description of such projects. The contract was referred to the officers of the Association for approval of definitive contract language. *Dr. Raun moved approval of the amendment, Ms. Pardieck seconded, and the motion carried.*

## **XII. Adjournment**

Due to the lateness of the hour, and with no further business to come before the board(s), the meeting was adjourned by agreement of all directors present, at 4:50 p.m.

Submitted by: \_\_\_\_\_

Alan F. Balch  
Executive Secretary

\_\_\_\_\_  
Jefferson K. Streepey, Esq.  
Counsel

## **LITIGATION**

No member of the American Saddlebred Horse Association or participant in its programs may invoke the aid of the courts of the United States or any state without first exhausting all remedies available under the procedures provided in these bylaws. Any such member or participant alleging to have been aggrieved by an act or omission of The American Saddlebred Horse Association shall petition the United States Equestrian Federation to hear a grievance against ASHA under procedures substantially similar to those outlined in USEF bylaw 704 and related rules.

## **INSPECTION OF RECORDS**

A director shall be entitled to inspect during regular business hours at the Association's main office any of the books, records, and other documents of the Association, provided that the director gives the Association written notice at least five (5) business days before the date on which the director wishes to inspect such books and records. A director may copy any such books, records and documents, but except with the approval of the board of directors may not disseminate such copies to anyone other than his/her attorney, accountant, or other expert advisor whose opinion the director deems necessary to assist him/her in the discharge of his/her fiduciary obligations as director.

In addition to the inspection and copying of the records of certain nonprofit organizations permitted the public under the federal Internal Revenue Code and regulations, a member of the Association in good standing may be permitted to inspect the articles of incorporation, bylaws, financial statements, minutes, the record of executive compensation, as disclosed on IRS form 990, and list of the names and addresses of members of the Association during regular business hours, upon at least five (5) business days prior written notice of his or her request stating the purpose of the inspection. The Executive Committee of the Board of Directors may in its discretion permit copying of such documents at the expense of the individual requesting copies.

# **AMERICAN SADDLEBRED REGISTRY**

RULE CHANGE ADOPTED: July 6, 2009

Add new paragraph to Section XII, Registry Not Liable, as follows:

The Registry relies on the accuracy of all information furnished it in connection with the registration and transfer of horses. The Registry is not responsible or liable for any erroneous registration, transfer, certificate or other document it issues as a result of false, incorrect or inaccurate information furnished to it. Anyone who knowingly furnishes such false, incorrect or inaccurate information may be subject to charges of violation of these rules.