

adopted 6-10-19

## Minutes of the LAHBPA Board of Directors Meeting

Date of Meeting	Tuesday, November 13, 2018 [FINAL]
Meeting called to Order by	Benard Chatters
Type of Meeting	Board of Directors
Place	LAHBPA Main Office
Meeting Secretary	Vickie Lory
<i>The President called the meeting to order</i>	<i>Time: 10:30am.</i> Bernard welcomed everyone to the meeting.
Roll called by Larry and Quorum Declared	Benard Chatters Bobby Dupre ( <i>phone</i> ) Keith Hernandez Any Leggio, Jr. Charlotte Stemmans Clavier Christine D. Early Ron Faucheux Don Stemmans Edward Johnston ( <i>phone</i> ) Kenneth L. Roberts ( <i>phone</i> )
Board Members Not Present	<i>Bret Calhoun</i>
Others in Attendance	Sturgis Ducoing, Victoria Keith (NTWO), Michele Rodriguez and Therese Arroyo (La Horse Rescue), Rosie Napravnik (New Vocations), Jenn Roits, Lynn Quass and Todd Quass, Eric Hammelback (National HBPA), Ronnie Dawson, Ed Fenasci, Larry Hamburger, Mike Fenasci; John Duvieilh and Vickie Lory
Prayer Lead by	Christine Early
Motion Re Minutes	Motion made to adopt minutes from 6/26/18 board meeting. Motion by: Charlotte Stemmans Clavier Second by: Keith Hernandez Motion Unanimously Passed
Motion Re Minutes	Motion made to adopt minutes from 8/14/18 board meeting. Motion by: Christine Early Second by: Charlotte Stemmans Clavier Motion Unanimously Passed
Introductions Re Horse Aftercare	Benard and Ed introduced the groups would be presenting today, Victoria Keith with the NTWO (National Thoroughbred Welfare Organization), and Eric Hammelback with the NHBPA.
Presentation Re Horse Aftercare	<b>Victoria Keith</b> provided handouts listing the 56 horses currently in their care since mid-July. She explained there is no Louisiana program in place to fund aftercare. Boyd Gaming gave them some funds and is ready to go forward. They received some horses from LAD and would like them to participate. They have one horse from FG but don't operate at the same time. NTWO has not refused any horse offered to them. She believes the HBPA has a big say in this program. She believes it can be done the same way as photo charges or pony fees, charging \$5/start fee. They need \$240K to do it properly. When asked how many horses

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	<p>she could handle. She stated they were at capacity at this farm but are seeking to adopt and to get area satellite farms. They started receiving horses a short time prior to getting their 501C3 on July 17<sup>th</sup>. The Jockey fund has about \$60K that hasn't come back to LA for years. They continue to search for homes for "pasture pets" that cannot be retrained. They only euthanize when in the best interest of horses that cannot be pain free.</p> <p>Charlotte stated her concern that the NTWO program, like others, could get bogged down with "pasture pets".</p> <p>Michele stated she currently has 6 horses and now is only accepting horses with a donation. In the Rules of Racing, there is a legislative act explaining what the HBPA can take money for. The Legislature has been asked to revise it to provide for an opt out program. You can designate in your opt out where you wish the fee to go.</p> <p>Charlotte explained that programs in place outside of Louisiana, may not work in Louisiana due to the laws in place here; programs must first go through the Louisiana Legislature. Eric, Charlotte and John agreed, the HBPA Board could not vote to approve an opt out program.</p> <p>Michele stated the HBPA would likely support the program, but they are unable to approve it without the Legislature acting.</p> <p>Benard would like an understanding of each program's proposal to care for these horses, long term. How many horses can you manage? How much money do you need?</p> <p>Victoria explained that the volunteers are coming. Someone has to handle this real problem. Benard stated these ladies (Michele...) have been doing it for years. Michele said they can't continue without funding.</p> <p>Christine asked about the Oscar Tolmas Trust for horses. Victoria responded that they met with the Oscar Tolmas trust people several times. They are interested in building an "Oscar Tolmas" arena. They helped a Folsom non-profit special needs organization. They did a matching grant for New Heights.</p> <p>Victoria proposed working together to push the legislation through.</p> <p>Benard added that everyone work together to decide what to do with the horses and will work with all of you to deal with the reality of the constant flow of horses. There is a lot of interest now in horse rescue, which is good, but the revenue stream isn't there as in KY. He added that to collect the \$5/start will be a challenge.</p> <p>Michele felt an opt out would work. There are several groups collecting funds, each with an overhead. One strong central organization with a farm owned in Louisiana would be successful. So far, they only take TB. Victoria takes QH and TB.</p> <p>Ed stated there are about 37K starts/year, including both TB n QH.</p> <p>Victoria stated they have a sponsor, Senator Page Cortez. His attorneys do not agree legislation is needed and could be done with HBPA approval. The Commission also told them that.</p> <p>Ed stated the LSRC attorney told them the opposite, Legislation is needed. Senator Cortez may not be aware of the AGs opinion on distributing funds.</p> <p>Charlotte stated that if the owner authorizes it, you can do it, we [HBPA] are not independently allowed to do it.</p>
<p>Presentation (cont'd) Re Horse Aftercare</p>	<p>Benard stated the HBPA would help without question, as it is able to. He would move on to the next group and come back with follow-ups for all.</p>

