

AHRMA Membership and Board Meeting

October 15, 2012 (Third 2012 Board Meeting)

Barber Vintage Motorsports Museum

Leeds, Alabama

NOTE: Unless indicated otherwise, all votes were unanimous. Items marked with an asterisk () are confidential and should not be discussed outside the Board.*

The third AHRMA Membership and Board Meeting of 2012 was called to order, in open session, at 8:00am by Chairman Dave Janiec.

In attendance were AHRMA Trustees Janiec, Fred Mork, Mark Hatten, Matt Hilgenberg, Kelly Shane, Craig Breckon, Fred Guidi, Carl Anderson, Debbie Poole, Rob Poole, Bob Goodpaster and Jerry Grakauskas. Other AHRMA officials included Dave Lamberth (Executive Director), Cindy Cowell (Roadrace Director), Cathy Lile and Tim Lile (Communications Directors). AHRMA members Keith Martin, Fred Willink, Jerry Wood, David Pierce, Alex McLean, Ken Mertz, Corky Root and Patty Root also attended.

The first order of business was to formally approve the minutes of the July, 2012 Board meeting in Morgantown, WV. Hatten made the motion to approve the minutes and Breckon seconded. The vote was 12 to 0 in approval.

Janiec called for the Executive Director's report. Lamberth reviewed the off-road events held during that weekend's Barber Vintage Festival. Overflow campers posed an issue in the off-road pits; the Barber Motorsports Park (BMP) staff advised that they had oversold camping passes, which resulted in the overflow winding up in the off-road pits. BMP staff assured Lamberth that steps will be taken to prevent this from happening again in the future, and that BMP security will control the camping areas next year. Entries were 44 for the Trial, 94 Cross Country and 144 Vintage MX.

Lamberth advised that the off-road competitors felt that the 2012 event was the best so far. The changes made to VMX track were well received and mixed up the layout which provided a much different, but shorter, course. Lamberth has spoken to the Barber staff on a solution for regaining the lost space for the VMX track and has been assured that this will be taken care of for the 2013 event. The three-mile-long cross country course was well received by the racers; several new sections were included, and the sections used from 2011 were run backwards. Comments on the trial were also very positive; the layout crew had cut three new sections for this year's event which were popular with the competitors.

Janiec called for the Roadracing Director's report. Cowell reviewed the Barber roadracing event. Parking was supervised by Hatten and ran smoothly. The use of Lot C on Wednesday worked very well and prevented the AHRMA racers from being tied up in the traffic generated from the swapmeet vendors. There were 675 racing entries for both days and 350 practice entries. The two-day practice on Thursday and Friday went well. The new-for-2012 policy of "no practice on race day," worked well and the racing

started at 8:00am and ran until 5:00pm. There was no down time during the race day (other than the required lunch break activities). The BMP track staff was very willing to cooperate with AHRMA to make the event work; this was the positive result of a pre-event meeting. Janiec made comments about this event as compared to Mid-Ohio and the realization that competent organizers, like AHRMA, can significantly help make the events work more effectively for both the track and organizers. Cowell will provide a written summary on the 2012 Barber event upon her return to the office from the Daytona events, addressing lessons learned and recommending potential adjustments for 2013.

Cowell presented the first draft of the tentative 2013 roadrace schedule. Hatten expressed concern about the back-to-back races. Road America and Grattan are the only back-to-back races members have traditionally supported, possibly due to the mid-summer date and school/vacation concerns. A proposed event at New Mexico's Sandia Motor Speedway was discussed, including a review of the financials and organization. Hatten stated that the track was not safe for high-horsepower bikes. Anderson said he felt the track was unsafe even for the smaller bikes. Janiec asked to determine if there were any safety improvements to Sandia since AHRMA's last visit. The discussion turned to the race at Utah's Miller Motorsports Park. Janiec stated that Miller had made improvements to the property that may support adding other disciplines for a larger cornerstone event. Finally, Anderson stated that many riders felt that interest and participation in AHRMA roadracing at Florida's Daytona International Speedway may be waning. Hatten asked if a hiatus from Daytona was possible. Cowell felt that AHRMA would not be invited back to Daytona if we chose not to race there in 2013.

Noting that Cowell needed to depart quickly for the following weekend's race at Daytona, Janiec called for a short session of open member comments regarding any roadracing comments or questions.

Wood suggested that the participation of professional-level riders and celebrities would help to promote roadracing. With regard to the Barber Vintage Festival events, he thought that the requirement for a rider to have attended two previous AHRMA races during the year in order to enter at BMP could use some adjustment, and volunteered his services. Wood felt that policy kept some top experts from racing, and that those riders could improve the show. He also mentioned several ways to promote and grow AHRMA.

