

**National Reining Horse Association
Minutes of the Board of Directors Meeting
NRHA Office
Oklahoma City, OK
June 11, 2006**

Approved August 5, 2006

Present: President, Dell Hendricks; President Elect, Mike Boyle; Vice President, Kim Sloan; Elected Board Members, Anne-Marie Burns, Doug Carpenter, Troy Heikes, Marc Wagman, Rick Weaver, and Dave Wilkins; RHSF President, Frank Costantini; and Appointed Board Members, Lisa Cover, Sam Houston, Dale Lopp, Colleen McQuay, Bill Peel, Chris Potter, Flis Sassella, and Vaughn Zimmerman.

Staff: Executive Director, Dan Wall; Chief Financial and Operations Officer, John Foy; Sr. Director of Publications, Carol Trimmer; Sr. Director of Affiliate and Alliance Programs, Debbie Drinko; Director of IT, Dennis York; Director of Events, Robert Simpson; Director of Marketing, David Patterson; Executive Assistant, Susie Trimmer; Manager of Membership Services, Tobi Coleman; Website Administrator, Haley Carmen; Supervisor of Membership Services (Memberships), Michelle Wrigley; Supervisor of Membership Services (Shows), Melanie Rinehart; and Supervisor of Membership Services (Derby & Futurity Entries), Jennifer Hettinger.

Guests Present: Cathy Anastasi, Tom McCutcheon, and Tim McQuay.

CALL TO ORDER

The meeting was called to order at 8:02 a.m. and roll was called.

APPROVE MINUTES FROM THE APRIL 2, 2006 MEETING

Rick Weaver moved to approve the minutes as written. Seconded by Sam Houston. Motion passed.

APPROVE MINUTES FROM THE APRIL 11, 2006 EMAIL VOTE

Rick Weaver moved to approve the minutes as written. Seconded by Mike Boyle. Motion passed.

FINANCIAL REPORT

John Foy stated that the summary of the Profit and Loss overview in everyone's packet is reflective of the Derby only. This was done to give everyone an idea of the forecast of the Derby. John stated that we made a \$178,191 investment in the Derby and the Reining community. John also stated that the Spotlight Sale profit will be above budget.

John went on to report that as of March 31, 2006, our total net income is \$516,765 which is a variance of \$315,584 more than budgeted. Our unrealized gains are doing very well at

\$114,342. John then went over the March 2006 year to date actual to budget variances as well as the fiscal year to date variances.

Dan Wall introduced new Director of Marketing, David Patterson, to the Board.

DEPARTMENTAL UPDATES

Memberships – Tobi Coleman reported that there are two new hires working in the Membership Services Department. They are Keri Boone and Amanda Mertes. The Department is within a five day turnaround time in processing. Tobi went on to report that total memberships are up 546 members over last year. U.S., Youth, and Non U.S./Canadian memberships are all up, however, Canadian memberships are down slightly. Tobi stated that this is more than likely due to the fact that Canada starts their show season later in the year. Brand new licenses are up 12.5% and license transfers are up 9.1%, which is a very significant increase.

Shows – Melanie Rinehart reported that there are a total of 515 total shows approve so far for 2006, of which, 95 are international and 74 are Canadian. The Board went on to discuss the impact of the increased number of shows on the industry. Carol was directed to write a press release on the increase in shows. Melanie presented a breakdown of the number of shows that are AA, A, and B. There are a total of 28 AA shows, 38 A shows and 449 B shows. She was directed to break down which of those are international shows for the next meeting.

Derby – Jennifer Hettinger reported that there were a total of 369 horses nominated for the Derby, of which 14 were Sire & Dam nominations. A total of 345 horses qualified for the draw. There were 195 in the Open, 136 in the Intermediate Open, 46 in the Limited Open, 15 in the Prime Time Open, 150 in the Non Pro, 100 in the Intermediate Non Pro, 76 in the Limited Non Pro, and 37 in the Prime Time Non Pro. While the Open was down in entries, the Non Pro was up over last year. A five year entry and purse comparison was also presented.

Futurity – Jennifer Hettinger presented a current comparison of the Futurity nominations as of June 8. There are currently a total of 595 horses nominated for the Futurity. Jennifer also provided statistics on the Open/Non Pro Designation, which was included in packets.

Sire & Dam – Michelle Wrigley reported that to date there are 389 breedings donated and 239 sold. She also stated that \$207, 588 has been collected.

