

# BOARD OF DIRECTORS MEETING

## MINUTES

JULY 17, 2012

10:30 AM

MEETING CALLED TO ORDER BY	Stanley Seelig
TYPE OF MEETING	Board of Directors
PLACE	Camelot Club - Baton Rouge
MEETING SECRETARY	Sandy Ray
ROLL CALLED BY ED FENASCI AND QUORUM DECLARED	Stanley Seelig, Tom Abbott, Sam Breau, Bobby Dupre, Christine Early, Marcia Lamarche, Arthur Morrell, Kenneth Roberts, Don Stemmans, Terry Vance <i>(Mouton and Vance by phone)</i>
PRAYER LEAD BY	Chrisie Early
OTHERS IN ATTENDANCE	Keith Gee, Ed Fenasci, P.J. Stakelum, Liz Roussel, John Duvieilh, Bob McCalla, Marty Gary, Julie Pizzatola, Todd Tournillon, Larry Hamburger, Mike Fenasci

### THE PRESIDENT CALLED THE MEETING TO ORDER

MOTION	Approval of BOD minutes of meetings on April 3, 2012 and June 5, 2012. <i>(Pat Mouton had to disconnect)</i>  Correct the meeting place on Minutes of June 5, 2012 from LAHBPA Main Office to The Camelot Club.  Motion by: Chrisie Early Second by: Marcia Lamarche Motion passed unanimously
--------	--

### UPDATE FROM LIZ ROUSSEL

DISCUSSION	Previously, a resolution was passed to approve the Settlement Agreement that the plaintiffs and defendants in the Seelig and Morrell suits had agreed to. That Settlement was provisioned upon approval of attorney fee bills. Ed Fenasci had copies of the notices posted regarding objections to the Settlement wherein a hearing would be held on those objections. There were no objections filed, therefore, this should be approved and checks cut.
------------	---

### UPDATE ON ALFORTISH LAWSUIT

P J STAKELUM

DISCUSSION	The first lawsuit was dismissed without prejudice for failure to request service on a timely basis. The second suit is subject to dismissal as part of the settlement we just discussed - this one with prejudice which he cannot re-file the same suit with the same issues.
------------	---

MOTION	Motion to enter Executive Session.  Motion by: Chrisie Early Second by: Marcia Lamarche Motion passed unanimously
--------	---

### RETURN FROM EXECUTIVE SESSION

MOTION	Motion to exit Executive Session.  Motion by: Marcia Lamarche Second by: Bobby Dupre Motion passed unanimously
--------	--

### MANAGEMENT FEES

ED FENASCI

DISCUSSION	Ed Fenasci and Larry Hamburger monitor the calculation of management fees. Due to reductions in expenses, we are able to pass along the savings to the entities that 1993, Inc. provides services to. Medical would be charged \$59,900 per month, Workers' Comp \$64,600 per month, and Pension \$9,600 per month. That represents a total reduction in management fees of approximately \$491,200 annually. These new lower management fees would have to be adopted by each of the entities.
------------	---

<b>MOTION</b>	<p>Motion to authorize Stanley Seelig to execute contracts with the affiliated entities and to accept the proposal to reduce the management fees as presented pending approval of the Trusts.</p> <p>Motion by: Marcia Lamarche Second by: Sam Breaux Motion passed unanimously</p>
---------------	---

#### AUDITS UPDATES

**TODD TOURNILLON**

<b>DISCUSSION</b>	<p>Ed Fenasci introduced Todd Tournillon of Postlethwaite &amp; Netterville.</p> <p>Todd Tournillon reviewed the completion of the 2011 audit of 1993, Inc. and consolidated companies. This report is confidential until such time as the audit is accepted as final by the Legislative Auditor. Todd has engagement letters for the fiscal year ending March 31, 2012 bookkeeper audit.</p>
-------------------	---

