

THE AMERICAN DRIVING SOCIETY, INC.

BOARD OF DIRECTORS MEETING

January 14, 2017

The Board of Directors of The American Driving Society, Inc. (“ADS”) held a meeting on January 14, 2017 at the 21c Museum Hotel in Lexington, Kentucky that was called by the President, Michael Arnold at 1:00 p.m. Eastern Time. Proper notice was provided in accordance with Article V. Section 4 of the ADS Bylaws.

President Arnold welcomed the board of directors to the meeting in “sunny”, which is wasn’t, Lexington, Kentucky.

Margaret Grillet called the roll and determined that the following Directors were present at the meeting by phone or in person, as noted below, constituting a quorum for the purpose of conducting business:

Michael Arnold
Daniel Rosenthal
Margaret Grillet
Joshua Rector
Audrey Bostwick
Marc Johnson
Natasha Grigg
Tracey Morgan
Esther (Boots) Wright-by Phone
Elaine Kendig
Ruthie Graves-by Phone
Jeffrey Morse-by Phone
Heidi Ferguson-by Phone
Linda Yutzy-by Phone
Keith Yutzy-by Phone
Carol Millhoan
Pam Miller-Mitchell-by Phone
Ann Craig-by Phone
Dianne Koopman-by Phone
Deborah Bridges-by Phone
Kacy Tipton-Fashik-by Phone
Gwenyth Bassetti-by Phone
Heather Kuenzi

Honorary Director Holly Pulsifer was present in person and Honorary Directors Susan Koso, Hardy Zantke participated by phone. Guests were also present either in person or by phone including: John Freiburger, Bill Lawson, Ellen Ettenger, Craig Kellogg, Lynn West, Pat Cheatham, Merridy Hanc, Penny Arnold and Chris Bickford.

Stacy Carlson, ADS Operations Manager and Louise Rothery, ADS Consulting Executive Director were present also.

1. Approval of Agenda.

President Arnold noted that an additional item has been added to the meeting's agenda to approve the change in the signatory authorization of the ADS bank accounts. As there were no other corrections, the agenda was approved.

2. Approval of the Board of Directors Meeting Minutes (November 21, 2016).

The President noted that minutes of the Board of Directors meeting held on November 21, 2016 had been distributed to the board members for review and then asked if there were any corrections or additions. Dianne Koopman and Deborah Bridges asked that the minutes be corrected to show they attended that meeting by phone. As there were no further corrections or additions the minutes were approved as corrected.

3. Approval of Election of 2017 Officers.

President Arnold explained that the officers were presented to the newly elected board in September for approval. Now that the board has commenced its term, President Arnold made the following motion that was seconded and approved:

That the election of the following individuals to their respective offices for a two-year term beginning on January 1, 2017 and ending on December 31, 2018, or until their earlier resignation, is authorized and approved:

Michael Arnold – President

Daniel Rosenthal- Vice President

Joshua Rector – Treasurer

Margaret Grillet – Secretary

4. Approval of Change of Signatory Authorization for ADS Bank Accounts.

Daniel Rosenthal made the following motion that was seconded and approved:

That the signatories on the ADS checking and investment accounts be changed so that William Lawson, former Treasurer, is removed as a signatory and that Joshua Rector, Treasurer, and

Michael Arnold, President, be the signatories on the Morgan Stanley investment account and that Stacy Carlton and Joshua Rector be the signatories on the Wells Fargo Bank checking account.

5. Review and Discussion of Ethical Best Practices, Conflicts of Interest and Standard of Care of Directors.

Margaret Grillet made a presentation to the board to encourage awareness of the responsibilities of being a director and/or officer of the ADS. She noted that all decisions must be made in the best interests of the ADS and that we must conform with the highest ethical standards and principles. Avoidance of real and perceived conflicts of interest, use of ADS assets or information for personal use and compliance with the ADS Policies and Procedures was discussed. She referenced the ADS Bylaws that requires directors conduct all dealings with honesty and fairness.

All directors, officers, employees and committee members are required to read the Disclosure Policy and sign and return the Disclosure Statement to the Office as a proactive step to avoid conflicts that may cause transactions to be invalid or unenforceable.

6. Updating ADS Bylaws.

Natasha Grigg advised the board that the bylaws need revision because the New York State Not for Profit Code has been amended as of January 1, 2017, and the Bylaws should be amended to conform with the current law. She proposed that we retain a New York attorney to do this for us so that it is done correctly. It was noted that we have one proposal for approximately \$15,000 for this work and that we should obtain additional proposals. Margaret Grillet agreed to ask her firm for an estimate.

Natasha Grigg made the following motion that was seconded and approved (Margaret Grillet abstained):

That the ADS budget for a lawyer to provide advice and oversight of the bylaws, current and future and that Margaret Grillet submit two or more estimates for this work as soon as possible.

Elaine Kendig suggested that the NY Council of Non- Profit Corporations be contacted and that we consider becoming a member. President Arnold asked Louise Rothery to do this. Holly Pulsifer suggested contacting the Essex County Community Trust, an organization that advises non -profit entities.

