



National Pygmy Goat Association
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AGENDA ITEM NB B

Proposal

1. I move that the Director's Agreement be amended to add paragraph 10:
 10. I acknowledge that should I become a named plaintiff in a filed civil action against NPGA, that I will be removed from office as a Director.

2. I further move that Rules and Regulations, paragraph N be added to state:
 - N. Any Director or Vacancy Replacement Director who is or becomes a named plaintiff in a filed civil action against NPGA will be removed from office as a Director or VRD, as appropriate.

3. I further move that Rules and Regulations, paragraph 11.C be amended as follows:
 - First, the title for 11.C changed to state "C. Eligibility requirements for both Director and Vacancy Replacement Director"
 - Second, 11.C.6 be added to state: 6. Must not be a named plaintiff in a filed civil action against NPGA during the pendency of that action.

Reasons

Since a VRD automatically becomes a Director in their respective region upon a vacancy on the Board as defined in Bylaws 4.7, the proposed changes should be equally applicable to both Directors and VRDs.

The reasons for a person not being allowed to concurrently serve as a Director or VRD while being a named plaintiff in a civil suit against NPGA are listed below:

- Director JD, para 9 requires a Director to represent NPGA as a whole, and vote in accordance with its best interests. This is not possible if a Director has competing interests as a plaintiff in a civil suit against NPGA.
- Director JD, para 10 requires a Director to not breach the confidentiality of closed session discussions and information. When NPGA is defending itself in a civil suit, discussions will necessarily occur to which the plaintiff or plaintiffs are not to be privy.
- Director JD, para 11 requires Directors to at all times maintain an objective stance on all problems, conditions, situations and controversies. When NPGA is defending itself in a civil suit, it is an impossibility for a Director who is a named plaintiff in that suit to be objective with respect to board action relative to that suit.
- Director's Agreement, para 1 requires all Directors to advocate for and promote the NPGA. A named plaintiff in a civil suit against NPGA cannot possibly advocate for and promote NPGA.

- Director's Agreement, para 4 requires all Directors to share responsibility to ensure the fiscal stability of NPGA. Since civil suits typically involve the plaintiffs seeking both general/special damages and punitive damages, it is obviously impossible for a named plaintiff to ensure the fiscal stability of NPGA. For example, the current civil action against NPGA is seeking general/special damages of \$230,108.00 and punitive damages and other fees and costs of \$1,330,324.00. Moreover, the current NPGA liability insurance carrier has put NPGA on notice that the current liability insurance policy will not be renewed due to this civil action; efforts to obtain liability insurance elsewhere is appearing to involve premium costs approximately ten times more expensive than current premium costs. This is not fiscal stability which all Directors are required to ensure.
- Director's Agreement, para 7 requires all Directors to maintain confidentiality and not disclose information about NPGA's legitimate activities unless they are already known to the public or are of public record. It would be an impossibility for a Director who is also a named plaintiff in a civil action against NPGA to not "play both sides of the street" when discussions on defending a civil suit come up during a board meeting.
- Finally, Director's Agreement, para 8 requires all Directors to avoid actual and apparent conflicts of interest, whether such conflict arises from a personal, professional, familial, social, business, or other relationship. All of the above situations and eventualities are clearly conflicts of interest in some shape or form.

Advantages

This proposal will solve the obvious conflicts of interest when competing interests and insider information situations happen when directors are involved in lawsuits against NPGA.

Disadvantages

None.

Financial Implications

None.

Submitted by

Linda Henwood