Martin made comments about the Barber events. The lack of contingency programs was discussed. Hatten stated that most companies focus their contingency monies on modern-bike racing, and that modern classes make-up only about one-third of the AHRMA roadrace program, which makes obtaining contingency sponsorship very challenging. Martin then presented a petition signed by 65 riders at the Barber event who did not support back-to-back roadraces; he noted that only five people he approached opted not to sign the petition. Martin felt many racers chose to attend races which would help them meet their competitive goals without overextending their financial resources, and a reasonably-skilled rider with the monetary backing to attend all 20 race days would win a championship. Cowell noted that the best 10 race results count toward a championship, not all 20. Martin closed by also expressing his belief that the Sandia track was dangerous.

Janiec call the meeting back into regular open session, closed to member comments. Cowell departed for Daytona preparations.

Janiec called for a review of the tentative 2013 schedule of off-road events, which was presented by Guidi (AHRMA National Off-Road Director). Guidi advised that he planned to soon finalize a multi-discipline event at the Du Quoin, IL fairgrounds, including a dirt track race on the one-mile oval. The next topic was the August, 2012 MX and trial at Chehalis, WA, where the landowners took over event operations. Lamberth advised that AHRMA had not received any official results or paperwork from the event, despite multiple calls and emails. The last contact with the promoters had been September 14. Due to this fact, AHRMA was unable to provide results for the members, or for the national point keeper. Lamberth advised that D. Poole was able to secure a copy of the results that were used during the awards presentation at the event, although they were incomplete. Lamberth started discussion on his plan to use these results as the official results for the Chehalis event. Hilgenberg noted that even if the promoters cooperated, there was apparently no way to solve scoring problems for the MX, due to a variety of errors on race day. Guidi recommended posting the results from D. Poole, which was generally agreed to be the best course of action. Lamberth stated that Chehalis may not return to the 2013 schedule, and that he was working with the Pooles on a replacement venue. Guidi intended to make contact with the Chehalis landowners regarding 2013.

Janiec called for a recess at 9:45am.

The meeting reconvened in open session at 10:00am.

Other members who arrived during the previous session were Pat Riley, Ryan Ambrose, Jarred Martin, Dick Greenway and Walt Bolton.

Janiec called for a member open comment session.

Bolton discussed roadracing rules, the event at Louisiana's NOLA Motorsports Park, and sponsorships. Bolton stated that he wanted to go back to the original Thruxton TransAtlantic Challenge-class rules which did not allow Harley-Davidsons. Janiec discussed the origins of the spec. bike classes in AHRMA and the importance of having a place for the bikes to race after the manufacturer sponsorship ends. Further discussion followed regarding the Harleys; some of the Thruxton riders felt that the Harley was not participating in sufficient numbers and that it should be excluded from the class. Due process was reviewed and it was stated that all rule proposals are considered, but that no rules change proposal was received requesting the Harley-Davidson be removed from the class for 2013.

K. Martin again brought up concerns of back-to-back events. Janiec reviewed the process of schedule determination. Ambrose stated that, in his opinion, Sandia was not a safe racetrack.

Janiec called for the continuation of the Executive Director's report. Lamberth continued the review of the 2013 vintage and post-vintage MX schedules. He felt that, due to a lack of available terrain, the off-road events at Wisconsin's Road America were of inferior quality, and should not return to the schedule

in the future; Guidi concurred. Lamberth stated that the schedules for both cross country and trials were being finalized, and but available for review.

Janiec called for a recess and closed the member open-comment session at 11:10am.

The meeting reconvened in open session at 11:25am.

Janiec called for the ED's summary of AHRMA's health statistics, financial, membership, and participation/attendance, by discipline.

Lamberth reviewed the financial results as compared to budget for the period ended September 30, 2012. Actual income-over-expenses for the period was \$21.9k as compared to a budgeted income-over-expense of \$36.3k (a variance of \$14.4k). Revenues were ahead of budget by \$69.0k due to better-than-expected roadrace and motocross attendance, stronger membership numbers and advertising revenues.

Expenses came in \$83.0k over budget. Lamberth provided detailed explanations of these overages to the board. Janiec noted for the members in attendance that the variances were against the budget only, and that overall, AHRMA was still maintaining revenue in excess of expenses. Lamberth did note that the NOLA roadrace event showed a loss due to lower-than-budgeted attendance, which was driven by the hurricane that struck the area the week prior to the event. Consensus was that this event will grow in the future and will become a profit-generator for AHRMA as attendance grows.

At the time of the meeting, AHRMA had 3816 members.