7. ADS/USEF Affiliation Agreement.

President Arnold reported that the ADS proposal for an affiliate agreement with the USEF was presented several weeks ago to the USEF and is an agenda item on today's USEF board meeting to be discussed in Executive Session. There have been no updates on the outcome of this yet, but he will announce any that he receives during this meeting.

He noted that the ADS is the 2017 affiliate and will remain the affiliate unless USEF decides to break the contract. The primary point of conflict is the licensing of officials. The ADS agreed to other points including, among other things, improvement of communications.

Natasha Grigg added that the agreement needs to be kept as simple as possible and agreed that the fundamental disagreement is about the licensing of officials. The ADS trains and licenses officials and if someone wants to become a USEF official, they can join USEF and proceed with the USEF requirements. She suggested that USEF may not come to a decision today.

During the meeting, a communication was received from Joe Mattingly that a decision had been made but has not been announced and that Bill Moroney, USE's CEO, would contact President Arnold in writing at a later time.

8. President's Report.

President Arnold reported that he is excited about the next two years, noting that we need to address challenges and authorize the needed funds to do so. He wants to make investments with board approval in the ADS to get "more butts in the box seat". We're poised to do a lot of good work, he said.

9. Treasurer's Report.

The detailed written Treasurer's report was distributed prior to the meeting for review and is attached. Treasurer, Joshua Rector thanked the former Treasurer, Bill Lawson, for his past and continued help with the transition. He then made a summary of the report and noted that there is a significant budget shortfall. He proposed adding \$7,500 to the budget for a placeholder for legal services for updating the bylaws. Funds in the amount of \$85,000 must be raised to bridge this year's deficit amount, he reported.

After further discussion, Elaine Kendig made the following motion that was seconded and approved:

That the budget be accepted as modified.

10. Reorganization of ADS Committee Report.

Pat Cheatham presented the committee report to the board, a copy of which was distributed and is attached. After the report was presented, there was discussion regarding the significance of the proposed dates and the value and pitfalls of the proposed structuring.

Tracy Morgan made the following motion that was subsequently amended:

That the ADS board approve the bylaw changes no later than October 15, 2017 to reduce the required number of directors to become effective January 1, 2019.

A discussion ensued where it was noted that the board has already approved the update to the Bylaws by a New York attorney and that we may not have control over the completion date. It was agreed that the date should be a “goal” date instead.

Tracey Morgan made the following amended motion, that was seconded and passed with one abstention:

That the ADS board approve the bylaw changes to reduce the required number of directors with the goal of accomplishing this by October 15, 2017.

Jeffrey Morse then made the following motion that was seconded:

That the ADS board of Directors will allow Regional Representative positions to be held by non-Board of Director members. The bylaw change will become effective no later than May 17, 2017.

After a discussion, Daniel Rosenthal made the following amended resolution that was seconded and passed with three abstentions.

That the ADS Board of Directors will suspend the articles in the Bylaws and the Policies and Procedures that require committee chairs and regional representatives to be members of the board of directors.

The final motion presented about the reorganization was made by Jeffrey Morse and was duly seconded:

The ADS Board of Directors will amend its bylaws no later than October 15, 2017 in such a way as to reorganize its committee structure by creating these three core committees of the corporation whose Chairs will be Directors: Business and Governance Committee; Events Committee and Membership Committee.

A detailed discussion followed.

Natasha Grigg spoke on behalf of the Governance and Bylaws Committee and explained that while the Committee does not oppose the concept of reorganization, it is not clear how this structure will work or how much work will be required for the chair of each of these committees. The Governance and Bylaws committee has reviewed the proposed plan and agrees that the vast amount of work required by each chair will hamper the requirements of future board members and recommends that the reorganization committee present more details and clear definitions of the amount of work required. Margaret Grillet noted as an example, that perhaps having four “core” committees would be more feasible. Tracey Morgan agreed that the scope of each of these committees is too large for one person to handle and may put too much influence in the hands of one person. Ruthie Graves suggested that not requiring Regional Representatives be Board members may limit important voices. Elaine Kendig pointed out that some committees deal with confidential matters and should not be grouped with other committees. She recommended a “no vote” to provide more time to work out the structural details. Margaret Grillet also suggested that we continue with the Bylaw changes and allow Pat Cheatham to continue to refine this structure proposal before approving this proposal.

Holly Pulsifer said that all committee members of the core committees will have board responsibility and can present their voice to the board. She also recommended obtaining further professional advice from organizations that help non-profits. Heather Keunzi added that she believes this structure could work well.

Jeffrey Morse read the motion again and the vote was taken.

The Motion passed with a vote of ten in favor, nine opposed and four abstentions.

President Arnold thanked Pat Cheatham and his committee for their hard work on the restructuring project and, since the committee assignment is completed, the term of the special committee has ended.

11. Election of Directors to the Executive Committee.

President Arnold reported to the Board that the Bylaws provide for the Executive Committee to be comprised of the four officers of the ADS and up to ten additional members who are directors.

