

DRAFT AGENDA
AERC BOD Conference Call 2/11/19, 6 p.m. PT

Call to order and roll call

Housekeeping:

Acceptance of agenda

Approval of 1/14/19 board conference call meeting minutes - ### below

Excusals – None received as of 1/30/19

Statistical report – to be provided before the meeting - Kathleen

Business before the Board:

Approve Naomi Preston as the new NW Regional Director

Insurance discussion – Vance Stine

Safe Sport update – Monica Chapman

Starting rider discussion

Open meeting discussion

Hot Topics subjects

AERC BOD MINUTES January 14, 2019

Meeting was called to order by acting President Monica Chapman at 9:04 pm. Kathleen Henkel took roll. Other Board members present were, Olin Balch DVM, Michael Campbell, Connie Caudill, Jan Stevens, Tonya Stroud-Oaks, Mary Howell, Nick Kohut DVM, Stephanie Teeter, Paul Latiolais, John Parke, Lisa Schneider, Susan Kasemeyer, Vance Stine, Troy Eckard, Marcia Hefker-Miles, Shawn Bowling, Andrew Gerhard, Terry Woolley Howe, Mollie Krumlaw-Smith, Bob Marshall DVM, Mike Maul, Heather Reynolds, Paul Sidio and Christoph Schork. Lisanne Dorion, chair of the Legal Committee, was also in attendance.

A motion was made to accept the agenda by Lisa Schneider and seconded by Susan Kasemeyer. Motion passed.

Michael Campbell made a motion to approve the AERC December meeting minutes, seconded by Nick Kohut DVM. Motion passed with John Parke, Mike Maul and Stephanie Teeter abstaining.

Susan Kasemeyer made a motion to excuse John Parke and Heather Reynolds from the December meeting and to additionally excuse Angie Mikkelson from the current meeting. Olin Balch DVM, seconded. Motion passed.

Kathleen Henkel gave the membership report:

Membership as of 1/17/18 2977

Membership as of 1/14/19 2644

Sanction fees as of 1/14/18 \$ 7,840
Sanction fees as of 1/14/19 \$ 1,700 (An additional \$7,365 in deferred revenue is awaiting reclassification for the 2019 ride season)

Rider fees as of 1/14/18 \$ 1,299
Rider fees as of 1/14/19 \$ 304

New members as of 1/17/18 153
New members as of 1/14/19 122

A motion was made to approve Heather Reynolds to chair the Junior/Young Rider Committee by Jan Stevens and seconded by Steph Teeter (who is stepping down as chair). Motion passed.

A motion was made to approve Connie Caudill to chair of the Sanctioning Committee by Susan Kasemeyer (who is stepping down as chair) and seconded by Andrew Gerhard. Motion passed.

Monica Chapman asked that the Board approve a newly formed Best Board Practices Ad Hoc Committee in which she will chair. The committee will cover many items in governance. Members will be Lisa Schneider, Marcia Hefker-Miles, Troy Eckard, Lisanne Dorion and Kyra DeMartini. This committee will also fulfill the role of the Board's recent decision concerning the protest against Troy Eckard by placing him on the committee to help make guidelines on how Board members should behave at rides. Andrew Gerhard made the motion to approve and it was seconded by Susan Kasemeyer. Motion passed with one no vote and one abstention

The Sanctioning Committee made a motion to approve the Still Prineville pioneer ride in the NW region to be held on May 3-5, 2019. This ride is one of the oldest rides in the area but this will be the first time as a pioneer ride. With sanctioning being requested in less than required 180 days, the Ride Manager has stated that they would be willing to just host a 50/50/50 which would not qualify as a pioneer ride but would still offer 3 days of 50-mile rides. The Sanctioning Committee felt the 180-day time frame is too long and will be looking in to requiring 90 days the same as regular rides. Motion passes with one no vote.

