

Board of Directors Meeting

MINUTES

7-13-2010

10:30

RED RIVER ROOM – LA DOWNS

MEETING CALLED BY	SEAN ALFORTISH
TYPE OF MEETING	BOD MEETING
FACILITATOR	HARRAH'S LOUISIANA DOWNS
NOTE TAKER	RACHELLE MISCHLER
PRAYER	CHAPLAIN JIMMY SISTTRUNK
ROLL CALL – MONA ROMERO	Sean Alfortish, Sam Breaux, Billy Foreman, Gerald Romero, Christine Early, Larry Robideaux, Don Hargroder Call in- Sam David, Evelyn Benoit and Keith Bourgeois Absent: Carrol Castille

Quorum is formed

Others in attendance: Jim Gelpi, Ed Fenasci, Murray Woodward, Mona Romero

DISCUSSION	Approval of Minutes: May 21, 2010 Executive Session- Deferred until next meeting

LEGISLATIVE AUDIT

JIM GELPI/ED FENASCI

LEGISLATIVE AUDIT	HBPA is audited every year. All money that goes in and out gets audited. An audit is currently being done right now. HBPA will be talking about engaging with a firm to assist us in the audit. Ed Fenasci has been working with the accounting firm to get everything ready for this audit. Sean would like to remind everyone that HBPA has always been audited. 100% of HBPA has always been audited. 96% has been audited by the Legislative Auditor, the other 4% was also audited but by a accounting firm approved by the State Legislative Auditor. The only change is now is the Legislative auditor will now audit the other 4%, making 100% of HBPA money audited by the State Legislative Auditor.
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FINANCIAL REPORT

ED FENASCI

FINANCIAL REPORT ED FENASCI	Slot purses for April & May 2010 were down, YTD down 7.7% Video Poker Purses- down 12% April- June 2010, YTD down 12% Pari Mutuel- down 6% in June, YTD down 8% Purse Earning dropped 8% in 2010 Drops in Slots and Pari Mutuel. Hope to see an economic increase soon.
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MEDICAL TRUST

MURRAY WOODWARD/MONA ROMERO

MEDICAL TRUST	The new prescription cards are now in place in all field offices and main office. If any difficulties on using the card or if you are denied, use DOB and Social Security Number. If you have used your prescription benefits in the last two years your card has already been activated. Another good thing about Escriptions is that once you have used all of your HBPA benefits, you can still get a 20% discount with the card. While using the card HBPA gets money back and this allows benefits to go up in the future.
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WORKERS COMPENSATION PROGRAM

SEAN ALFORTISH/ED FENASCI

WORKERS COMP	Sean: All workers compensation insurance was due on July 1. Ed; the process has gone well, the girls in the field have done a good job processing over 600 application in a two week period. Sean; I would like to commend the girls that work in the field when collecting accounts, the accounts are almost down to zero. The bookkeepers have also done a great job.
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Gerald Romero; We have talked in the past about selling the program. What is the status on that? Sean; Oklahoma, Pennsylvania and Florida are interested in the program but they have not gotten together. The ground work is already in place and at no risk to our program.

BACKSIDE REPORTS

LAD- LARRY ROBIDEAUX	Track; both dirt and turf are good. Backside Restrooms are bad. The Commission has not enforced the million dollar backside improvements. Another thing of concern is the Overpayment. (Sean) We will get to that, its on the agenda.
<p>Sean; would like to bring up a discussion about the Handle at LAD. Changing some of the wagering could help the handle. Examples: 50cent Pick 3- \$2 Pick 6. I would like to talk to Management about this.</p> <p>In the future, I would like to introduce Net Pool Pricing & Exchange Wagering (lock in the odds you bet). This will probably take some changes in Legislation. I would like to talk to the board about changing the purse structure. This could reverse the trend in the betting area. These are only suggestions and this experiment maybe wrong but I think we should try. Would like to implement before the Fair Grounds meet.</p> <p>This is the first time I am bringing this up in Public or even to the board. I would like to have this come back to the Board. Any input or suggestions are appreciated.</p>	
EVD- SAM BREAUX	A new manure disposal system (trash is currently mixed in with manure) The new system started Two weeks ago. Dorms with AC are in good shape. Fans were added in the Holding Barn. Restrooms are in good shape. The track handles the rain real good. We will continue to monitor. As it gets hotter the track will lose moisture. Turf track is hard and fast. Have formed a committee of 2 vets, 3 Horsemen and 2 Racing Commissioners. As suggested by the Racing Commission. To help with oversight, the problems happen with the horses on the vet list and horses trying to get off the vets list.