The board confirmed and approved that the following four officers to be members of the Executive Committee as of January 1, 2017: Michael Arnold, President, Daniel Rosenthal, Vice President, Joshua Rector, Treasurer, and Margaret Grillet, Secretary.

Tracey Morgan then made the following motion that was seconded:

That Elaine Kendig, Natasha Grigg and Ruthie Graves be appointed to the Executive Committee to serve until the expiration of their terms as Directors.

After a discussion and a call for others to be appointed to the Executive Committee, the motion was approved (with three abstentions of those being voted on to the Executive Committee).

12. Appointment of ADS Representative to USE Communications Committee.

President Arnold reported that Louise Rothery, the ADS Consulting Executive Director, has taken responsibility for this role.

13. Administrative Report.

Louise Rothery presented a detailed report on upcoming projects that she would like to coordinate for the ADS. A copy of the report is attached.

14. Restructuring of Development Committee.

Natasha Grigg, Chair of the Development Committee (the “DC”), reported that the members of the DC are:

Claire Reid
Kelly Valdes
Hardy Zantke
Marc Johnson
Mary Phelps

She reported that the purpose of the DC is to do fundraising activities only and will relieve the ADS Office of this responsibility. The annual appeal letters will be sent out earlier this year. Reports and updates will be published regularly in the Wheel Horse. One of the priorities of the DC is to revise the protocol for awarding grants. Work on this has already begun and during this transition period, no grants will be awarded.

Natasha Grigg made the following motion that was seconded and approved with two abstentions:

That the Treasurer and Vice President be directed to research and recommend to the board a qualified and appropriate financial services firm in which to place the ADS funds for investment as soon as possible.

She welcomes comments and ideas from board members and members. Further discussion involving ADS funds, types of “giving” and donation structures ensued.

15. ADS Involvement at 2018 World Equestrian Games (“WEG”).

President Arnold reported that the 2018 WEG is scheduled to be held in Tryon North Carolina. ADS had a booth at the 2010 WEG and with better planning, could have a more successful presence at the 2018 venue. It was suggested that Marc Johnson and Holly Pulsifer would be helpful in planning this project. It was agreed that Louise Rothery be responsible for coordinating this effort.

16. Driving Derby Proposal.

President Arnold reported to the board that Mary Phelps at the Wellington Equestrian Festival has offered an opportunity for exhibition driving derbies. He said that Driving Derbies are a quick way to show people that driving is fun, to grow a fan base, encourage sponsorships and should be supported by the ADS. Prize money and support for good, fast drivers to participate in the exhibitions is necessary to launch this program. Specifically, he suggested that the ADS pay expenses and offer prize money to be sure that only the most skilled drivers participate.

During the discussion, Josh Rector agreed that only very skilled drivers participate for safety purposes. It was noted that the ADS has rules in place to ensure safety. Marc Johnson said that he is working with the Licensed Officials Committee to create an endorsement for existing Pleasure Driving Officials to do additional required training for Driving Derbies. Pat Cheatham suggested that a media committee be involved to take advantage of this opportunity. After further discussion, President Arnold made the following motion:

That the ADS allow for prize money to be offered at ADS recognized competitions.

The discussion following noted that this is a proposed change in the ADS driving culture. That allowing for prize money may help to grow the sport. Elaine Kendig added that currently organizers are not prohibited from offering prize money, but it is not supported. The ADS, on the other hand, was founded by people who wanted to maintain driving as a gentleman’s sport, with no point chasing or prize money.

After further discussion, the original motion was withdrawn and the following motion was made by President Arnold:

That the ADS allow for donations to be made through the ADS for prize money at specific competitions as “Directed Donations”.

Further discussion followed regarding tax issues and procedures for accepting different types of donations. It was agreed that the board is generally in favor of the concept and that the

Executive Committee follow up on the exact wording of the motion to be certain that it is in compliance with tax regulations. The motion was withdrawn pending Executive Committee review.

17. Committee Reports.

The written committee reports for the following committees were distributed to the directors and are attached.

Combined Driving
Pleasure Driving
Dressage
Recreation
Event Standards
Licensed Officials
Education
Rules
Development
Bylaws & Governance

18. Associate Membership Status.

After discussion regarding the recently approved membership category of “Associate Membership”, it was agreed that this membership category is for groups that are not “Clubs” and will have an annual fee of \$60 and be handled as a Club Membership for all other membership purposes.

19. New Business- Discounted Membership Fees.

The question of offering a one-time discount to new individual members who sign up at horse expos and New Driver clinics and events was presented. Costs and benefits to pricing points were discussed.

The following motion was made by Margaret Grillet, seconded and passed:

That the first-year individual membership to ADS for new members joining at events shall be \$40 and these new memberships will be tracked by the ADS Office.

20. Staff Performance Review.

The Board conducted this portion of the meeting in Executive Session.

There being no further business, the meeting was adjourned at 6:51 p.m.

Respectfully Submitted,

Margaret Grillet, Secretary

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