RULE CHANGE PROPOSALS

A packet of all rule change submissions was handed out to the Board. Each rule change proposal was reviewed and briefly discussed. The rule change proposals will appear in the July issue of the *Reiner* and will also appear on the NRHA web site where members may comment on each change. All rule changes will be voted upon at the August 2006 Board meeting and all member comments will be taken into consideration.

Break 10:12 a.m. during Rule Change Proposals
Reconvene 10:26 a.m.

RHSF UPDATE

Frank Costantini reported that the RHSF Board met on June 8. He stated that the Crisis fund is doing well and there are six Rookie Days scheduled for this year. The Year of the Youth Committee has been hard at work and Frank noted that in the absence of a Youth Director, Anne-Marie Burns has stepped up and has done a tremendous job filling in. He stated that the Youth have met almost every task that has been set. They are currently working on the horse raffle and the membership drive.

Frank also reported that the International Development Committee has been very busy. There is a trip to Russia scheduled at the end of June. Restricted funds will be used to fund the trip.

DERBY REVIEW

Robert Simpson presented the Board with an overview of the positives and negatives of the 2006 Derby and a list of suggestions for the 2007 Derby. Discussion followed and Board members offered their positive and negative comments on the Derby. Overall, the Derby was a great success.

COMMITTEE REPORTS

Affiliate – Chair, Mike Boyle reported that the Affiliate Committee met on June 10. During the meeting the committee reviewed and discussed the 2007 U.S. redistricting, began discussion of the Green Reiner class, and discussed the use of acronyms for affiliates. The Western Affiliate Finals are proceeding as planned with the new show management. The Southern Nevada Reining Horse Association will remain the host. The following items will be voted on via conference call: 2006 NAAC conditions and the approval of the Cowboy States Reining Horse Association and the NB Codioc Reining Horse Association.

Aged Events – Chair, Troy Heikes reported that the committee met on June 10. They reviewed the 2007 Derby and Futurity conditions and reviewed a proposal for the Derby from the Non Pro Committee. They also reviewed the substitution policy for ancillary classes as well as instituting a fee for closing out open checks. The committee also reviewed a proposal from Robert Simpson on ranking the finals. Future projects include defining the responsibilities of the Aged Events Committee, developing the 2006 Futurity schedule, reviewing the 2006 Derby, discussing a banner proposal, as well as reviewing the awards ceremonies, the unsportsmanlike conduct rule at the Derby & Futurity, and a proposal for pre paid Futurity entries.

Eligibility – Chair, Kim Sloan reported that the committee met on June 10. They reviewed proposed rule changes submitted by the Eligibility Committee as well as those submitted by other sources that affected eligibility. The committee also discussed including Category 4 (breed specific) earnings into Aged Event eligibility and discussed addressing the Category 2 Intermediate Non Pro eligibility.

Finance – Liaison, John Foy reported that the committee met on June 10. Mr. Jeff Armstrong met with the committee to discuss current NRHA investment strategy, fund performance, and future NRHA investment strategy. As a result of the presentation, the Finance Committee will be coming forward with an investment recommendation to the Executive Board. The committee then discussed budget progress and also decided to send

15 day notification and past due letters by Certified Mail. They also reviewed proposed rules and by-law changes and will develop a policy on personal guarantee for *Reiner* advertisers that operate under a corporate or ranch name. The committee also reviewed funding requests from both the Non Pro Committee and the TV Ad Hoc committee. The Finance Committee supports both requests.

Information/Technology – Chair, Kim Sloan reported that the committee met on June 10. They discussed about the new show program and its status and the resolution of storage capacity for the Reiner department to alleviate space requirements. The Exchange Server is now being used with success to perform mass emails instead of outside or 3rd party site. The plan for migration to the new server is on track for a July – August time frame. The new show program to be tested 3 more times in house and at another event prior to the Futurity. The Exchange server is performing well at this time. They did increase the size and bandwidth of our Web hosting Site and are in the process of designing new queries and information availability from the NRHA Database. Electronic show results require some data modifications from the application developers for the software being used by the affiliates before they can be integrated into the NRHA database. Future projects/programs under consideration include integrating International Historical Data into NRHA Database, implementing SQL beginning with Server migration in preparation for conversion in 2007 from the current platform to SQL by March 1, 2007.