#### POSTLETHWAITE & NETTERVILLE - ADDITIONAL FEE

<b>DISCUSSION</b>	<p>The first audit P &amp; N was engaged to prepare was for 2009 and there was a substantial amount of additional time needed to perform the audit in excess of their proposal. Therefore, P &amp; N is asking for an additional fees of approximately \$19,700 for 2009 audit. Stanley Seelig negotiated with Todd Tournillon to split the cost difference 50/50.</p>
<b>MOTION</b>	<p>Motion to pay 1993 Inc.'s share of the negotiated fees (50% of requested increase) to Postlethwaite &amp; Netterville.</p> <p>Motion by: Marcia Lamarche Second by: Tom Abbott Motion passed unanimously</p>

#### MERRILL LYNCH

**ED FENASCI/P J STAKELUM**

<b>DISCUSSION</b>	<p>As mentioned previously, we have a situation with the investments of the bookkeeper money at Merrill Lynch. Many CDs have already matured and more will be maturing in the near future. We have \$2,000,000 invested in BlackRock Investment Acct. Our current options include investing in CDs and increasing our investment with BlackRock. Tommy Brennan recommends increasing our investment in BlackRock. If we decide not to increase the BlackRock investment, he recommends investing in multiple CDs with varying maturity dates, i.e. 1 year, 18 months, 2 years, etc.</p> <p>P J Statkelum, Stanley Seelig and Bud Courson met with 3 attorneys from the AG's office. They reviewed the statutes and the attorneys said they would get back with us. The conclusion is that investments with the bookkeeper money should be limited to government insured CDs. This organization should have all bookkeeper monies invested in CDs to make certain that the requirements of the state law are met. Ed Fenasci will instruct Tommy Brennan to withdraw the money from BlackRock in such a way as to minimize loss of principal.</p>
<b>MOTION</b>	<p>Motion to authorize Ed Fenasci to instruct Tommy Brennan to withdraw the funds from the BlackRock investment and purchase CDs with varying maturity dates from multiple federally insured institutions.</p> <p>Motion by: Marcia Lamarche Second by: Tom Abbott Motion passed unanimously</p>

#### CHARTIS/HIA LOSS FUND

#### CHARTIS/LETTERS OF CREDIT

**JOHN O'BRIEN**

<b>DISCUSSION</b>	<p>Regarding Horsemen's Insurance Alliance, SPC and the Letters of Credit that secure the outstanding claims of the company. We requested that Chartis/AIG reduce the Letters of Credit based on the December 31, 2011 actuary report. They refused and requested additional payments for claims reserves, premiums and fees for policy periods one to five. The contract originally entered into to start the captive in 2006, had a provision that allows Chartis to retroactively assess premiums for policy years. The Chartis/AIG analysis came out much higher than our actuary's figures and we have refused to pay the requested increase. Chartis is holding almost \$5M in Letters of Credit for a claim portfolio in which the most likely pay less than \$2M. This issue should be resolved as the claims are closed.</p> <p>All Letters of Credit (\$4.9M) have renewed.</p>
-------------------	---

#### NATIONAL HBPA CONVENTION UPDATE

**STANLEY SEELIG/KEITH GEE**

<b>DISCUSSION</b>	<p>Stanley Seelig apologized for not passing on the convention info. There are 2 conventions a year and the next is scheduled for February in Tampa (according to Keith Gee). There were a lot of helpful items on the agenda dealing with medication issues like bute and lasix. Bute is in the same category as aspirin and shouldn't be grouped with the issue of frog venom which is cheating and doping.</p> <p>The facility in Iowa, the casino, was unbelievable, very impressive.</p>
-------------------	---

**MEDICATION ISSUES****STANLEY SEELIG**

<b>DISCUSSION</b>	Stanley Seelig said that most of the medication issues were discussed above at the national level. We are not here to defend these guys; we are just here to see that they get a fair hearing. Also, our doctors are not here to prescribe narcotics. If you have an ongoing neck or back problem, you should be seeing your own doctor, not the doctor on the backside.
-------------------	--