A motion was made by Vance Stine and seconded by Heather Reynolds to ratify the Executive Committee's approval of the list of candidates put forth from the AERC-I Committee that would serve on the USEF Sport Committee. The names included are Cheryl Newman, Lynn Kenely, Carolyn Hock, Holly Corcoran and Emmett Ross. Motion passed

Mollie Krumlaw-Smith commented on our financial performance for 2018 and presented the AERC budget for 2019. She stated that without knowing the outcome of the USEF/AERC vote and how we would move forward, she was being very conservative on the budget. She reported that 2018 was favorable to the budget because we were able to pick up revenue from sponsors that we didn't anticipate, ride related fees were slightly better than budget, and that the Green Bean membership contributed to income. She is estimating that we will finish out 2018 with a loss but favorable to budget. Mollie Krumlaw-Smith is willing to go over the budget in a bit more detail in our face to face meeting at the convention once we have an idea of the direction AERC will take with USEF.

John Parke made a motion to approve the budget (which he stated they can be amended if needed at a later date). Seconded by Olin Balch DVM. Motion passed.

Jan Stevens AERC Affiliate Representative to the USEF International Disciplines Council gave a summary of the 2019 USEF Annual Meeting- Perceptions and thoughts. AERC is still considered an affiliate of USEF although we have received a letter from the USEF CEO stating that we had a deadline of January 12, 2019 to pay the affiliate fee (\$200) and sign the current affiliate agreement and we have not completed either task to date.

AERC's affiliate status with USEF can end one of two ways

1. AERC terminates the affiliate agreement with USEF
Outcome – immediate termination of the agreement

Can AERC go back to the negotiating table with USEF at a later date? Yes, it is possible.

2. USEF terminates the affiliate agreement with AERC

Outcome – Jan Stevens' understanding, as per USEF Bylaws 205 (Sections 1 and 2) USEF has given us a deadline of January 12, 2019 to pay – This is 30 days from a letter that AERC received in December. Unless provided by the USEF BOD, AERC has an additional 90 days before termination of the affiliate agreement. The USEF BOD will then convene to officially terminate our agreement, but they can only do that after the Hearing Committee has met.

Can AERC go back to the negotiating table with USEF now? Yes and the sooner the better.

The USEF BOD voted to approve the names going forward to the seats on the Endurance Sport Committee (ESC) from AERC, through recommendation by AERC International, dependent on the AERC BOD's ratification of the AERC Executive Committee's action and AERC's affiliation status. USEF is still concerned that AERC might not be upholding Hearing Committee and FEI suspension rulings. This is particularly worrisome to USEF when it comes to Safe Sport rulings. Safe Sport training is a big issue with USEF.

Leadership at USEF is concerned about Endurance as a whole from the grass-roots level clear to the FEI level here in the USA.

Does USEF need an endurance affiliate? Yes. If AERC is no longer the affiliate, plans are to initially have the USEF Endurance Sport Committee take over as the interim affiliate until one can either be created (similar to the role of USA Reining) or another organization is offered the role.

Will USEF allow co-sanctioned events? The ESC and the Endurance Director will put forth a request for Presidential Modifications to adjust the USEF Rules and/or Bylaws to allow for co-sanctioned events with non-affiliates to take place. A group of individuals from the ESC are working now to craft the wording. USEF is not going to hinder the athletes or the Ride Organizers.

Can AERC go back to the negotiating table concerning the affiliate agreement? Yes, absolutely. During the open session of the USEF Affiliate Roundtable, Bill Moroney (USEF CEO) stated that USEF now clearly understands that some of the wording in the current "plain Jane" affiliate agreements is rather vague. An example that was given was the statement in the affiliate agreement that "the affiliate would agree to follow USEF rules and Bylaws" with no specifics given. USEF also announced that they were going to seek out additional staff to work on new affiliate agreements. There are very few current (updated) affiliate agreements with the federation and their various affiliates (3-4 out of 18).

Does the affiliate have anything to do with riders participating in international competitions? Jan Stevens stated that she would suspect that the Ted Stevens Act might play in if the athlete was not in good standing with the recognized affiliate.