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<p>Presentation Re Horse Aftercare</p>	<p><b>Eric Hammelback</b> with the National HBPA. Here on behalf of Charlotte's direction. He has a strong initiative to do what's best for the "off-the-track" TB world. He does not represent the QH breed, so cannot speak for them. His charge by the HBPA was to look at and model the Ohio HBPA model, which gives lump sum money to New Vocations within their state. It's funded directly by the State HBPA. It's a good model. New Vocations has coast-to-coast influence of how off the track TBs are cared for. Another polarizing issue is that none of the LA horsemen's money paid to the Jockey Club and funded to the TAA comes back to LA. There is no TAA (TB Aftercare Alliance) accredited facility here. That's in their bylaws. It was adopted after a split with the TCA (TB Charities of America). 13 TB farms pledged 25% of their total stud fees. The JC came in and helped facilitate by in kind donations to help input the funding that can be granted out. They are not a facility that takes in horses. They accredit and chose facilities that do. The most difficult part of his charge was to determine how to get TAA money back to LA. The JC takes \$35 but keeps \$10 to administer, so it's \$25. The National HBPA has an advisor, Jenn Roits, the Executive Director of the Retired Race Horse Project, which was started by Stuart Pitman. Their goal is to make money with the horses. They have about 500 applications to enter into the competitions from many sources, polo, western, etc. The TBA gave a \$2500 donation to the best participant. Jenn is friends with Rosie Napravnik. Jenn's vision along with Lynn Quass, is the reason we've come here to speak. They want a facility here, and eventually go to the State for a possible statute change. New Vacations is funded by the TAA, and with this new organization would take care of your concerns about TAA benefitting LA horsemen horses. Eric introduced Rosie...</p>
<p>Presentation Re Horse Aftercare</p>	<p>Rosie Napravnik (New Vocations) is on the Board of the Retired Race Horse Project. Lynn Quass runs an equestrian facility in Covington. She felt compelled to do something about TB after care. She and Victoria visited Dominic's Auction House together last winter to see what the situation was. She cannot take horses out of the kill pen. No one can take all of those horses. How can she help; what are her resources. A Louisiana facility is needed. This would be TAA accredited and NV's satellite facility. They would follow NV's successful model for receiving, adopting and fundraising for horses. They rehomed/placed 350 horses this year. Eric added he's on the Campaign Committee for NV. The RRHP has created a whole industry. Part of their mission is to educate people to train these horses in the various avenues. The would operate as a NVs satellite facility. It could be up and running by January. Lynn Quass has an equestrian facility in Covington and is prepared to take horses. She knows Morgan Vann through a mid-Atlantic connection. Between the three of them, their qualifications are bar none to operate the facility successfully. NVs would allow them to provide a facility now. It should be horsemen funding the aftercare programs. We need each other. The funding should come from LA and stay in LA for this facility. Michele asked who committed to that? Anna Ford [NV] is committed to that but was unable to make the meeting today. Benard ask if they just house. Christine replied they provide for a new vocation. Eric explained that the Ohio model puts down horses if the situation is in the best interest of the horse. Rosie added they may have a separate lay-up facility. They are trying to bridge the gap between race and sport horses. Benard suggested the 3 groups to work together. Rosie</p>