**LEGISLATIVE UPDATE****STANLEY SEELIG**

<b>DISCUSSION</b>	House bill 1111 passed in the 2012 legislature session. The Legislative Auditor's office expressed concern that the death benefit and the payment to the backside Chaplain were not expressly authorized by statute. Our payment to the backside Chaplain is matched dollar for dollar by the tracks. The death benefit was suspended earlier this year. House bill 1111 clarified that, among other services, the death benefit and payments to the Chaplain are permitted. Then there was the issue of flooding in Lafayette and we couldn't help. It was suggested that the ability to make benevolence payments from medical be written into the bill. Also, the Trust Agreement be rewritten to allow for benevolence payments. Stanley Seelig suggests that a 2/3 vote be required for benevolence payments. Other directors think that the vote requirement should not be written in the Trust Agreement. There was some concern at the end when they were short on money, however, we were fortunate enough to avoid problems.
-------------------	--

**INVESTMENT IN HAH/HIA****ED FENASCI**

<b>DISCUSSION</b>	We have fallen below the minimum capital amount that HIA must maintain as required by the Cayman Islands Monetary Authority. A capital injection \$366,000 is needed to meet the requirement. Ed suggested that \$140,000 be sent to USA Risk in the Cayman Islands for administrative expenses such as the 2 audits, KPMG and P & N, and the Letter of Credit fee of approximately \$39,000. \$226,000 should be placed with FNBC, in HAH's accounts, to secure an additional Letter of Credit pledged on behalf of the Cayman Islands company. Dating back to the inception of the program, expenses for HAH were paid by 1993 Inc. HAH did not have a bank account until last fall. This has created a due to 1993, Inc. from HAH of approximately \$88,000. We'd like to send additional funds to the holding company, then cut a check for approximately \$88,000 back to 1993, Inc. to get the expenses off the books. This has been recommended by our accountants. This money comes from the dedicated WC funds collected prior to the creation of the Trust.
<b>MOTION</b>	Motion to authorize an investment in HAH of \$475,000.  Motion by: Chrisie Early Second by: Bobby Dupre Motion passed unanimously ( <i>Sam Breaux, Marcia Lamarche and Don Stemmans were not present for vote</i> )

**CAPITALIZATION POLICY****ED FENASCI**

<b>DISCUSSION</b>	After speaking with Todd Tournillon and Ronnie Dawson, they recommend we change our capitalization policy to: Physical items with a cost in excess of \$2,500 and have an estimated life expectancy of greater than one year will be recorded as a capital asset and depreciated in an appropriate manner. Physical items that fail to meet these criteria will be expensed.
<b>MOTION</b>	Motion to adopt capitalization policy at \$2,500.  Motion by: Bobby Dupre Second by: Chrisie Early Motion passed unanimously

**HIA REQUEST FOR INDEMNIFICATION****ED FENASCI**

<b>DISCUSSION</b>	The D & O policy for HIA was renewed by Lloyds of London. They have attached provisions that would exclude any acts relating to the Seelig and Morrell lawsuits. They have also excluded any future actions that the parent companies might bring against HIA. The board members of HIA (Arthur Morrell, Nick Leggio, and Bobby Dupre) have requested indemnification from 1993 Inc. It was reported by Ed Fenasci that AJ Gallagher has not been able to secure D & O insurance for HAH or HA (PAC).
<b>MOTION</b>	Motion to suspend the rules to entertain a Bylaw change.  Motion by: Arthur Morrell Second by: Bobby Dupre Motion passed unanimously (Chrisie Early was not present for vote)

<b>MOTION</b>	<p>Motion to amend the Bylaws to provide indemnity to the Directors of HAH and HIA. With respect to the HIA Directors, the indemnity would apply to the exclusions under the current D &amp; O Policy. With respect to both the HAH and HIA Directors, they would still be required to meet the standard of good conduct required under the statute.</p> <p>Motion by: Marcia Lamarche Second by: Don Stemmans Motion passed unanimously (Chrisie Early was not present for vote)</p>
---------------	---