The Board members asked questions concerning Safe Sport Training. Who would need to take safe sport training? Jan Stevens said that would be up to AERC and each affiliate. When would we need to have it implemented? Monica Chapman said there has been an extension to July 31. There was concern if the 30 AERC/USEF members who have not taken their safe sport training would be suspended from AERC rides. Jan Stevens has an inquiry into USEF concerning the language of the suspension notice since it only states USEF events and will report back on it. Most board members were just concerned for our Ride Managers who have already co-sanctioned rides with FEI and don't want them to be a financial crisis if AERC should disassociate so asked if USEF would allow co-sanctioning. Jan Stevens said USEF is looking into it.

At 9:30 pm, Vance Stine made a motion to go into executive session for legal discussion. Marcia Hefker-Miles seconded. Motion passes. The Board came out of executive session at 9:45 pm.

Lisanne Dorion reported on the Legal Committee's response to the request from the AERC President regarding USEF affiliation.

In the third week of December 2018 the Legal Committee of AERC was asked to consider the possible issues surrounding the termination of AERC's affiliation relationship with USEF. At the same time USEF was also requesting certain confirmations from AERC regarding the execution of the Affiliate Application and confirmation on certain enforcement matters.

The Legal Committee opened a dialogue with the General Counsel of USEF and found a solution to the enforcement matters and confirmed the procedural matters involving AERC's approval of the Affiliate status. However, the request to consider all possible issues involved with terminating AERC's affiliate status necessitates a greater degree of analyses and forward thinking than basic legal issue.

Due to the recognized duty and responsibility the Board has to the organization the Legal Committee has grouped its thoughts into two primary groups. The first group addresses the strategic and longer-term topics which should be given robust discussion and analyses by the Board if they are going to be used as a justification to terminate the affiliate relationship. The second group addresses current obligations and potential business liabilities for AERC if the Affiliate relationship is terminated immediately.

It is the Legal Committee's understanding that groups of directors and/or interested individuals have presented the Board with data and research on each of the topics below. This combined with thoughtful analyses should fulfill the BOD duties to the organization. In addition, and regardless of the group below, the Legal Committees' dedicated resources look forward to discussing possible solutions with the BOD should further inputs be needed.

STRATEGIC AND/OR LONGER TERM TOPICS

1. What services or benefit that USEF provides will need to be provided for in order to ensure that AERC mission and organizational obligations to members are upheld.
2. Identification and, if appropriate, solutions to actual procedural conflicts between the AERC and USEF
3. How does a change in relationship between the two organizations effect strategic goals and stated mission of AERC.

IMMEDIATE OR SHORT-TERM TOPICS

1. What are the actual and current obligations that exist between the two organizations.
2. Is there an obligation to give notice of termination pursuant to pre-existing agreements between the organizations.
3. Discussion on the obligations of the Affiliate renewal application versus the negotiation of the Affiliate Agreement.

(Talking point summary were noted after each item)

Lisanne Dorion again stated, the Legal Committee has not had the time to do a deep dive on each of the topics noted above. However, the Legal Committee does counsel the Board that if a decision is to be rendered by the Board on AERC's status with USEF that, at a minimum, the items in Group 1 should be thoroughly assessed and the topics in Group 2 should have clear next steps.

Lisanne Dorion went on to say that the Legal Committee just wants the Board to do due diligence. She said the Board needs to look forward and not back at history. The Legal Committee answered some of the concerns and questions of the Board.

The Legal Committee hasn't had time to go through the USEF/AERC bylaw conflicts. They stated that the board has a duty to AERC in upholding our own bylaws.

AERC doesn't have an affiliate agreement with USEF, only has a simple affiliate contract at this time.

In preparing for the discussion on vote on the suspension of the USEF/AERC affiliation, the Legal Committee discussed recusals and conflict of interest. Heather Reynolds recused herself from the discussion and vote.

Discussion began by allowing each Board member to voice their opinion. During the discussion, Michael Campbell made a motion to amend the motion. The amendment changes to the motion are underlined or crossed through in the motion below;

Motion Name ~~Suspension~~ Termination of AERC/USEF endurance affiliate Agreement

Proposed Motion

AERC to ~~suspend~~ terminate the AERC/USEF endurance affiliate agreement effective ~~12/4/18~~ 12/1/19.