Lamberth reviewed the attendance of the 2012 racing season year to date. High points for 2012 in VMX/PVMX were Unadilla, Diamond Don's and Gatorback Cycle Park. Discussion took place on the dirt track attendance for 2012, and the addition of the Spring Garden Ranch facility in De Leon Springs, FL. Attendance had been low, but efforts were being made to provide quality events for the AHRMA dirt track racers. Trials attendance discussion took place, centering on the continued decline in numbers. Lamberth reviewed the roadrace attendance for 2012, with comments made on the impact of the hurricane on the NOLA event; attendance was also down for the races at Michigan's Gingerman Raceway and at Road America. Cross country attendance was reviewed with discussion following.

Lamberth reviewed the first draft of the proposed budget for 2013. Lamberth explained the assumptions behind the budget and made note that changes will be made, based upon any changes to the 2013 schedules.

Janiec called for the Treasurer's report, which was presented by Hatten. He noted the U.S. national unemployment rate continues to trend downward. Gross Domestic Product (GDP) was positive, but lower than optimum. Fuel costs had been high, but under \$4.00 per gallon in most areas of the country. He noted, based on the comparative analysis of other racing organizations, that AHRMA was doing well. AHRMA's roadracing event expenses were somewhat high, but the staff was consistent from event to event. Hatten reviewed the AHRMA investments, noting that AHRMA's investments had underperformed as a whole.

Janiec called for a recess at 11:45am.

The meeting reconvened in open session at 12:01pm.

Hatten reviewed the Treasurer's investment report. At the time of the meeting, AHRMA had \$225k in reserve fund managed by Royal Bank of Canada (RBC). Via a PowerPoint presentation, Hatten provided details of AHRMA's current investment portfolio. He noted the current portfolio had been under-performing the applicable indexes for quite some time. Considering that, and the account management fees being charged, Hatten recommended the Board utilize a self-directed portfolio of index funds to meet AHRMA's goals of reasonable investment gains with low-to-moderate risk.

Guidi made a motion and R. Poole seconded, to move the AHRMA investments strategy to a self-directed portfolio as recommended by Hatten, with the Executive Director and Executive Committee approval required of any changes. The vote was 12 to 0 in favor of the motion.

Janiec called for the 2013 rules review; discussion and voting on the preliminary 2013 rules then took place. (See the attached 2013 Rules Proposals Review and preliminary decisions).

Janiec called for a recess at 2:15pm.

The meeting was reconvened in open session at 2:30pm.

D. Poole presented data about entries for post-vintage-style "Twin Shock" trials bikes in other organizations. After a long discussion Janiec stated AHRMA must address the issue that the participation facts as presented by D. Poole (actual results pulled from other organizations' websites) are counter to the perception of a large part of the trials community, largely split on regional lines.

The 2013 Rules Proposals review continued to its conclusion.

The next order of business was to appoint 2013 rules committee chairmen. Janiec noted that the Chairman of the Board of Trustees selects each committee chair, and the Executive Director selects the remaining committee members. Lamberth suggested Grakauskas as chair for the cross country committee. Janiec agreed, Grakauskas accepted, and was thusly appointed.

Hatten, 2012 chair of the SOS/BOT/SOT rules committee, recommended fellow committee member Anderson be installed as chair; Janiec appointed him so.

Janiec thanked all the committee members for their help with the rules during the year.

Hatten expressed his concern that the Off-Road Director is also a Trustee, which he felt was not in keeping with AHRMA bylaws. He thought Guidi was doing an outstanding job in both roles, but wanted the Board to review the situation as it may create a conflict of interest or the appearance thereof. Janiec stated that Guidi is not compensated in his role as Off-Road Director, therefore there is no conflict of interest. Janiec noted that the issue and the definition of compensation were researched by legal counsel, in depth, several years ago. The clear determination was that salary or compensation in excess of expense reimbursement constituted "compensation", and that simple reimbursement of

expenses did not meet that standard. Janiec noted that Guidi accepted the position as Off-Road Director for expense reimbursement only, in accordance with the bylaws. Discussion followed on the subject, and the appearance or reality of conflict of interest, including consideration of a change in the bylaws. Janiec noted that the subject had transitioned into one of the three subject areas normally only discussed in closed session, that being individual personnel matters. Shane made the motion and was seconded by Mork go to closed session. The vote was 12 to 0 in approval.

The Board reconvened in closed session for legal, contractual and personnel issues, including the performance and compensation of the ED. Guidi did not participate in the ED's performance and compensation discussion and determination (an outcome of the closed session).

Janiec adjourned the meeting at 5:00pm