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	<p>stated that Anna Ford has connections with racing, and her program is pro-racing and pro-aftercare. They hope to become self-funded, to avoid the need to fund these horses.</p>
<p>Further Discussion... Re Horse Aftercare</p>	<p>Benard addressed all groups stating that with \$5/start, we're at about \$160K to \$200k per year. Eric stated he spoke with Churchill Downs. They are willing to look at matching programs similar to KY. Michele asked Rosie what she was asking for today? They are asking for the opt out funding or whatever would come from the HBPA.</p> <p>Benard continued the HBPA wants to consider what's in the best interest of the horses and would consider a plan that may split the funds between the 3 organizations. Victoria suggested they look at results. Michele asked where their farm was. Lynn said the equestrian center is at Barker's corner (4 miles down on the right). Rosie was unsure if New Vocations has an accept any horse policy. Benard thought it would be good if the 3 groups got together. We are charged with putting the money in the hands of the best situation. John asked if they ever approached feed manufacturers. Everyone buys feed. Feed is largely tax free. Eric added that Purina donates feed. New Vocations gets discount. What about a surcharge on each bag? Eric stated there are several organizations that pay through the TAA, and that all we have right now is the TAA. He's hoping to get an organization set up in LA through TAA. He agreed we all have to work together. Victoria stated the TAA came in with a new group instead of trying to help what is already there.</p>
<p>Further Discussion Re Horse Aftercare</p>	<p>Ed asked Eric if he had something he would like the Board to consider or act on? He would like the Board to consider the charge he was given. He brought a reputable organization that will be immediately be funded.</p> <p>Charlotte felt this appeared to be a KY fight, and he should can get TAA to give you money and added that LA Horse Rescue has been here to 10 years. They applied to TAA and were denied several times. TAA requires the farms to be on owned land. The horses are on land owned by Mr. Richman, who has a lot of land and said they can just use it. Why go out and buy land when we have access to as much as we can use. They then got a \$2M insurance policy, and still haven't received anything from TAA.</p>
<p>Further Discussion Re Horse Aftercare</p>	<p>Benard stated we still have to deal with the yearly crop of off-track horses, and some of those horses won't fit into the New Vocations program. Ed added it's unlikely we can help every horse, so we need to get started helping horses.</p> <p>Victoria added just because you're TAA accredited doesn't mean you are the only one doing it right. They're financials are on line and are totally transparent. Ed added that with the Jockey Club's influence TAA is the gate keeper of the money that's being charged to the Breeders. The JC decides where the LA money is spent.</p> <p>Keith asked if the JC stated they would release LA money to an accredited facility? Eric responded they never said it and he never asked. They have a process in place. Keith asked do they return all of a state money to those states with accredited facilities? Eric responded, yes... plus. Victoria added that KY is the only state that's gets less than what they pay in. It's achievable. Victoria added that LA is the biggest state that does not get any money they pay in. She doesn't know anything about the new group, but she has spoken with LA Horse</p>

