

Louisiana Thoroughbred Breeders Association
Board of Directors Meeting
October 7, 2014
Landry's Restaurant
Breaux Bridge, Louisiana
1:00 P.M.

Directors Present:

Jay Adcock
Brett Brinkman
Charlotte Clavier
Jake Delhomme
Bobby Duhon
Thomas B. Early
Michelle La Voice
Jim Montgomery
Val Murrell
Michele Rodriguez

Directors Absent:

Jeff Delhomme
Neal McFadden
Keith Myers

Others Present:

Jose Aponte
Therese Arroyo
Ross Brupbacher
Julie Calzone
Chrisie Early
Roger Heitzmann III
Linda McLellan
Natalie Montgomery
Loretta Romero
Mike Whitler

Tom Early called the meeting to order and asked Loretta Romero to call the roll. A quorum was present and the meeting was ready to proceed with business.

Jake Delhomme led us in prayer.

Tom Early stated the corrected committee appointments.

Jose Aponte, of Laporte Accounting, presented a draft the IRS 990 Tax Return for the year ended December 31, 2013. After presentation the floor was open for questions. After discussion the draft was accepted for filing.

Roger then addressed the board explaining that the Investigative Audit Services of the Louisiana Legislative Auditor had been in the New Orleans office reviewing certain financial matters. Roger presented the Louisiana Legislative Audit (LLA) report. The confidential draft was given to the office on September 17, 2014. A report was sent to the board of directors on September 24, 2014, and made public on September 27th. Roger sent a letter to the Louisiana Legislative auditor summarizing the importance of addressing these issues and the association would take their recommendations to the board to resolve these matters. The LLA report yielded four recommendations.

The first item addressed in the Auditors report was conflict of interest. Although the Louisiana Thoroughbred Breeders Association (LTBA) board of directors has a conflict of interest policy; the policy may not effectively address the fiduciary responsibility of board members to the LTBA or Breeders Sales Company of Louisiana (BSCOL). Several members of the LTBA's board of directors have an ownership interest in Equine Sales of Louisiana, a direct competitor to BSCOL. The auditors recommend that the LTBA request a Louisiana Attorney General's opinion regarding the potential conflict of interest that a board member may have due to ownership in a competing sales company and, further, if such conflict would violate a LTBA board member's fiduciary responsibility to the LTBA and/or BSCOL.

The board entered into conversation concerning this matter.

After discussion Bobby Duhon made a motion to request the opinion of the Louisiana Attorney General regarding the potential conflict of interest. Michelle La Voice seconded the motion. Mr. Early asked Loretta Romero to take a roll call vote. The board voted eight for and there were 2 abstaining votes one by Charlotte Clavier and one by Michele Rodriguez. Roger will find out from our attorney Ross Brupbacher the proper procedures when asking for an attorney general opinion.

The second finding was that there is no documentation for management fee. It was found that the Breeders Sales Company (BSCOL) and the Louisiana Thoroughbred Breeders Association (LTBA) do not have a written agreement to specify how LTBA will be reimbursed for its cost to operate the BSCOL. Charlotte Clavier made a motion for the LTBA and BSCOL board of directors to enter into a written agreement outlining our joint operations. The LTBA and BSCOL, with the assistance of their attorney, shall write out a contract specifying the details for preparing for the sale, during the sale, and the follow up at the end of sale. A not-for-profit could jeopardize its tax exempt status in a situation where the parent is involved in the day-to-day management of the subsidiary, or where transactions between the two entities are conducted on an informal basis.

Brett Brinkman seconded the motion, which was voted on and passed unanimously.

The third finding was in regards to scholarship disbursement. The auditors recommended the LTBA cease using comingled funds to pay for scholarships.

Charlotte Clavier made a motion to continue the scholarships but set up a separate fund to pay them. Michelle Rodriguez seconded the motion, which was voted on and passed unanimously.

