

Conference Call AERC Board meeting, 2/12/2018

Meeting was called to order at 9:01 pm (EST) by President Paul Latiolais

Kathleen Henkel took roll call with the following Board of Directors present: Mollie Krumlaw-Smith, Susan Kasemeyer, Sue Keith, Michael Campbell, Monica Chapman, Connie Caudill, Jan Stevens, Mary Howell, Nick Kohut, Paul Latiolais, Stephanie Teeter, John Parke, Lisa Schneider, Duane Barnett, Barbara Reinke, Andrew Gerhard, Jody Wyatt, Olin Balch, Terry Woolley Howe, Robert Marshall, Michael Maul, Heather Reynolds, Paul Sidio, Christoph Schork, also present Youth Representative Lilly Turaski, Veterinary Chair Jeanette Mero

Excusals: none

Acceptance of the agenda: Connie Caudill moved to accept second by Mollie Krumlaw-Smith. Passed
Approval of the January minutes. Connie Caudill moved to approve second by Terry Woolley Howe. Andrew Gerhard abstain. Passed

Kathleen Henkel : Membership report February 2018

Membership as of 2/10/17	3366
Membership as of 2/12/18	3607
Sanction fees as of 2/8/17	\$ 11,153.00
Sanction fees as of 2/8/18	\$ 8,705.00
Rider fees as of 2/8/17	\$ 4,632.00
Rider fees as of 2/8/18	\$ 4,093.00
New members as of 2/10/17	178
New members as of 2/12/18	229

Drug Test Policy Discussion: John Parke and Dr. Mero

Dr. Mero recently sent a letter to the BOD to address recent Drug Testing concerns. Dr. Mero was on the call to answer other questions the Board might have on our drug policies. Connie Caudill asked if drug testing was still going on, after a problem USEF had in their drug testing program. Dr. Mero stated yes the lab is fine and testing was still going on and the Board should not have any concerns. The problem was with one judgment call, so because of this the current Director has been let go. Nothing sloppy on the day to day activities within the USEF Drug Testing Program in the lab or field. The lab is willingly undergoing an internal audit and review.

John Parke and Dr. Mero will have a discussion at length on the drug policies and supposed changes at the Convention Board meeting. They are reviewing to reform the Rule 13 of the drug policy. Two broad changes are being looked at, one being to remove the immediate notification and violation of a positive drug test. To have a new step into the process to allow for the Chair of the Veterinary Committee and a

Drug Testing Subcommittee to investigate and depending on the outcome to see if a positive test was a true drug violation or not. A discussion on AERC Drug Testing rules and policies will be a Hot Topic at Convention Saturday morning.

Motion: Establishment of a Legal Committee Michael Campbell second by John Parke

New Policy to Pursuant to 11.01(e) of the AERC Bylaws which authorizes the Board of Directors to form committees, the Board of Directors will establish a Legal Committee to be composed of no less than three individuals who meet the following criteria: 1) have held a bar membership; 2) have practiced law; and 3) are not current members of the Board of Directors of AERC.

To insure AERC has procedures in place to enact and maintain good governance throughout the organization.

Olin Balch made a motion to table the motion until Convention second by John Parke. The vote 18 no 6 yes. Motion failed

After much discussion about some wanting to remove the requirement in the motion that Legal Committee members should not be a BOD member because the possible appearance of conflict of interest.

Olin Balch proposed a Amendment to the motion to remove the requirement that members of the Legal Committee not come from the current Board of Director's . Second by John Parke. Vote 15 no 9 yes. Motion failed

President Paul Latiolais asked for the vote on the motion. 18 yes 4 no. The motion passed.

Motion Name: Establishment of a Legal Committee

Proposing Committee

Date of Motion (Date to be presented to BOD): 2/12/18

Classification of Motion Request (new, change, add, delete, by-law, rule, policy): New policy

Proposed Motion (use exact wording)

Pursuant to Article 11.01(e) of the AERC bylaws which authorizes the Board of Directors to form committees, the Board of Directors will establish a Legal Committee to be composed of no less than three individuals who meet the following criteria: 1) have held a bar membership; 2) have practiced law; and 3) are not current members of the Board of Directors of AERC.

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

- To ensure AERC has procedures in place to enact and maintain good governance throughout the organization.
- To transparently and openly address the risks and liabilities surrounding actual conflicts of interest

and the appearance of conflicts of interest.

· To ensure AERC's governance procedures and the related actions taken by members and management of AERC do not jeopardize AERC's D&O insurance.

· Lawyers having subject area expertise (contract, tort, transactional, etc) and diverse practice experiences will provide a depth of resources to timely and professionally allow the Board members to best serve the membership of AERC.

· To ensure the Board of Directors is serving the membership of AERC to the best of its abilities by ensuring professional, timely, and subject experts on issues of importance to the members.

Budget effect/impact (Attach spreadsheet if appropriate): None

Benefit and/or Impact to Membership and/or the AERC Organization: Benefits of the motion will be:

1) Fulfill our obligations as members of the Board of Directors to the AERC and its members;

2) Bring the Board of Directors in compliance with Rule 13.5.3 (rule refers to the "Legal Committee") and;

3) Ensure the AERC procedures and its Board of Directors actions comply with appropriate ethical and legal protocols of corporate governance and best practices. This is to safeguard, in both fact and appearance, the integrity, objectivity and independence of the Board of Directors with respect to the role of external or in-house legal advisors.