Judges – Chair, Rick Weaver reported that the committee met via conference call on June 1. They discussed rule change proposals and the 2006 Futurity patterns.

Marketing – Chair, Dave Wilkins reported that the committee met on June 10. They discussed the goals of the Marketing Committee and the Communications Department. These goals include increasing membership, improving communication, and increasing sponsorships. The committee also endorsed the TV show for RFD-TV as well as adding an additional person to the Marketing Department for the purpose of marketing sponsorships. Sam Houston then explained the TV show proposal to the Board. The committee also reviewed the budgets and directed David Patterson to review the budget needs for 2007 and to request a budget that reflects the needs to meet the goals of the department.

Non Pro – Chair, Marc Wagman reported that the committee met on June 10. They discussed the Non Pro Derby conditions that were approved by the Aged Events Committee as well as rule change proposals and reviewed and recommended approval on nine apprentice applications. They also developed verbiage for the Trainer's award and discussed ways to market this award as well as the First Timer award. Future projects include choosing a buckle design for the First Timer Award.

Owners – Chair, Bill Peel reported that the committee met on June 10. Interfacing with the trainer's agreement and a FAQ sheet/web page are both still in the development states. They are also working on enhancing the presentation of the Futurity/Derby Owners celebration. The committee has completed a press release and an article which was published in the *Bridle & Bit*. The first Top Twenty Owners jackets were awarded at the 2006 Convention. Future projects include developing a program with the Professionals Committee to help new trainers on the business end with owners.

Professionals – Liaison, Tobi Coleman reported that the committee met at the 2006 Derby. They are reviewing developing a Top 20 for the Intermediate & Limited Open, discussed industry job postings on the NRHA Professionals page on the web site, and hosting rider meetings at the major events. The committee has proposed a policy regarding the

reinstatement of Professional status once someone has been suspended. Future projects include seeking sponsor for a better quality Top 2 jacket and posting top 20 profiles on the web site.

Reiner – Co-Chair, Frank Costantini reported that the committee met on June 10. Plans and content of the November 2006 *Reiner* were discussed. The 2006 Reiner Reader Survey will be updated and sent to affiliate presidents/contacts for affiliate input. It will also appear on the website and in the *Reiner* for input by readers. The committee is evaluating future changes to the magazine. They are also working on the management of the growing number of *Reiner* pages dedicated to show approvals and results. A counter will monitor hits on the website to help in considering options and/or recommended changes. The committee will seed funds for editorial and graphic design evaluations. The *Reiner* will be participating in a publication critique session being held at the American Horse Publications Conference, June 22-24. A campaign to increase subscribers will be developed in conjunction with the Marketing Department. The committee will review the 2005-2006 fiscal year revenue, costs, ad numbers, printing costs, etc. when figures are available

Rules & Regulations – Chair, Flis Sassella reported that the committee did not meet at the June Board meeting, however, will schedule the first of several conference calls within the next 2 weeks. They will review all proposed rule changes.

Sale – Chair, Troy Heikes reported that the committee has not met since the April meeting. Troy did provide an update of the Derby Spotlight sale. There were 58 lots that went through the ring, there were five pass outs, and 53 lots sold with an average of \$8,114. The sale was a success and averages were up from last year. 2006 Futurity Sale contracts will be available soon.

CLOSED SESSION 11:58 a.m.

PROTEST UPDATE

Dan Wall reported that there was no immediate finding in the hearing that was scheduled on June 9, 2006. The Executive Board recessed the hearing pending information to be gathered.

Dan also reported that there are five other active protests. Four will have IRC's appointed very soon and the fifth was just filed and is in the investigative process.

Lunch break 12:03 p.m.

Reconvene OPEN SESSION 12:45 p.m.

HORSE TV PRESENTATION

Mitch Miller, Vice President of Sponsorship at Horse TV gave a presentation of what Horse TV is. Their goal is to create the first national entertainment brand focused on the equestrian industry. Following his presentation, Mr. Miller answered questions from Board members. A meeting involving Mr. Miller, Mr. Greenburg (Chairman & CEO of Horse TV), Dan Wall, Robert Simpson, and David Patterson is scheduled for Monday, June 12.

Break 1:34 p.m.

Reconvene 1:42 p.m.