The final recommendation made by the LLA was concerning the outstanding accounts receivable balances. Charlotte Clavier made a motion to implement the auditor's recommendation that the LTBA adopt a policy to prohibit past-due accounts from advertising in a LTBA publication until they are paid. The proposed accounts receivable policies are as follows:

1. All accounts shall be listed in individual names, farm names may be listed beneath.
2. Signed contracts on all ads sent to the LTBA office with accounting for each issue.
3. Finance charge of 1.5% month (18% APR) after 30 days.
4. All ad contracts backed by credit cards- Credit cards to be charged after 60 days.
5. No additional ads after 60 days due.

6. Contracts to be amended, with acknowledgement to allow payments to be deducted from breeder's awards, stallion awards, and sale proceeds.
 7. Authorize the LTBA staff to begin an in-house collections plan and further authorize them to use all means possible to collect including but not limited to, Judgments (Small Claims), LSRC rulings, and Collection Agencies.
- Michelle LaVoice seconded the motion, which was voted on and passed unanimously.

Old Business:

Jake Delhomme made a motion to ratify the Teleconference Meetings for March 10, 2014, March 26, 2014, and May 5, 2014. Val Murrell seconded the motion, which was voted on and passed unanimously.

Michelle Rodriguez read her conflict of interest disclosure since she was not in attendance at the last meeting. She declared that she was a Director of Louisiana Horse Rescue Association, a Director of the Equine Sales Company of Louisiana, Owner of Elite Title, and Elite Thoroughbreds which deals with owning, racing and breeding thoroughbreds. This involves doing business with many members of the association as well as board members.

Michelle LaVoice made a motion to ratify the nomination of Jake Delhomme as 1st Vice President in the minutes on August 2, 2014. The nominator will be Michelle Lavoice nominating Jake Delhomme for vice-president, Tom Early seconded the motion, which was voted on and passed unanimously.

Bobby Duhon then made a motion to accept the minutes of the August 2, 2014 meeting. Val Murrell seconded the motion which was voted on and passed unanimously.

There was a request for an explanation on the open race breeder's awards that were distributed for stake races with a purse over \$200,000. Tom Early explained that the maximum award paid by the association on open races is based on a purse of \$200,000 as set by the board of directors. The racetracks award amount has no cap.

Committee Reports:

By-Law: Val Murrell – Chairman

Val had no report for this meeting.

Events: Michele Rodriguez – Chairperson

Michele reported on the next event which will be held on December 12, 2014 at the Fair Grounds. The Louisiana Sports Hall of Fame will be inducting two people in our industry. Jake Delhomme will receive the football honors and Frankie Brothers will receive the horseracing honors. The Fair Grounds would like to honor them on Friday night before Louisiana Champions Day with the help of the LTBA and Louisiana Horse Rescue. The party will be held in the Black and Gold Room with details at a later date.

Charlotte Clavier made a motion to have our next meeting at noon on December 12, 2014 in order to accommodate the event. Bobby Duhon seconded the motion, which was voted on and passed unanimously.

Finance & Audit: Charlotte Clavier – Chairperson

Charlotte Clavier made a motion to recommend the analysis of current accounts receivable of the Louisiana Horse magazine.

1. Distribute aging report to Board of Directors.
2. Asked for advice from our attorney Ross Brupbacher on a member Chapter 13 Bankruptcy.
Attorney Ross Brupbacher recommended that the balance should be written off.
3. Recommend accounts to include in-house collections plan.
 - a. Debt 1 - \$1,840.75, 2120 days past due.
 - b. Debt 2 - \$1,718.75, 1765 days past due.
 - c. Debt 3 - \$687.50, 2120 days past due.
 - d. Debt 4 - \$1,905.00- 665 days past due.
 - e. Debt 5 - \$1,708.75, 2120 days past due - no contract on file
4. Continue to receive payments on accounts that are currently under our payment plan (\$4,318.25)
5. Recommend the write off of the following accounts:
 - a. Debt 6 - \$172.00, 1839 days past due.
 - b. Debt 7 - \$247.50, 1706 days past due.
 - c. Debt 8 - \$165.00, 1037 days past due.