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	<p>Rescue and would love to partner with them. There cannot be too many. There is plenty of room for NV, LA Horse Rescue and us. Benard said to keep in touch, and we'll work with you. Benard added the Board would talk and do what makes the most sense to the Board. Ed added if they had a copy of the Legislation, it would be a big step forward. Charlotte stated our member breeders have been paying into a system, and they have received no dollars from TAA. Eric added that the charge was to get TAA money here. Done that. He works independently of the Board. As a group, we won't get TAA accredited. This group is TAA accredited. I believe I delivered, and the next step is to get your trust of something that can be here and now.</p> <p>Benard asked Rosie for written information they can study. She responded that she didn't bring anything to the meeting but would send information about the NV program. Keith and Rosie stated that it was most important to be able to turn-over these horses.</p> <p>Victoria stated that TAA's money is awarded on a scale, so NV would receive money by the number of horses they have taken in. Eric added it's calculated on the number of horses they move out. He added that the TAA money given to NV "is well up there."</p> <p>Keith requested written proposals from each group stating what you do, your plans and your business structure because each group has different philosophies. Only one philosophy would work... getting them rehomed. After we review the reports, we can meet with the groups.</p>
	<p><i>The horse aftercare groups left the meeting at 11:57am...</i></p>
<p>Discussion Meeting with Harrah's</p>	<p>Ed reported that they met with Dan Real, the Regional President for Harrah's over Caesars's Properties in Biloxi, New Orleans and Bossier. He is a fan of horse racing. His first request was to run 30 TB race days. He did not mention QH. Benard explained the effect that would have on our members. We stated we would go back to the Board and present his request. He said they would withdraw their opposition the purse transfer if we supported the 30-day race meet. Ron asked what about the QH. Ed stated his impression from the discussion was that Mr. Real was not a fan of QH race days.</p> <p>Charlotte opposed the idea saying if we let one track cut races, we'd have to let them all cut races. Ed and Benard added this is their number one priority - more now than ever.</p> <p>Benard added they have legislators bringing legislation for them. Mr. Real owns horses so he's inside this world. We need to stick together and resolve our issues. Ed reported that Mr. Real's second request was for some purse money to go to LAD instead of all of it going to EVD. We explained Boyd would not consider doing that. Real asked, "Well what if I get them to do it?" We said to try, but it is our opinion that Boyd will say no.</p> <p>John added the potential for Boyd agreeing to do it, would be to reduce their race days. Ron and John agreed they may group together so there's no overlapping race days in LA, which has flavor for some Commission members.</p> <p>Ed reported Real next made a passionate case that LAD is suffering and that we should support him to restore quality racing. We point out that racing was suffering because LAD slots were down 26.3%, but the Bossier market was only down 6% and the Horseshoe Casino down 5%. We stated it appeared that may have been a desire to preserve their boat, and he took exception to that.</p>

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	<p>Benard stated he emphasized LAD could close. Real added he was not proud of the Lad racing product and may have to close it. He also told that to our LAD-based members to get them to do what they did at the Racing Comm meeting. Ed reported they replied they would report his position to the Board. Ed does not believe they will close LAD.</p> <p>Keith added that we lost LAD owners by allowing them to run for \$5K purses. It's their job to increase the purse money and to build a better race product. He wants us to hand him the money. It's time to tell LAD to open like last year or don't open.</p> <p>Ed reported Real mentioned they are exploring some OTBs.</p>
Legal Update	<p>John reported they attempted to get together with QH counsel, Churchill Downs, and the mediator to discuss settlement. Got no closer than the last time. The case will proceed, which includes a writ before the S.C., which may take 3 months to a year. He predicted the trial may be the last quarter of next year. The Racing Commission has to be the trier-of-fact.</p> <p>Charlotte mentioned it appeared the QH folks had the support, and John replied that may change completely at trial.</p> <p>Benard asked at what time this would be kicked back to the Commission. John replied 6-9 months. Ed asked when the S.C. would rule, John replied 3-6 months.</p>
Discussion Re Building Surveillance System	<p>The old surveillance system will be replaced with a new Cox system. \$920 to install; \$324 per month for 3 years, with a 3-year warranty. We get 14 cameras, DVR, and they provide support/maintenance. Ed added they were happy to explore other systems. Ed stated they were reporting this to the Board to see if anyone was opposed. Christy asked what we were paying now, and Ed replied nothing, but there was only one camera currently working. Keith explained that the best systems now run Cat 5 cables, and you don't want cameras that run on batteries due to the need to change the batteries. Ed stated our electrician, Freddy, stated he could not beat Cox, and we needed to go with Cox.</p>
Pension Report	<p>Ed reported they are working with the company on the database, which is almost done. Hopefully, we'll be able to provide status reports on pension awards. The company has stated it's done, but Ed and Troy keep finding issues.</p>
Medical	<p>Christine reported their meeting was canceled. However, Larry reported they have enough money to run without income for more than 6 months. Ed reported \$2.2M in reserve, and we are where we need to be.</p>
HWCIT Report	<p>Keith reported that Ed is exploring ways to invest HWCIT funds. Mike reported that claims are good. We have done well the last few years. The money coming in is the same as the last 4-5 years. Ed reported an accumulation of cash, so the Trustees are considering proposals from 3 companies for long term investments.</p>
Track Report DED	<p>Benard reported the usual complaints during the meet. Purses are good.</p>