DELTA- BILLY FOREMAN	<p>The Quarter Horse meet has just ended. It was a good meet with no real complaints on the backside. Had a lot of horses come up sore this meet.</p> <p>Sam Breaux- Chris Warren said that more material would be added to the track before the Thoroughbred Meet.</p>
FAIR GROUNDS SEAN ALFORTSH	<p>Not much going on there right now. The question as of now is when horses can start moving on the grounds. I was supposed to have a meeting with Jason Boulet and Eric Holstrom after the Racing Commission meeting but the meeting lasted longer than expected. My initial conversation with Donnie Richardson at the FG is horses can begin moving on the beginning of October. Training would begin on October 18th. Someone asked about staying on the grounds at LAD until able to move onto the FG. Sean stated they have 14 days after the meet to stay on the grounds. He does not have an answer today if LAD will allow them to stay any longer than that. He is sure all will be worked out. This is an issue every year. The FG Thoroughbred meet moved back to opening Thanksgiving Day.</p>

OLD BUSINESS CASH FLOW STATUS REPORT ON BANKING BUSINESS	<p>Ed Fenasci- We recently changed banks due to better interest rates. We are now banking with FNBC. Started processing workers comp money and get an instant interest increase unlike Capital One. This is a checking account. Looking into moving Bookkeeper account also to take advantage of this interest increase. Also looking into Security measures to help against fraud.</p>
<p>Sean: update on what happened at the Racing Commission meeting yesterday. This is not on our agenda but would like to squeeze it in. Everyone here has a horse that runs on Lasix. According to the Racing Commission, Lasix can only be given by your vet intravenously. Threshold levels were only set for Intro not IM. Another recommendation that was made is LASIX SHOULD BE THE ONLY MEDICATION GIVEN ON RACE DAY. They also want to pass an EMERGENCY RULE TO MAKE PYROPLASMOSIS TEST MANDATORY.</p> <p>Trainers should stick together and maybe start a fund to help in legal defense (hiring own experts) Rules are being changed and thresholds are not available for us to see. Sean tries to help in trainer's defense but the commission has stopped this from happening.</p> <p>Jim Gelpi- Alternative is Administrative Law Judge. After seeing the unfairness that sometimes takes place it was suggested to Sean. This is one of few State Agencies who still regulates and adjudicates an industry. Almost all state agencies have gone to where they send their cases to Independent Administrative Law Judges. These judges do not have racing knowledge but neither do the racing commissions in some cases. They do have knowledge about due process, fairness and cases to be proven with competent evidence. Would need to get Legislation to get this done.</p>	

**REPORT ON LEGISLATIVE SESSION NOW
THAT THE SESSION IS OVER**

JIM GELPI/SEAN ALFORTISH

LEGISLATIVE SESSION	This legislative session more Bills were filed to take authority away from HBPA than ever before. Auditing was an issue even though HBPA has always been audited. Bad information was given to Legislators. Some people thought HBPA was not already audited. This is not the case, HBPA has always been audited by a Certified Public Accounting firm approved by the Legislative Auditor. A request for a different arrangement of auditing; no more than 6% of money, auditors were not applying governmental standards, now this is applied. HBPA also allowed them to go back to previous years to look at. The session ended with HBPA in tact. Another change; Venue Bill was changed. Racing Commission can be sued outside of Orleans Parish. Decisions of the Commission can now be heard in other courts.
HARRAH'S	Consideration of Proposal for Harrah's LA Downs Settlement –Jim Gelpi
<p>Written from memory by C. James Gelpi due to the failure of the recording devices to record the actual events.</p> <p>Motion Re: Settlement of HBPA vs. Harrah's</p> <p>Jim Gelpi explained that the settlement of the Harrah's suit had been completed as reported previously to the Board except for the "security" that the law required on the loan portion of the transaction. The HBPA needed the security recorded so as to bind any new owner of the racetrack since the purse revenue stream was to guarantee the repayment of the loan and the interest on that loan and a new owner needs to be bound. However, Harrah's said it was unable to provide that type of security. Harrah's offered a guarantee from the parent company of Harrah's and the guarantee would be looked at and might work depending on the nature of the guarantee and the status financially of the parent company.</p> <p>It was moved and seconded that the guarantee proposal be considered and, subject to a favorable review of the guarantee arrangement, the Board would reconsider accepting the guarantee, but not under the present circumstances.</p> <p>Motion By: Larry Robideaux Second By: Don Hargroder Motion Passed Sam Breaux Abstains</p>	