Background, analysis and benefit (describe the problem this motion is solving)

Reasons for the change:

1. The USEF bylaws do not recognize a suspension of an affiliation.
2. AERC has accepted funds for AERC-I memberships for 2019.
3. USEF does not allow for co-sanctioned endurance events with any organization other than the national affiliate
4. The ride managers and organizing committees for the 2019 co-sanctioned rides have already incurred financial obligations, including the AERC, USEF, and FEI sanctioning fees and have spent time and energy based on hosting co-sanctioned events.
5. This would allow for a transition period for our AERC-I members to develop a continuation plan for the 2020 competitive season.

The AERC Executive Committee sent a letter on 9/27/18 to Bill Moroney, CEO, USEF, with specific requests that we believe were within the scope of authority and capabilities of USEF. The first request was USEF would immediately withdraw all their funding from FEI endurance outside of the US and concentrate only on US endurance. It was our hope that if USEF agreed to this request that FEI would recognize the seriousness of the situation without greatly impacting our AERC members whom aspire to participate in the international level of endurance riding within the US. The second request was that USEF would take our concerns, petition, and suggestion of a separation from extreme flat track endurance racing to FEI. An e-mail was received in a timely manner from Bill Moroney stating that he had read the letter but was out of the town on business and would respond once he returned. Mr. Murray Kessler, USEF President, and Mr. Moroney have been in phone contact with AERC President, Paul Latiolais over the past week. Mr. Moroney said he was going to wait for the report from the WEG investigation to see what action FEI is going to take before making any decisions. He would then like to have some “town hall” meetings to discuss endurance and how to move forward within USEF. While the Executive Committee appreciates his willingness to discuss the situation farther we agreed that the response was inadequate in that the issues were not going to be addressed in the timely fashion as we have requested. It is the committee’s decision to make this motion to the board to suspend the affiliate agreement between AERC and USEF until USEF is willing to support AERC’s core values with action.

We are asking that AERC and USEF keep communication open between the two organizations in hopes that an agreeable reconciliation may be accomplished.

It is also in the best interest of AERC to request that USEF continue working with AERC in our drug testing program and to continue to help with the implementation and training with the Safe Sport Act

Notify USEF and AERC-I. Work with USEF towards an agreeable separation where we can communicate our horse welfare concerns and still work together on issues such as the AERC Drug Testing program and the implantation of the Safe Sport Act. Suspend affiliation on 12/1/18. Write an article for Endurance News explaining the suspension and what it means to AERC members.

Discussion was held on the amendment to the motion. Many of the Board members agreed with the amendment but some felt it was just delaying the process to disaffiliate. One member felt AERC would be in violation of the bylaws if we signed the affiliate contract for another year. Some members wanted to wait until the convention to discuss in person, but others didn’t want the convention to center around this motion and USEF. Most Board members felt this amendment would give our International riders and ride managers of co sanctioned rides, time to adjust for the change that would occur in the disaffiliation.

Steph Teeter made a motion to amend the amendment; “All AERC rules will take precedence in co sanctioned rides during the transition period”. Tonya Stroud-Oaks seconded.

Further discussion occurred. Paul Latiolais reminded the board of the survey that asked AERC members if they wanted to stay or leave USEF, the results were equally divided with 1/3 wanting to leave, 1/3 wanting to stay and 1/3 that having no opinion. Paul Sidio stated that when AERC pays the fee to USEF, we would be bound by their rules even if we were to pass this amendment. Vote was taken on the amendment to the amendment. Motion failed 14 no, 9 yes.

Olin Balch DVM made an amendment to the motion only for clarification reasons that the word "Terminate" be used consistently throughout the motion since USEF doesn't recognize suspend. Troy Eckard seconded. After a brief discussion the motion passed

A thorough discussion was held on the amended amendment proposed by Michael Campbell. The amendment would move the termination date with USEF back to 12/1/2019 in order to allow a transition period for our International members. This would also allow the Vet Committee time to work out the drug testing program and the legal Committee to look into the Safe Sport training and perceived bylaw conflicts.

The AERC-I committee had requested a transition period and many of the Board members agreed it would be best for the AERC ride managers of co sanctioned rides as well as our AERC/USEF riders. Others felt we needed to disaffiliate immediately, while some didn't believe it would be in the best interest of AERC to disaffiliate at all but to keep negotiating terms.

