

## Highlights and Lowlights from the AMHA August Board Meeting

AMHA Board Meeting – Buffalo, New York - August 4, 2007  
Tentative Agenda (distributed at the board meeting)

1. Call to order – Mike Goebig
  - a. Roll call
  - b. Introduction of guests
  - c. Administrative announcements – Julie Broadway
2. Approval of Minutes – Mike Goebig
  - a. May 2007 Minutes
3. President’s Report – Mike Goebig
  - a. AMHA – Mike Goebig
  - b. AMHI – Richard Hawkins
4. Staff Report – Julie Broadway
5. Action Items
  - a. Life Memberships – Carol Fletcher
  - b. Certificates of Appreciation – Carol Fletcher
  - c. Motions submitted by J. Kjellander – Judy Kjellander
6. Discussion Items
  - a. AMHI Building Update – Mike Goebig
  - b. Standard Operating Procedures – Mike Goebig
7. Committee Reports – 33 reports by committee chairs, including the standing committees
8. Adjournment

And now, for the “highlights and mostly lowlights”:

AMHA Network Minutes in “black”; [GoMorgans Team reporting in “blue”](#) – *you be the judge*

*Listen for yourself to the audio tapes of the August board meeting, posted on the AMHA website – Minutes/Committee Reports – Audio: August 2007 Board Meeting Tapes  
You will NOT read everything in the Minutes!*

APPROVED 9/14/2007

### **MINUTES OF THE AMHA BOARD OF DIRECTORS MEETING**

**August 4, 2007 – Buffalo, NY**

#### **CALL-TO-ORDER**

The AMHA Board of Directors meeting was convened on August 4, 2007 by Mike Goebig, President. Board members present: L. Brown, S. Cole, E. Creighton, C. Fletcher, S. Foy, M. Goebig, G. Green, M. Hazelwood, B. Hewitt, J. Kjellander, C. A. Lee III, C. Mugnier, K. Newcomb, B. Pettis, H. Sebring, L. Sidi, and L. F. Wylie. Members and guests present: Jan Gingold, Jeff Gove, Ann Hailey, Kim Likakis, Valerie Low, Karen Lucas, Catherine McCauley, Bob Painter, Tom Parks, Joyce Quigley, Jay Rappaport, and Donna Thompson. AMHA Legal Counsel: Kevin Maynard. AMHA Auditor: Wallace Tapia Staff members present: J. Broadway and E. Richard

## **PRESIDENT'S REPORT**

### **AMHA**

The Executive Committee met via teleconference on June 15, 2007. Two motions submitted by the Media Steering Committee were time sensitive and a Board member objected to the lack of 45-day notice for a full board teleconference to address the motions.

*Motion 1: To allow the sale of the July 2007 TMH cover (there was a request by a member to purchase it). Passed unanimously. (Underline from GoMorgans)* *Motion 2: To post the August 2007 issue of TMH on the AMHA open side of the website. Passed unanimously.*

### **Motion 2: To ratify the actions of the Executive Committee**

**Moved by S. Cole, Second by G. Green**

Discussion: There was an objection to selling the cover of *The Morgan Horse* magazine. (Underline from GoMorgans)

**Passed unanimously by roll call.**

### **AMHI**

On June 19, 2007, the AMHI Board had a telephone meeting to discuss the building. The following motions were then passed: First: AMHI to stop all present proceedings for transferring the building title to any other entity at this time. (Underline from GoMorgans) Second: To accept the following individuals as Building Committee members: John Green (AMHI), Jack Gatewood (AMHI), Harry Sebring (AMHA), Cindy Mugnier (AMHA), and George Arnold (AMHA/AMHI Liaison), with Suzy Fu (AMHI Vice President) and Julie Broadway (AMHA Executive Directive) as ex-Officio members. Third: The Building Committee shall appoint its own chairperson. Fourth: That the AMHI trustees delegate the task of assessing the current condition of the building in Shelburne, VT to the Building Committee, taking into account professional assessments, and return to the AMHI Board of Trustees with a timeline and costs by the time of the AMHI board meeting at GN in October, 2007.

It is the intent of the AMHI Board to obtain a realistic assessment of the building as well as the present and future needs of the occupants. The AMHI board wants to make the building revenue neutral to AMHI. That is, it is the intent, that if in any year the rent that AMHA pays exceeds the expenses, the unexpended portion will be put in a restricted account for future repairs and improvements. If, for any reason, the Building Committee feels that there is some compelling reason to reopen the issue of a grant of the building, such report will be presented to the AMHI Board for its consideration.