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<p>Track Report EVD</p>	<p>Benard reported the QH meet is going forward, and asked if Kenny had anything? Kenny reported things are going well, but still running cheap races, resulting in some horses not running. However, he is trying to work with us. Benard replied they are having the same race issues at Delta. Kenny stated that since the condition board was cut out, they don't meet. Ron offered that was a mistake.</p>
<p>Proposed Motion/Discussion Re Backside Committee and Condition Book Meetings</p>	<p>Ron requested a motion be made to renew the Backside Committee and the protocols to meet with race track representatives to review the condition books. <i>However, further discussion ensued...</i></p> <p>Benard and Ron discussed the number of days needed and given by the race tracks to review the condition books. Typically, 1-3 days. Kenny suggested meeting with the rep before the book is written to discuss the types of races needed. Benard stated the book is already written, and the Committee goes back and reports what's needed. He said we took away horsemen's access to the book and felt we needed to get it back, so if you wish to make a motion to bring it back, we can do it.</p> <p>Kenny also suggested we make a motion to bring it back, so we can have some input into the types of races. Ron added he does not want to be on the FG committee, but he wants someone to look at it before. Keith added that if you go to him, and request a race, there's a good chance he'll do it.</p> <p>Benard added that he feels it was a good thing at DED and EVD, but if you don't want it at the FG... He felt it was important the horsemen be allowed to give input on the condition books.</p> <p>Ed suggested they meet with the tracks on the latest existing condition book and discuss what's needed for the next one. The consensus was for that idea. Ron agreed and suggested a timeline to meet with them to go over the previous book and report what is needed before the next book is written.</p> <p>Keith added that they have charts that outline every horse on the backside...</p> <p>Benard added that problems arise because the Backside Committee was not designed just to deal with the Condition Books.</p> <p>John suggested making a special Backside Committee that just deals with the Condition Book.</p> <p>Kenny stated he requests lists of what the horsemen need, and he brings the lists to the track representative.</p> <p>Keith suggested configuring the HBPA website to accept requests from trainers for particular races, and the suggestions would forward directly to the race tracks.</p> <p>Benard added that we simply making recommendations to the racing secretary.</p> <p>Ron asked, "How do we do it?" Do we say we BS Committee would like to meet with the Racing Secretary prior to presenting the next condition book?</p> <p>Benard suggested they meet prior to the book going to print. Christine asked if it needed to be in our contract that we look at the book before?</p> <p>John suggested that biggest issue the Racing Secretaries have is the competitive advantage that certain people get. It's been explained over and over. The only fair way is if you meet with the Racing Secretary in a closed environment before the book goes to print, whoever it may be, BSC... no copies leave the room. You go over the book, make the changes, make no notes, and you leave. The book does not leave the facility.</p>

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<p>Further Discussion Re BSC</p>	<p>Benard stated they never had competitive-edge issues at DED and EVD. Benard stated people are complaining at DED about the types of races in the condition books and being unable to race their horses. John added that they averaged 9.6 horses per race, so how can the Racing Secretary be criticized? John rephrased the question... Every Racing Secretary is looking for the most entries. Benard responded that horsemen are sitting on horses... Ron added there are no middle races; they are running cheap or allowances. Further discussion was had regarding the number of extras. It was asked if there is a rule in the contract that they are limited to 5 extras a day? Ed responded they reserve the right to limit them to that, but we haven't done that for years. Benard stated it was for all these reasons that you need the BSC. It was asked if anyone made a motion; Christine replied there is no motion on the table, and either we move on or someone needs to make a motion.</p>
<p>Further Discussion re the BSC motion</p>	<p>Kenny suggested a motion be made to have a BSC to review the condition books. Ron asked if we should make the motion where everyone has to meet? Benard suggested a motion to bring back the BSC as it was and they hand out the book at the Racing Secretaries convenience. Ron stated we change it for a reason... and that the book should be offered by the Racing Secretary before it becomes official and a meeting is set up by the Racing Secretary. Benard stated that's what it is... before it goes to print, they hand it out, but sometimes they had it out and the book has already gone to print. Ron suggested everyone meet together to prevent certain people from doing things independently to help themselves. Ron added that all trainers can ask the RS for a race, but we need a meeting where others can witness what races the BSC is requesting of the RS. Benard stated that's exactly what gets done. Kenny stated that's what the extras are... the RS is writing them down. Benard asked if we had a motion to bring it back. Kenny said yes, we have a motion.</p>
<p>Motion</p>	<p>Kenny made a motion to bring back the Backside Committee. Motion by: Kenny Roberts Second by: Ron Faucheux Motion Unanimously Passed</p>
<p>Further Discussion Re Motion BSC</p>	<p>Benard stated they would tweak the motion. Christine asked when we would tweak it. Ron suggested they do it in the motion now, and that the RS has to get the Condition Book approved by the BSC. It was suggested they won't agree to that. Ed stated the contract said, before we took it out, that before the book goes to press, they give it to us. They listen to the committee's feedback, and they send to Ed any changes they make based on that feedback, so we can track it. No RS has ever sent changes to Ed. Kenny suggested they give us the condition book before it goes to press. Ron suggested we say that the RS has to meet with us before their condition book comes out. We don't need to look at it, but they have to meet with us to... Ed stated that is still in the contract now. We took out of the contract that the RS has to give a copy of the condition book to the BSC before the meet. Keith explained the whole idea is to not get the condition book; you sit and discuss the races needed. You don't need the book to state what races you need.</p>