**CONSIDERATION OF PROPOSAL RE: HBPA
VS LA LEGISLATIVE AUDITOR**

SEAN ALFORTISH

HBPA VS LA LEGISLATIVE AUDITOR	<p>Previously the Department of Insurance recommended the Implementation of Independent Counsel. Independent Counsel Richard Traina, has no Horse Racing affiliation or with any member. Mr Traina completed his investigation and the board adopted the findings in regard to the Seelig Lawsuit. Update on Recommendations: By Law be clarified- contracted procedures; Require 2 signatures on checking accounts; money replaced (including money from repairs of building) A plan is in place to increase revenue and will replace unclaimed money with revenue.; Reimbursement of expenses; clarify Article 6 &5 Attorney fees; Credit card usage policy; calendar year for meetings. All of these recommendations have been implemented.</p>
DOI	IMPLEMENTATION OF DOI RECOMMENDATIONS
<p align="right">JIM GELPI</p> <p>There were 22 recommendations made by the Department of Insurance from the audit of the Workers Compensation Program. No money was found missing, no problems with the program. The auditor was very complementary of the program. He did have recommendations to improve the program. The single most recommendation was centered on the accounting firm not getting data back in a timely manner. All Recommendations have been accepted by this board. There are a few items that are still being worked on and almost complete.</p>	

BYLAW REVISION PROJECT

BILLY FOREMAN/JIM GELPI

BYLAW PROJECT	<p>The Bylaw committee has worked very hard on these revisions. The main proposed change is hiring an Independent Election Contractor. In 2008 it was announced that bylaw revisions would come before the board for consideration.</p> <p>ByLaw working draft is attached with these minutes. Some touched on were: hiring an independent Election Contractor, Majority of the Board(once a quorum is formed and someone leave, quorum is still in effect); Reasonable Notice; Tele Meeting; Powers of the</p>
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	Board; Bylaw Amendments; credit cards; nepotism; hearsay. We recommend the board accept the Bylaw committee report.
Motion: to accept the bylaw committee report and make public on the website. General Counsel will put in final draft and bring back to the Board for final adoption.	
Motion By: Gerald Romero Second By: Don Hargroder Motion Passed Unanimously	
Sean stepped out of the meeting. Larry Robideaux is acting as chair.	

NEW BUSINESS	CONSIDERATION OF ENGAGEMENT OF CERTIFIED PUBLIC ACCOUNTING FIRM FOR AUDITS	ED FENASCI
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ACCOUNTING FIRM	Its Recommended that HBPA enter an engagement with Postlethwaithe & Netterville (P&N) of 3 years to perform audits of 1993Inc and its subsidiaries. The Bookkeeper account, Pension and Medical Trust. This firm is very aggressive, based in Louisiana; they have experience in insurance and were recommended by the DOI. They are on the approved list of accounting firms of the Legislative Auditor.
Motion: to approve P&N as the new Certified Public Accounting Firm.	
Motion By: Christine Early Second By: Don Hargroder Motion Passed Unanimously	

LSRC	CONSIDERATION OF LSRC RULE TO PROVIDE FOR SCRATCH OF HORSES WITHOUT WORKERS COMP PREMIUM PAID
Motion: to authorize the President to discuss rule with Racing Commission Attorney on how the rule will read.	
Motion By: Billy Foreman Second By: Sam Breau Motion passed Unanimously	
Motion to adjourn Motion By: Billy Foreman Second By; Gerald Romero Motion Passed Unanimously	