All accounts written off will no longer be allowed to advertise with us. Michele Rodriguez seconded the motion to accept the terms of Charlotte's recommendation, which was voted on and passed unanimously.

Government Affairs: Jeff Delhomme – Chairman

Jake said he was in contact with our lobbyist Harry Benoit on a weekly basis and everything was in good order.

Grievance Committee: Jim Montgomery – Chairman

Jim had no report for this meeting.

Inspection Committee: Jeff Delhomme – Chairman

Mike Whitler reported he was working on his findings and going through the proper channels.

Membership & Nominating – Michelle La Voice – Chairperson

Michelle reported her overview as follows:

The Louisiana Thoroughbred Breeders has fewer members than in previous years. There is a need to increase the membership base, by encouraging more individuals and business to become members.

The more members we have, the louder the voice, especially during the legislative session.

Marketing Program:

Current analytics indicate that people interested in LTBA visit the website through traditional channels. New member potential is in alternate channels available through social media, Facebook, Twitter etc. Trends do indicate that racetracks are good referrers when they are active.

Recommended Strategies:

Paid Social Media

Budget: \$600.00 / Month

Social media has the best chance of attracting new members to the sport and LTBA. It reaches viewers online 24/7. It is interesting to note that the majority of fans are women. The paid advertising will target sports, business and horse enthusiasts primarily in the Gulf region. It will be tracked and adjusted to maximize results. Michele LaVoice stated Julie Calzone and I would like to spend \$1200.00 in paid advertising from October 16th - December 16th with the option to cancel at any time. A report will be given on the progress of this campaign at the next meeting.

Salary & Benefits: Charlotte Clavier – Chairperson

Charlotte Clavier asked the board to review her committee report on LTBA Paid Time Off (PTO) banking.

The committee recommended the following:

1. All full time employees of the LTBA may participate in the LTBA PTO Bank.
2. The LTBA PTO BANK shall be directed by a committee of three people. Chair of the LTBA salary & benefits Committee and the two longest serving employees of the association. If the Chair of the salary and benefits committee chooses not to be on this committee the president of the LTBA will appoint a replacement. If the two longest serving employees of the association chose not to serve, they will be replaced with another employee in order of seniority.
3. All donations shall be in full days (8 hours). All redemptions shall be in full days (8 hours)
4. The LTBA PTO committee, afterwards deemed the committee, shall develop forms for donations and requests for assistance.
5. LTBA Human Resources shall be informed of all decisions of the committee.
6. The Committee shall determine its rules for both accepting donations and requests for donations.

Michelle LaVoice made a motion to approve the committee findings, which was seconded by Michele Rodriguez, voted on and passed unanimously.

Technology Committee: Michelle LaVoice – Chairperson

Therese Arroyo reported on our technology status. The company will soon be able to provide a user friendly data base via our website. It will give breeders online access to their own records via a secure login and move LTBA toward interactive online registration.

New Business:

Roger read a letter from Mr. Perry Segura, who is the only living organizer of the LTBA. The board instructed Roger to respond to Mr. Segura's letter and invite him to the next Board of Directors meeting as well as Champions Day.

Jake Delhomme had to leave the meeting.

Charlotte Clavier made a motion to accept the Executive Committee as Tom Early, Jake Delhomme, and Brett Brinkman. Jay Adcock requested to be added to By-Law committee. Tom Early accepted and approved his request. Sunny Francois was removed from the technology committee per her request. Val Murrell seconded the motion, which was voted on and passed unanimously.

Michelle LaVoice requested she be removed from the membership Committee because she is up for re-election. Jay Adcock requested the same. Tom replaced Michelle and Jay with Bobby Duhon and Jim Montgomery.

Brett Brinkman announced that the BSCOL will be having a board meeting with non-conflicting members after the adjournment of the LTBA meeting.

Date, Place, & Time of next Board of Directors Meeting:

December 12, 2014 at Landry's Restaurant on the lake for 5 pm.

There being no further business to come before the board, the meeting was adjourned.

Respectfully submitted,

Roger Heitzmann III
Secretary/ Treasurer