Impact on AERC Office (Work load, budget): None

Implementation plan (Schedule, resources, financial)

March 2018- Convention. With approval of the Board of Directors, the President shall appoint a non-Board of Directors member with a law degree to chair the Legal Committee. The Chair will choose no less than 2 additional committee non-Board of Directors members with law degrees.

Supporting materials: (List of any other documents and/or spreadsheets)

Supporting approvals (proposing committee, participating committees)'

Governance Strategic Plan Taskforce

Duane Barnett

Michael Campbell

Connie Caudill

Monica Chapman

Mary Howell

Susan Kasemeyer

Susan Keith

Nick Kohut

Bob Marshall

Mike Maul

Barbara Reinke

Heather Reynolds

Lisa Schneider

Mollie Krumlaw Smith

Jan Stevens

Jody Wyatt

Motion re Amendment of AERC Articles of Incorporation – Jody Wyatt. Second by Christoph Schork
Jody Wyatt stated that it was brought to her attention by a member's letter sent to the Board that the Articles of Corporation were not in compliance. Jody contact the Secretary of State's office, the Articles were filed in 2001 the first time stating the AERC would operate outside the US and a few weeks later the Articles were refiled with a Amendment that AERC operations be within the US. Jody wanted the Board to be advised on record the Articles of Corporation are out of date and they need to be updated. To work forward removing the language from within US to language no geographic restrictions. Also a concern about D&O Insurance if we are acting outside the Articles or any members taking action and IRS compliance.

John Parke commented if you look into the minutes the IRS sent a letter to all 501c3 non -profits in the late 90's. If a 501c3 like AERC were to dissolve the assets would have to go to another 501c3. John said it was address and AERC was in compliance with the IRS.

Mollie Krumlaw-Smith comment when she became the AERC Treasurer she went back and reviewed all the records practices and policies. This was after the date of the IRS letter. Her understanding of the records is the IRS did do a review of our 501c3 and AERC was in compliance. Mollie stated with the other issue of language with the Articles of Corporation it would require a membership vote . Because this is a costly expense to AERC and there could be some amendments to the AERC Bylaws coming up, to take the time and do it correctly. Her advice would be to do everything at once. Jody's response, that the issue is two pronged one is IRA compliance and the other a member action letter concerning the language within the US in the Articles.

Connie Caudill asked Jody if she would accept a friendly Amendment. Pending a review by the new Legal Committee of the Articles of Corporation for compliance then the Board vote on the motion. Jody stated she would not have a problem with it. The Amendment to the motion did not have a second. Christoph Schork called the question which needs a 2/3 vote. He withdrew it. He called for a Roll Call vote second by John Parke. The vote 14 no 7 yes failed. President Paul Latiolais called for a ayes, nays vote on the motion. 1 nay, 1 abstention. Motion passed.

Motion Proposal

Placement of vote to amend AERC's Articles of Incorporation to expand AERC's Articles specific and primary purposes of the corporation beyond the United States of America

Proposing Director – Jody Wyatt, West Region

Date of Motion (Date to be presented to BOD) February 12, 2018 conference call

Classification of Motion Request (new, change, add, delete, by-law, rule, policy) Policy

Amendment to Articles of Incorporation

Proposed Motion (use exact wording)

For the AERC board to vote to amend the Articles of Incorporation to expand AERC's purposes of the corporation beyond the United States of America then place before membership of the conference a vote for approval to amend the articles of incorporation to expand AERC's purposes beyond the United States of America.

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

AERC's current Articles of Incorporation specifically restrict the corporation's purposes to the United States of America. AERC operates outside the scope of the articles stated purposes by sanctioning rides outside the United States of America and offering a Special Membership International. AERC is exposed to the risk of charges of misrepresentation and acting beyond its powers.

Budget effect/impact (Attach spreadsheet if appropriate)

AERC will be subject to costs and expenses to obtain a vote from membership.

Benefit and/or Impact to Membership and/or the AERC Organization

AERC will be brought into corporate compliance and mitigate its risks.

Impact on AERC Office (Work load, budget): Time to obtain membership vote.

Committees consulted and/or affected: None

Implementation plan (Schedule, resources, financial): Immediate

Supporting materials: (List of any other documents and/or spreadsheets): None

Supporting approvals (proposing committee, participating committees): Unknown

Motion – New AERC Resolution re Region 7 and Ted Stevens Act tabled until March Convention meeting.

Facebook Discussion re Region 7 : Christoph Schork

Kathleen Henkel Executive Director said many people hear about AERC on the AERC Facebook page and do become members. Christoph stated the problem is the nasty, insulting comments on the continue horse welfare issues in ME Region 7 on the AERC Facebook page. Christoph sent a memo to the Board list with proposals to change the format and the way we administer the Facebook page. Christoph shared some ideas from his memo. Banning all group 7 and FEI post and comments on the AERC Facebook page. Establish an AERC-1 Facebook page. Create a committee of equally staffed FEI supporters and FEI opponents to work out a compromise. The Board tabled the discussion to the face to face meeting at Convention Board meeting in March.

Strategic Plan – Paul Latiolais moved to March meeting.

With no other business before the Board.

Motion to adjourn made by John Parke and second by Paul Sidio at 10:27 pm (EST)

Submitted by Sue Keith, Secretary