### **Staff Report** (edited).

Membership: As of July 1, 2007, there were 9,258 membership accounts, representing 8,255 households. This compares with 9,869 membership accounts, representing 8,805 households for the same period in 2006. (Underline from GoMorgans)

AMHA was contacted by a special agent of the IRS Tax Exempt Organization in May. He was conducting an investigation related to the AMHI. As a related entity, the IRS asked to meet with AMHA. Tax returns for the years 2003 and 2004 were reviewed, along with all supporting documentation, and everything was found to be in good order. A letter from the agency will be forthcoming. Subsequent to this matter, the IRS agent was contacted to obtain clarification regarding a question about the Educational Charitable Trust that was raised by a Board member. The agent's comments were shared with the Trustees. There was a request by a member to post the AMHI President's letter and AMHA Staff Report to the Member Extranet. This will be taken under advisement. (Underline from GoMorgans)

**Motion 9: To eliminate the requirement that AMHA Regional Championship Horse Shows be limited to Morgan horses, thereby allowing AMHA Regional Championship Horse Shows to be multi-breed shows. (Underline from GoMorgans)**

**Moved by S. Cole, Second by C. A. Lee, III**

Discussion: Regional shows must still need to fulfill the requirements to be a regional show. Opening regionals to other breeds could be helpful to many shows struggling financially. Not all shows will choose to open their shows. This will go into effect for 2008.

**Passed by roll call. E. Creighton voting no. L. Brown, S. Cole, S. Foy, M. Goebig, G. Green, M. Hazelwood, B. Hewitt, J. Kjellander, C. A. Lee III, C. Mugnier, K. Newcomb, B. Pettis, H. Sebring, L. Sidi, and L. F. Wylie voting yes.**

*The Board decided to open our Regional Shows to other breeds. Doesn't THAT make you proud?? That must send a real message to other breeds that we can't make it on our own ... and they'd be right. We might not quarrel too much with the local and other shows doing that, but for Pete's sake, OUR REGIONALS, too?*

#### **Motions submitted by J. Kjellander**

**Motion 13: Resolved: That AMHA shall not employ any board member as a consultant to AMHA nor have any other financial transactions with a board member in the member's capacity as an independent contractor to AMHA or as an employee of AMHA.**

**Moved by J. Kjellander, Second by M. Hazelwood**

Discussion: Concern was expressed by a few Board members that this was a better business practice and whether there was conflict of interest for board members. The Board discussed the merit of this action and the need for exceptions due to circumstances, with a provision for disclosure.

**Passed by roll call. S. Foy, G. Green, and L. F. Wylie voting no. L. Brown, E. Creighton, M. Goebig, M. Hazelwood, J. Kjellander, C. A. Lee, III, C. Mugnier, B. Pettis, H. Sebring voting yes. S. Cole, B. Hewitt, K. Newcomb, and L. Sidi abstaining; could not decide whether this was necessary and beneficial. (Underline from GoMorgans – “could not decide”?? – you've got to be kidding!)**

There was a request from a general member for the Board member(s) who were paid and the amount paid to be identified.

*The GoMembers Team has it on good authority that a board member has been PAID for their services. The general member, cited above, has never received this information.*

**Motion 14: To table the motion for the AMHA Board adopt the conflict of interest policy recommended by the Internal Revenue Service until the conference call.**

**Moved by J. Kjellander, Second by B. Pettis**

Discussion: This policy is taken directly from the IRS code for a 501c3.

**Passed unanimously by roll call.**

**Motion 15: Resolved: That the services of a public accounting firm be engaged for the purposes of an audit of AMHA for fiscal years ending November 30, 2005 and November 30, 2006.**

**Moved by J. Kjellander, Second by M. Hazelwood**

Discussion: Concern was expressed by a few Board members that there may have been accounting issues involving the Charitable Trust and AMHA. The directors discussed the merit of this action. An estimated cost and scope of conducting these audits from the new accounting/audit firm will be obtained and presented at the November meeting. (Underline from GoMorgans)

**Tabled**

**Motion 16: To table motion 15 until the conference call.**

**Moved by S. Cole, Second by B. Pettis. Passed unanimously by roll call.**

**Motion 17: Resolved, that Mike Goebig, President of the American Morgan Horse Association be and is hereby removed as President of said corporation. Resolved, that Harry Sebring, Vice President of Finance of the American Morgan Horse Association be and is hereby removed as Vice President of Finance of said corporation. Resolved, that Georgie Green, Vice President of the**