#### HR/PERSONNEL ISSUES

**KEITH GEE**

<b>DISCUSSION</b>	<p>Keith Gee reviewed the draft of the recently revised Employee Handbook. He discussed seasonal/part time employees, who should get benefits, and using a PTO (paid time off) system as opposed to sick leave and vacation. Tom Abbott suggested deleting the section asking employees not to take outside employment from page 14. That item will be discussed by the Employment Committee.</p>
<b>MOTION</b>	<p>Motion to accept the Employment Handbook but removing the section on "outside employment" from page 14.</p> <p>Motion by: Marcia Lamarche Second by: Don Stemmans Motion passed unanimously</p>

<b>MOTION</b>	<p>Motion to enter Executive Session.</p> <p>Motion by: Marcia Lamarche Second by: Tom Abbott Motion passed unanimously</p>
---------------	---

#### RETURN FROM EXECUTIVE SESSION

<b>MOTION</b>	<p>Motion to exit Executive Session.</p> <p>Motion by: Marcia Lamarche Second by: Don Stemmans Motion passed unanimously</p>
---------------	--

<b>MOTION</b>	<p>Motion to pay Madro Bandaries invoices numbered 10034 and 10038.</p> <p>Motion by: Marcia Lamarche Second by: Bobby Dupre Motion passed unanimously</p>
---------------	--

<b>MOTION</b>	<p>Motion to pay outstanding Chehardy Sherman invoices numbered 24753-000M-15, 24753-036M-02, 24753-035M-04, 24753-036-04, 24753-036M-01, 24753-035M-05, 24753-035M-03, 24753-035M-02, 24753-000M-12, 24753-035M-01, 24753-028M-1, 24753-024M-6, 24753-015M-16, 24753-015M-15, 24753-015M-14, 24753-015M-13, 24753-015M-12, 24753-000M-16, 24753-000M-14, 24753-000M-13, 24753-004M-15, 24753-004M-13, 24753-004M-12, 24753-004M-114.</p> <p>Motion by: Marcia Lamarche Second by: Tom Abbott Motion passed unanimously</p>
---------------	---

<b>MOTION</b>	<p>Motion to allow Stanley to proceed with the dismissal of the House Lawsuit with prejudice at their cost.</p> <p>Motion by: Marcia Lamarche Second by: Chrisie Early Motion passed unanimously</p>
---------------	--

<b>MOTION</b>	Motion to approve in principal, Chehardy Sherman's retainer (effective August 1, 2012) until the next BOD meeting where the issue will be reviewed.  Motion by: Marcia Lamarche Second by: Bobby Dupre Motion passed unanimously
<b>MOTION</b>	Motion to donate \$1,500 to the Backside Benevolent Fund. (Group that supports the Chaplain at LAD)  Motion by: Marcia Lamarche Second by: Arthur Morrell Motion passed unanimously

#### FAIR GROUNDS QUARTER HORSE MEET

**STANLEY SEELIG**

<b>DISCUSSION</b>	Stanley reported that we are in negotiations with the FG. We are trying to work out move in and move out dates for the QH meet. FG is not being as cooperative as last year. They gave us a proposal where they want to charge us \$25,000 for an additional 12 days after the QH meet and 12 extra days on the front end of the TB meet. FG has less TB backside days then the other Louisiana tracks (22 to 30 days less) when considering the first day of the meet to the last day of the meet. FG also has a significant shorter backside period for the QH meet.
-------------------	--

#### MOTION TO ADJOURN

<b>MOTION</b>	Motion to Adjourn.  Motion by: Chrisie Early Second by: Marcia Lamarche Motion passed unanimously
---------------	---

*Stan Seelig*

**STANLEY SEELIG, President**

*12-14-12*

**DATE**

*Edo A. F...*

**Meeting Secretary**

*12-14-12*

**DATE**