

**AMERICAN SADDLEBRED REGISTRY, INC.**



**Board of Directors Meeting  
Monday, July 8, 2013 at Noon ET  
At the USEF offices, Kentucky Horse Park**

**MINUTES**

**Directors Present:** Brian Curran, Redd Crabtree, Chuck Herbert, Carl Holden, Gail Kline, Scott Matton, Margaret McNeese, Kim Skipton, Janet Thompson, Judy Werner and Kenny Wheeler.

**Guests Present:** Steve Specht & Susan Cassell, Merrill Lynch, David Hicks & AJ Sharp, Hicks & Associates and Fred Sarver, Registry Committee and Scarlet Hall, Controller.

**Others Present:** Lisa Duncan, Registrar, Karen Winn, Executive Director, Katriona Adams, Assistant Registrar,

**I. Roll Call and Introduction of Guests**

Margaret McNeese called the meeting to order at noon, July 8, 2013, at the USEF offices at the Kentucky Horse Park. Lisa Duncan called the roll and Margaret introduced guests, Steve Specht, Susan Cassell, David Hicks, AJ Sharp, Fred Sarver and Scarlet Hall. Also present was Karen Winn, the Executive Director.

**II. Financials**

**a. Merrill Lynch Investment Report**

Carl Holden noted that in the fall of 2012, the American Saddlebred Registry began an investment policy to mirror that of the ASHA. That policy was approved by the Board and \$150,000 was moved from a cash account to a Merrill Lynch investment account. Mr. Specht gave his analysis of the accounts, including two categories of accounts—liquid checking-type accounts and investment accounts, through which he is seeking to protect the ASR against principal loss but with a competitive return. The ratio maintained in those accounts is generally 70% stocks and 30% bonds. He noted that the rate of return through June 30 has been 6.32%, with most of the increase coming through the stock portion of the fund. He does not recommend a change in the stock portion of the accounts but recommends a move from BlackRock Total Return Bond Fund to either BlackRock Floating Rate Fund or 2-4 year individual investment grade corporate bonds to help preserve principal. Carl moved, and Chuck seconded, to accept Mr. Specht's recommendation. The motion passed with all in favor. Mr. Specht noted that we have sustained a +\$20,000 change in financial situation since making the investment policy change.

**b. Auditors Report**

David Hicks, of Hicks and Associates gave a summary of the audit. He noted that three small adjustments, immaterial for their purposes, were made and that there were no significant issues and no weaknesses were found. Carl moved, Kim seconded, to accept the audit and the 990 form. The motion passed with all in favor. Carl noted that the audit was very clean.

**c. Treasurer's Report & Registry Financial Statements**

Carl gave the treasurer's report, and noted that the May financials demonstrate a continuing improvement in financial situation over the first quarter of the year. He also noted that 2013 is showing improvement over 2012, with a \$12,000 loss sustained in the first quarter of 2013, versus a \$31,000 loss in the same quarter of 2012. He noted that the increases in registry fees, the investment gain and the fund-raising efforts have off-set some of the operating losses, although much of the fund-raising efforts have gone into the IT upgrades. Chuck moved, Gail seconded to accept the treasurer's report. The motion passed with all in favor.

**d. Request for Funding of Sign**

Karen Winn brought the issue of the proposed sign for the ASHA/ASR building to the Board. Karen noted that the bid from the entity in Roanoke, Virginia did not include posts or installation but was substantially less than the bid received from the entity in Lexington, which included those factors. Kim noted that if shrubbery were cut back around the building, the existing signage on the building might be adequate to direct visitors to the offices. It was also noted that the Horse Park can put up small signs for free that direct drivers to the building. Much discussion was had about the location of the sign. Scott moved, Carl seconded that the Board table the issue until we have more information. Suggestions were made to have signage at the elevator area directing visitors to the office. It was agreed that we should have a nice picture of an American Saddlebred in the form of a wrap on the elevator door.

**III. Recommendations from the Bylaws Sub-Committee**

The Board then considered the proposed Bylaw changes, presented by the Bylaws Sub-committee. Gail, the committee's chair presented on behalf of the committee. After a brief discussion, Chuck moved, Gail seconded, to adopt the changes set forth in the memorandum dated June 6, 2013, as items 1-6 and 9-12. The motion was passed with all in favor.