**Western Region of the American Morgan Horse Association be and is hereby removed as Vice President of the Western Region of said corporation. Resolved, that Tony Lee, Vice President of the Central Region of the American Morgan Horse Association be and is hereby removed as Vice President of the Central Region of said corporation. Resolved, that Sherry Cole, Executive Committee Member of the American Morgan Horse Association be and is hereby removed as a member of the Executive Committee of said corporation.** (Underline from GoMorgans)

Moved by J. Kjellander, Second by M. Hazelwood

Discussion: Concern was expressed by a few Board members that there may have been financial improprieties in the administration of the AMHA. The directors discussed the merit of this action and found no cause. (Underline from GoMorgans)

**Not passed by roll call vote. L. Brown, S. Cole, S. Foy, M. Goebig, G. Green, B. Hewitt, C. A. Lee III, C. Mugnier, K. Newcomb, B. Pettis, H. Sebring, L. Sidi, and L. F. Wylie voting no. E. Creighton, M. Hazelwood, and J. Kjellander voting yes.** (Underline from GoMorgans)

*Doesn't this also make you proud? Our executive committee members have been accused of "financial improprieties" but the accused and their minions "found no cause".*

**Motion 18: To call the question on Motion 17.**

Moved by C. Mugnier

**Passed by roll call vote. E. Creighton, M. Hazelwood, and J. Kjellander voting no.**

**L. Brown, S. Cole, S. Foy, M. Goebig, G. Green, B. Hewitt, C. A. Lee III, C. Mugnier, K. Newcomb, B. Pettis, H. Sebring, L. Sidi, and L. F. Wylie voting yes.**

**Registry Committee: C. A. Lee, III, Chair**

With over 500 reciprocity registrations submitted for 2007, the total number of registration through July of 2007 totals 2,132. The total transfers through July were 2,779, compared with just fewer than 3,000 for last year. Since 2004, AMHA is averaging approximately 5% to 6% drop in transfers per year. (Underline from GoMorgans)

*We are being told that the registrations are 'holding steady', but they're heading in the wrong direction. All indications are that both registrations and transfers are trending downward, so if that's 'steady' we are worried about the direction we're going. With registrations, transfers and membership on a downward curve, and the magazine continually draining what resources we have, this doesn't look good.*

**Finance Committee: H. Sebring, Chair**

On June 30, 2007, the market value of the Registry Trust was \$347,040 and the Epperson Trust was \$82,861. AMHA owns 132 shares of Sunlife Insurance, currently valued at \$48/share. The operating account balance on July 31, 2007 was \$56,665. AMHA is currently in a low cash position. It was noted that this is not uncommon during this time of the fiscal year, although it may require use of AMHA's line of credit or some other funding means for a short period of time for all payables to be addressed in a timely manner. (Underline from GoMorgans) An explanation of gross sales from securities was supplied to the board. The subcommittee formed to review wealth management firms has concluded its initial research and identified four firms for consideration. A recommendation will be made at the November meeting. An overview of forensic auditing and a ballpark quote was provided by a Boston forensic audit firm. The committee reviewed the second quarter financial reports noting the assets to liabilities ratio of 0.95. The income statement indicated a loss of \$41,184 to date. (Underline from GoMorgans) The subcommittee formed to identify a new accounting professional reported the results of their review of five firms.

*It's pretty obvious that we are in serious financial trouble regardless of what they have been saying about being 'on target' with our finances. The fact that Harry Sebring brought up the possibility of dipping into the current line of credit or initiating another line of credit in order to make payroll and pay bills, etc. is just incredible. Maybe if we'd just cut a bunch of the salary 'pork' for employees we don't really need that would go a long way toward keeping us in the black ink. AMHA is doing NOTHING to justify those types*

*of salaries. We spent, reportedly, over \$40,000 to find this new ED, then paid to 'relocate' her and then gave her this enormous salary that we were in no financial position to do. There are so many ways to cut expenses, save money, run this organization right that it's embarrassing to sit and listen to them stumble thru these financial reports and gloss over them like we can't figure this all out for ourselves. Pledging every asset the Association has, including a Registry and Registry Trust of over \$300,000 to secure a \$100,000 line of credit, says that our credit is lousy regardless of what the "powers that be" tell us. The board never seems to plan ahead*

**Motion 22: To accept McSoley, McCoy & Co. as the auditing/accounting firm for the AMHA.**

**Moved by H. Sebring, Second by S. Cole**

Discussion: This firm was selected because of their skills and credentials. They have a strong non-profit background. Their proposal was thorough and pricing was cost effective.