Terry Woolley Howe made a motion for a roll call vote on the amendment which was seconded by Tonya Stroud-Oaks. Motion for a roll call vote failed. 11 no, 9 yes and 1 abstention.

Vote on Michael Campbell's amended amendment was taken. Passed. 15 yes, 8 no.

Then the original motion with the approved amendment was thoroughly discussed.

Some Board members felt that AERC needed to leave USEF immediately and did not approve the transition period while others wanted to delay the vote entirely and continue to negotiate with USEF. Others wanted some time to let the Legal Committee dive into the various perceived conflicts between the bylaws of each organization. A member felt this could undermine AERC financial stability if we were to dis affiliate. Others felt it was time to disaffiliate and get AERC focused on AERC issues. It was mentioned that AERC didn't need another convention centered around the USEF/FEI controversy.

John Parke stated that even though his heart was with the people that want to disassociate from group 7, that this disaffiliation has nothing to do with what takes place in group 7. He has serious concerns about the Ted Stevens Act. He believes that as long as AERC is an affiliate that USEF will negotiate. He felt AERC needed more time to consult with the Legal Committee and believed that the Board has a fiduciary responsibility but needs more information on how the separation would affect AERC's finances.

John Parke made a motion with Paul Latiolais seconded, to defer the vote until the convention in March. Paul Latiolais seconded. A lengthy discussion followed on deferring the motion. Motion failed with 14 no, 9 yes

Discussion continued the original motion. The question was asked what would happen if the motion fails. Monica Chapman replied that we would not have a motion if that were to take place. Paul Sidio said his main concern is not group 7 but the governance issue and doesn't think that is acceptable for another year and believes that the termination should be immediate, and we should vote against this motion.

The vote was then conducted on Michael Campbell's amended motion.

MOTION: AERC to terminate the AERC/USEF endurance affiliate agreement effective 12/1/19.

Background, analysis and benefit (describe the problem this motion is solving)

Reasons for the change:

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concentrate only on US endurance. It was our hope that if USEF agreed to this request that FEI would recognize the seriousness of the situation without greatly impacting our AERC members whom aspire to participate in the international level of endurance riding within the US. The second request was that USEF would take our concerns, petition, and suggestion of a separation from extreme flat track endurance racing to FEI. An e-mail was received in a timely manner from Bill Moroney stating that he had read the letter but was out of the town on business and would respond once he returned. Mr. Murray Kessler, USEF President, and Mr. Moroney have been in phone contact with AERC President, Paul Latiolais over the past week. Mr. Moroney said he was going to wait for the report from the WEG investigation to see what action FEI is going to take before making any decisions. He would then like to have some "town hall" meetings to discuss endurance and how to move forward within USEF. While the Executive Committee appreciates his willingness to discuss the situation farther we agreed that the response was inadequate in that the issues were not going to be addressed in the timely fashion as we have requested. It is the committee's decision to make this motion to the board to terminate the affiliate agreement between AERC and USEF until USEF is willing to support AERC's core values with action.

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Motion passed 13 yes, 10 no

Monica Chapman will notify USEF by e-mail immediately and call Bill Moroney to let him know AERC's decision and to inquire if he would like to make an official joint press release. She requested that the board allow her time to notify USEF before posting anything publicly.

Monica Chapman discussed the last item on the agenda which concerned a motion that ruled against Darolyn Butler and went into effect a year ago. The motion had a provision where the Board would review the penalty in one year that was assessed to her and if there were no further incidences there would be an easing of the restrictions that were placed upon her. Kathleen Henkel reported that there no reports against her and that she has fulfilled all the requirements that were asked.

Olin Balch DVM made a motion to reduce her liability insurance amount and for the removal of the requirement of obtaining written permission from each ride manager in order to attend the ride. Nick Kohut DVM, seconded the motion. Passed

At 12:07 am, Susan Kasemeyer made a motion to adjourn, Lisa Schneider seconded. Motion passed

Respectfully submitted by
Connie Caudill