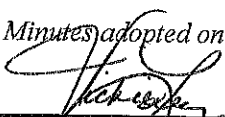
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	<p>Further discussion was had regarding the potential abuses and unfair advantages. Keith stated the advantage for people who get to see the book early is that they are able to compare available races and distinguish their preferred races among what is being offered. Any trainer who gets the book early, will look to see what's available for their own horses.</p> <p>Benard suggested you get the book too late to have sufficient time to do such comparisons. Keith suggested that trainers can make those decision in two seconds.</p>
Further Discussion Re Motion made previously	<p>Christine said there was no motion... Charlotte stated Kenny made a motion without substance, so he has to make a motion that has substance.</p> <p>Benard asked, "What's your motion?" Benard asked for someone to make a motion that allows the BSC to go back and function the way it functioned before. Christine suggested that we keep in mind that Ron said there was a reason we took it away, so you can't keep going back and forth.</p> <p>Benard stated they made a motion to take it away from all the tracks because they didn't want it at the FG. It was reported that someone at the FG was getting an advantage. Ron asked, "How do we appoint the Committee?" Benard responded the Committee is appoint by him [President]. The group he appointed to the Committee was well-rounded, with different backgrounds, and who were approachable, and unafraid to deal with management when necessary, consisting of big and small trainers.</p> <p>Andy asked who was on the Committee? Tom Amos, M. Stidham, Stone and Tucker. The prior year was Courtney Daniels. Ron was on the last one. Everyone on the Board has access to the condition book, which is sent to the HBPA when drafted. <i>(The motion was removed...)</i></p>
<i>Lunch Break</i>	<i>At 1:00 pm (Recorders remained on during some of the lunch break; not transcribed...)</i>
<i>Return from lunch</i>	<i>At 1:24 pm</i>
Financial Update Ronnie Dawson	<p><i>Ronnie delivered his report during the lunch break...</i></p> <p>Ronnie presented the Financial Statement of 1993, Inc.          Total assets were down about \$100K at \$2.377M at the same time last year. Biggest asset is cash at \$1.422M. Prepaid expenses of \$195K up \$40K. Restricted cash of \$130K in WC, about \$170K lower than last year.          On the liability side, as of 9/30/18, there were \$482K of liabilities. The year before liabilities were about \$700K higher, due to redistributions. As of 9/30/18, there was \$1.894M of net assets in excess of assets over liabilities. A good position. In contrast, at 9/2017, you had \$1.3M, a growth of over \$500K. A \$400K growth in revenues. The WC program was up about \$80K. Management Fee is flat. Increase in Jockey fees. The Harrahs settlement was \$230k as of 9/30/18 this year.          On the expense side you had the \$1.950M this year, compared to \$1.809M last year. Revenue over expenses \$411K, compared to \$166K last year.</p>
Further Discussion Ronnie Dawson	<p>Christine asked what the legal fees were for the Harrah's settlement. Ronnie stated he did not have that detail. John explained that was additional money. Ed stated we received money in excess of what we estimate the legal expenses will be. We are awaiting a legal analysis of what options the Board would have to do</p>