**Passed unanimously by roll call.**

**Motion 23: To accept Finance Committee Report. Moved by B. Pettis, Second by L. Brown**

**Passed unanimously by roll call.**

There was a brief discussion about the use of loans to pay bills and the availability AMHA's line of credit. An explanation of an AMHA's board member's recent conversations with the IRS were given. (Underline from GoMorgans)

**Bylaws Committee: L. Sidi, Chair**

A task group has been working on a board member's request to review Bylaw 2.2. A report and recommendations will be presented at the November meeting. Changes to the election process were discussed at length during a working session and committee meeting.

**Motion 24: To revise Bylaws 2.13, 2.14, 2.15, 3.3, 3.4, 3.5, 3.6, and 3.7 as per discussions.**

**Moved by L. Sidi, Second by G. Green**

Discussion: The document that indicates the changes will be attached to the minutes.

**Passed by roll call. M. Hazelwood voting no. L. Brown, S. Cole, E. Creighton, S. Foy, M. Goebig, G. Green, B. Hewitt, C. A. Lee III, J. Kjellander, C. Mugnier, K. Newcomb, B. Pettis, H. Sebring, L. Sidi, and L. F. Wylie voting yes.**

*The bylaws committee has ramrodded through a bylaw change to make our election process supposedly a 'secret ballot' instead of a proxy election. This brings up the question: if there is no quorum at the annual meeting and not enough votes, would we have to re-hold the election? Somebody is so scared that someone else will find out how they've voted that they don't care what it does financially to the Association and the rest of us. Will this stop election challenges? We doubt it.*

**Member Request to Address Board**

AMHA member Joyce Quigley took exception to statements made within global emails sent by AMHA on behalf of four Board members regarding her audit of the 2006 election. Mrs. Quigley asked the Board for a retraction of these comments via global emails. AMHA's corporate counsel responded with direct quotes from Ms. Quigley's accounting firm that affirmed the statements in the global emails were correct and accurate within the scope of all communications provided to AMHA and our legal counsel by the accounting firm. Discussion ensued between the Board and members of the audience. No action was taken. (Underline from GoMorgans)

*Joyce Quigley addressed the Board about the global emails and information being sent out by Tony Lee, Mike Goebig, Kathy Newcomb and Bill Pettis stating that the audit was over -- when it was not -- and that 400 ballots were unaccounted for so the audit could not be concluded until they were. Board attorney Kevin Maynard finally responded that the remaining ballots had been 'discarded' - then when he knew he was in a heap of trouble, tried to cover it up by saying that they were 'blank' ... but we don't know that, do we?? At any rate, we had quite a set-to over it.*

*Members Jan Gingold and Donna Thompson objected to the release of this information, and Donna voiced very strong opinions to the board (listen to the audio tapes #13 and #14 on the AMHA website).*

**Motion 29: To allow the sale or sponsorship of the covers of *The Morgan Horse* magazine and AMHA Membership Directory through December 2008, to be revisited at each subsequent quarterly Board of Directors meeting. Moved by L. Sidi, Second by L. Brown**

Discussion: There is a need to increase magazine income and interest in purchasing covers has increased. There would still specific cover criteria; all covers must be approved, and it is hoped that the purchased cover will complement the theme of the issue. All concerns and opinions were voiced. (Underline from GoMorgans)

**Passed by roll call. E. Creighton, M. Hazelwood, and J. Kjellander voting no.**

**L. Brown, S. Cole, S. Foy, M. Goebig, G. Green, B. Hewitt, C. A. Lee III, C. Mugnier, K. Newcomb, B. Pettis, H. Sebring, L. Sidi, and L. F. Wylie voting yes.**

*The board decided to sell the magazine covers, all of them, until the end of 2008 to generate money. Talk about selling our soul - and that means more covers that feature the 'one leg in the air with frozen rider' until the end of 2008 = more members not subscribing = more magazine red ink. The GoMembers Team fails to see how selling these covers will make up for the loss of revenue. Not one board member actually questioned this motion - they just nodded their heads like they always do. Only Ed Creighton, Marjorie Hazelwood and Judy Kjellander had the good sense to vote NO. The Morgan Horse magazine LOST nearly \$10,000 in the first quarter and the second quarter LOSS was approx. \$55,000 making a total LOSS to date of approx. \$65,000 and the year isn't over yet.*

These questions never seem to be addressed:

How can AMHA stop the red ink bleeding?

How can AMHA increase membership?

How can AMHA increase magazine subscribers?

How can AMHA promote and market our breed to help those loyal members who continue to stay the course?

FINALLY, WE ASK:

*How can members continue to accept this type of failed "leadership"?*