

## RYHA Executive Board Meeting

### Meeting Minutes

09Feb2014

A meeting of the RYHA Executive Board was held on Sunday February 9, 2014 at 2:00p. In attendance via conference call were Shane Willis, Lori Parro, Andy Thomas, Steve Henley, and David Wright.

The purpose of the meeting was to discuss and vote on a proposal presented by Shane Willis to proceed with replacing the existing RYHA Board and move forward with a merger of the RYHA, East Coast Eagles, and Carolina Lightning organizations (see enclosed email from Shane Willis).

The meeting called to order and Shane reviewed the email point by point. The following represents additional points of clarification and questions posed by the Board:

1. Shane emphasized that this was not a dissolution of RYHA. The plan would be to use the existing RYHA 501c3 and infrastructure. The organization would be renamed and new bylaws implemented once the new board was in place.
2. A transition period was mentioned (undefined period of time) during which they would start with 5 person board, change bylaws and move to the 7 person board previously discussed. Steve Henley would serve on the interim Board during the transition.
3. The Board asked about the role of the existing staff. Shane said that Jenny, Jean, and Steve have all expressed interest in remaining as staff. Shane clarified that these positions would all be open to others for application and the new board would decide on who would fill those positions, leaving it unclear what the near term status of the RYHA staff. It is undetermined at this time if the existing staff would have first right of refusal for these positions or would be terminated if another resource was preferred.
4. A primary concern was the RCI contract held by the Carolina Lightning and status of negotiations. Shane indicated he had spoken to Trish at RCI and they were aware of the discussions and open to negotiating contracts. Shane also indicated that Don Schaap has reached out to RCI but nothing definitive had been done. Shane mentioned that the new organization would simply assume the current contract although they would be looking at renegotiating payment terms/schedule. Lori asked if the contract had any language about it being assignable/transferrable. Shane said that the existing Lightning contract had not been reviewed by anyone in this process but that Don Schaap assured him that the contract was current for payments. Shane indicated that Pat Cavanaugh of RCI was in the loop and would engage in discussions for transferring the responsibility to RYHA.
5. Another concern raised was how the new group would ensure that all contracted off-season ice would be effectively used. Shane indicated that the group had discussed offering additional week long camps in Spring and start AA and AAA teams at first of August to use remaining Summer ice commitment. Ice times are conducive to allow the program to operate at normal times.
6. The Board questioned if the proposed Board had verified the financial status of the Lightning. Shane confirmed that the Lightning have not provided financials to him yet, but said Don Schaap indicated he was open to doing so. The Board encouraged Shane to ensure that there were no financial surprises from the other organizations. It was suggested that Shane request a copy of

the Lightning current 990 and current balance sheet to ensure they are financially sound. The Eagles were not included as it was assumed that having been newly acquired that due diligence had already been done and the Eagles financial status was fine. Lori urged the group to obtain the most recent filed Form 990 from Don Schaap and YTD financials including a balance sheet to corroborate what Don has told Shane in that he is current on his debt obligations and that there is enough working capital to take care of any outstanding payments due such that RYHA would not have to foot the bill for transferring debt (ice payments).

7. Lori suggested that a cash flow plan be put together to ensure that there is cash to support what they want to do near term. We know that the RYHA has a planned deficit entering the 2014-2015 fiscal year. While that would be erased by the current RYHA plan, in the near term we will have to utilize the line of credit to support our own program needs. The new group needs to ensure that the combination of all three groups can continue to support cash flow requirements near term while they execute tryouts and get initial program payments. When asked whether such a plan was formulated, Shane indicated that Rick Daniel was putting one together for RYHA. It was noted that Rick has no formal involvement or extensive knowledge of RYHA cash flows and budget information beyond his prior equipment purchase requests.
8. We asked if a president had been appointed, assuming we approved the plan. Per Shane, no President had been appointed yet. Just wanted to get board members identified.
9. Shane indicated that no one had been specifically identified to administer the financials of the organization. Rick Daniel and others have expressed interest. Steve noted that Don Blue would take the lead in the financials until a Finance Director is identified.
10. Don Schaap has only had discussions with his Board. No formal vote at this point on the proposed merger and dissolution of the Carolina Lightning.
11. We asked if after the transition period if the new bylaws would support a member elected board of directors. Shane indicated that he expected it to be an elected board after the transition but the rest of the group hasn't weighed in. Lori asked if plan is to compensate the board. Shane indicated that he didn't expect that but no decision has been made. It was noted that the Lightning board members are compensated. It was also noted that the planned process for replacement of the Board is inconsistent with the rules outlined by the existing By-Laws of RYHA (David read the By Laws procedure for replacement of Board members aloud).
12. Lori and David expressed their support for the merger, however requested the following as pre-conditions to an affirmative vote:
  - a. a mutual agreement be drawn up that guarantees the dissolution of the Eagles and Lightning 501c3s in exchange for the current board vacating their positions.
  - b. legal counsel be engaged to review the proposal and ensure that all legal and financial responsibilities of the three organizations are considered and appropriately addressed. We can find an objective 3<sup>rd</sup> party to review. All three organizations would be responsible for fees.
  - c. Current financial information requested from Don to confirm his stated financial position.
13. The Board agreed that a notice needs to be sent out to the 3 organizations' membership to alert them to what has transpired, what is proposed, and what the next steps will be.
14. The Board expressed concern over the timing of the proposed merger in light of upcoming tryouts, especially with so little detail seemingly available. Shane mentioned that Rick Daniel

was already working on a budget for the next fiscal year/season and that Steve had reviewed ice commitments and verified they would support the proposed program teams.

David and Lori once again expressed extreme disappointment and concern with the process; specifically that the elected Board of Directors of the RYHA were not given the opportunity before, or are currently not invited to sit at the table and be part of the discussion for such an important matter. It was felt the involvement of experienced Board members most familiar with the management and finances of the organization would be important in ensuring a smooth transition/implementation. They also expressed discomfort in voting on the matter with no formal business plan or processes in place. Andy and Steve also expressed disappointment in the process, but felt that their conversations with Shane and Steve's participation in the interim board provided them with the assurances they needed to support moving forward.

Shane put forth a motion to move forward with the merger plan as presented and that the currently elected board members (David Wright/President, Lori Parro/VP of Finance, and Andy Thomas/VP of Fundraising) vacate their board positions effective immediately to make room for the new Board members.

Steve Henley seconded the motion.

Lori indicated the intent to abstain from a vote, stating that with no formal transition plan that there was a lack of information or clarity on which to cast a vote. Lori asked that Shane clarify that the motion was to move forward, and whether the intent was to do so with or without the legal review or written agreement as proposed. Shane confirmed that the motion was to move forward without these pre-requisites.

No further discussion.

David called for votes. Motion passed 3:1 (Shane, Steve, Andy voted in favor, Lori opposed). Lori clarified that she was in favor of the merger but could not vote in favor of the motion without the pre-requisite of legal review and formal business plan.

As president, David could not vote unless there was a tie. David indicated that he was in agreement with Lori's position and would have voted no. Supporting the merger but only with proper planning and due diligence.

David indicated he would distribute the meeting minutes to the Board and Staff and then resign his position on the board as required.

Meeting was adjourned at approximately 3:30p.