The Board also considered the proposed Rule changes, presented by the Bylaws Sub-committee. Chuck moved, Janet seconded, to adopt the changes as presented. The motion was passed with all in favor.

**IV. Discussion Items**

**a. Election of Directors**

Discussion was had regarding the possibility of changing terms of ASR Directors from one to three years, in order to maintain institutional knowledge and allow project completion. The Board was unanimously in favor of doing this; however, it would require changes to the ASR and ASHA Bylaws. It was decided that, because of this interdependency, there should be discussion between Directors from both Boards. It was agreed that Margaret would appoint a

committee to adopt and implement a mechanism to appoint three-year staggered terms for the ASR Board.

The Board also unanimously agreed with the sub-committee's recommendation that the ASR Board recommend candidates for the ASR Board to the ASHA Nominating Committee for Directors, so that commitment to the mission of the ASR can be maintained. Margaret asked for volunteers to serve on a committee to come up with candidates. Brian Curran, Gail Kline, Chuck Herbert and Kim Skipton agreed to serve.

#### **b. Position of Registrar**

The Board also agreed with the subcommittee's position that the ASR Board must have sole decision-making authority with regard to appointment of the Registrar. It was agreed that the Registrar must report directly to the ASR President and the ASR Board regarding registry matters, but that the Registrar will report directly to the Executive Director of the ASHA regarding all other administrative matters. The Board also agreed to request that an ASR Director serve on the Human Resources and Compensation Committee.

#### **c. Registered Farm Names**

Discussion was also had regarding the use of registered farm names. Members noted that some subsequent buyers of horses had expressed regret that they could not change a horse's name, eliminating the use of the farm name in the horse's registered name. Members also noted that most, if not all publications encourage the inclusion of a horse's breeding in advertisements, and some publications also encourage the listing of the breeder. It was decided, after much discussion, to make no changes to the rule.

### **V. Recommendations from the Registry Committee**

The rules changes suggested from the Registry Committee were adopted unanimously, with Chuck's motion, Gail's second. Discussion was had that, especially with respect to frozen semen, stallion service reports as currently configured, do not accurately reflect reality. Some registries, it was noted, have done away with breeder's certificates and the question of what constitutes willful withholding of the certificate is a question of state law. Lisa explained some changes to the Statement of Frozen Semen form and to the Embryo/Oocyte Transplant Certification Form. The exceptions to the Saddlebred Record Champion rules were also adopted. These exceptions allow shows in which qualifying is waived for some reason (such as inclement weather), to hold a championship (which would actually be a stake) in that division and, if all other requirements are met, then the stake winner will be awarded one point.

### **VI. Registrar's Report**

Lisa gave her Registrar's report and noted that registrations are down a little this year. Much discussion was had about what can be done to increase the numbers of horses being bred and the impact upon the breed and all other facets of the horse business if this increase does not occur. Judy noted that futurities are on the verge of extinction and that the marketing committee of the ASHA is looking at how we can create a way to close the gap and find a market for our middle of the road horses. Chuck noted that if classes were created for "B" type horses that those classes should not be qualifiers for Louisville. Lisa discussed the

Breeding Promotion Program, in which stallions are being nominated, as well as the Mare Harmony program, a companion program to the Breeding Promotion. She also suggested that every member of the Board put a horse into the Faithful Friends program, which is a mechanism for helping to fund the IT development project. Lisa and Katriona asked the Board to consider the request from the UC Davis Laboratory to do a SynchroGait study on 3-Gaited and 5-Gaited KSF winners. After discussion, Scott moved, Carl seconded that permission to use these DNA types for the study is solely a matter between the horses' owners and the UC Davis Lab. The motion passed with all in favor. Finally, it was noted that the Broodmare Hall of Fame program is within the purview of the ASR.

## **VII. Adjournment**

Upon motion, the meeting adjourned at 3:00 p.m.

Submitted by:  
Janet Thompson  
ASR Secretary