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	<p>with that money. There may be some restrictions on... John asked if there were any contingent liabilities. Ronnie replied none that he was aware of.</p> <p>Ronnie went on to explain his role with the organization. He is a CPA, but he's also hired as a third party to provide expertise to the Board. The standards govern you have this financial expertise. We offer advise for matters the Board is considering. They also offer advise to Ed when he has to testify before the state Legislature. They also review certain functions to provide security.</p> <p>Outside of that, we have an external auditor, Postlethwaite &amp; Netterville (P&amp;N), who was engaged in 2009. Nine years is a long time. They've done a good job, but they're had a staff turnover.</p> <p>I've been told to ask if you what to go after another RFP. If you do change auditors, you get a new set of eyes on the records, but Larry would need to re-train new auditors. The audit for the fiscal year is just ending, and we have until December 31<sup>st</sup> to engage someone... a 6-week window for a decision. It would be by invitation to about four firms. We have about a week to decide on the RFP, get invites out and decide by mid-December on an auditor.</p>
<p>Further Discussion Re RFP and new auditor</p>	<p>Christine asked if the only drawback was re-training. Ronnie responded that, and potentially higher fees. The fees could be higher or lower. Ed added that we've had increased audit fees over the years. Larry will send the Board what we paid. Ronnie stated you could engage P&amp;N for next year, but there is a window of time to go out with RFPs to the firms. You can have a meeting here to accept their proposals, then you need time to assess their bids and make a selection. The window is tight. It's a good business practice since it's been 9 years. John asked if you could do it mid-year. Ronnie responded you could do it mid-year, or you could open it up again next year. The Legislative auditor wants us to have someone in place by December 31. You should have a proposals conference here by late November or early December.</p> <p>Ed added that P&amp;N had a 100% turnover, and the experienced P&amp;N staff that did our audit was no longer there. They lost every auditor; they quit.</p> <p>Ronnie added that Todd Tullion(?) left P&amp;N about a year and 2 months ago and went out on his own. The people that did it did a good job but gave Larry and Ed headaches in re-training. Their report had findings that really weren't findings, but their lack of understanding the processes.</p> <p>Christine asked if they gave us a break for re-training. Ed replied no. Elaine Garby is still there. They leaned on us more, because they didn't understand.</p> <p>At this point, we're not getting an advantage of them having done a lot of audits, so now is a good time to see if we can get cheaper.</p> <p>The State instituted a set of requirements called "Agreed Upon Procedures", which inflates the cost, due to the need to address other items. John asked if we pay more for increased hours worked by P&amp;N. Ed replied no, we pay by the job. John said if you get another auditor, you have to re-train again.</p> <p>Ronnie added that re HWCIT, P&amp;N has expertise on insurance-related industries, and we don't believe any other firm will have this expertise or the reputation with the Insurance Commission. Ed recommended staying with P&amp;N for the HWCIT audit, stating they selected P&amp;N initially because they are well-respected by the Dept. of Insurance. John added that P&amp;N could come in with a higher bid.</p> <p>Ronnie and Ed sated P&amp;N is not engaged for next year. Ed stated we don't get anything from them until December.</p>

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Further discussion by the Board on the RFPs	<p>Benard deferred to Ed. Ed stated if were going to put it out to bid, this is the year to do it. Todd, who has the background, wants to bid for it. Ed made it clear to Todd that we would not bid out the WC portion. Ed added we had no problems with P&amp;N, it was just all new personnel. No motion is needed. Benard and Christine said do what you recommend.</p> <p>Larry said we should look at it. If it's too quick to do for 2018, maybe do for 2019. Ed was concerned to put our an RPF in the middle of the year.</p> <p>Ed explained we do an audit for each entity. P&amp;N is one of 3 firms with a good reputation for doing insurance audits. They have more confidence in P&amp;N audits. He likes the idea of keeping David Moore's team. The other teams are new staff, and the teams were college interns and they all left.</p> <p>Ed does not believe P&amp;N will turn down the WC portion of the audit, if the other portions go to another firm. Ronnie added that it's a separate audit, so you have the right to segregate it.</p>
Motion to Adjourn	<p>Motion made to adjourn the meeting at 1:51pm.</p> <p>Motion by: Andy Leggio          Second by: Christine Early          Motion Unanimously Passed</p>
Ratification	<p>Minutes adopted on: <u>June 10</u>, 2019</p> <p>          _____          Vickie Lory, Meeting Secretary</p>