COMMITTEE REPORTS CONTINUED

Show Standards – Chair, Colleen McQuay reported that the committee met on June 10. They discussed rule changes submitted by NRHA staff and a policy change submitted by Dave Archer. They also discussed concern about the time it takes for action on protests submitted and action on negative show representative reports; allowing show management, judges, stewards/ reps to have the capabilities to issue warnings to ill behaving exhibitors or situations that warrant a warning; and having a two day seminar at the 2007 Convention for show secretaries, show managers, and stewards.

Sire & Dam – Chair, Vaughn Zimmerman reported that the committee met on June 10. They discussed raising the purchase price of contracts and implementing an online bidding program for 2007. They would like to raise the purchase rate for buying a donated breeding fee from 50% to 60% of the advertising breeding fee. They would also like to initiate the Top 20 Stallion Program where the top 20 stallions from the prior year's NRHA Top Sire list that want to be in the Sire 7 Dam program must donate one fee to be sold in an online auction on the NRHA website. If a stallion owner chooses not to be in the auction, they will not be eligible for the Sire & Dam program that year. Any owner whose stallion is not included in the NRHA Top 20 Program will have the option of donating their stud fee to be auctioned or simply sold at 60% of their advertised stud fee. The minimum bid will start at 60% of the advertised stud fee and the dates for the online auction will be November 15 to December 3. Any unsold fees at the end of the auction date may be purchased for 60% of the stud fee. Stallion owners can donate multiple fees and buy back at 60% of the breeding fee. Any stallion owner wishing to be listed in the online auction must donate and notify NRHA of their intentions prior to a deadline date yet to be determined. Kim Sloan moved to adopt the proposed program. Seconded by Dave Wilkins. Motion passed.

Sponsorship – Chair, Sam Houston reported that the committee met on June 10. The committee discussed its role as it pertains to the support of the Marketing Department. It was determined that the committee would provide input and approve an NRHA rate card being put together by the Marketing Department. Further support would be provided at NRHA events entertaining sponsors. The Committee endorsed the TV show for RFD-TV and adding an additional person to the Marketing for the purpose of marketing the sponsorships. The committee agreed on a value for the Rookie of the Year class. Future projects/programs under consideration include planning a Sponsor retreat. It is tentatively scheduled to be held at the 2007, convention.

Television Ad Hoc – Chair, Sam Houston reported that the committee met on June 10. The committee discussed the current status of the NRHA Television schedule, and the potential opportunities to expand NRHA Television reach with additions shows.

Current Shows:

Futurity-Daily updates, Finals

Licensing:

The NRHA should retain or seek to retain the rights to all video projects, and events.

It was proposed by Sam Houston, that the NRHA produce a 30 minute show for the purpose of airing the show on the RFD-TV channel. The production and investment in air time will be approximately \$182,000. The Show would debut in January of 2007. The committee recommended that the NRHA Board move forward with this plan.

Robert Simpson discussed additional expansion of TV opportunities with the production of a TV show featuring the Champions Tour event. There are On-going discussions with HorseTV regarding the production and air dates.

It was also the recommendation of the Committee the addition of a staff person to the Marketing and Communications for the purpose of marketing the Sponsorship of the show. This staff person could also serve as and outside sales person for the Reiner and events.

Youth – John Foy reported that the committee met on May 24 via conference call. Year of The Youth activities are progressing. Plans for the youth stallion auction are underway. NRHyA website has improved and is continuing to improve to meet the needs of our youth. The youth are busy promoting their major 2006 fundraiser – chances to purchase a futurity prospect gelding. Please check the website for the affiliate letter, including endorsements from NRHA and RHSF presidents. Equine Affaire was a great success, adding over 700 potential youth members to the database. The NRHyA youth president prepared her May and June President’s letter. The youth officers prepared their spring newsletter; the summer newsletter will be issued shortly. Futurity youth plans are underway. Scholarship applications are due June 15th. The committee is working on an information document for varsity equestrian opportunities for college bound women. The committee is also working on a potential youth U.S. – German Exchange program.

2007 CONVENTION

Robert Simpson reported that he is in the process of contact St. Louis as well as South Coast in Las Vegas to determine our options for possibly moving the convention site to Las Vegas. Robert stated that to buy out of the current contract with St. Louis will cost \$23,000. As of right now, the convention will be held in St. Louis.

2007 DERBY CONDITIONS

A draft of the 2007 Derby Conditions was presented to the Board. Staff as well as the Aged Events Committee reviewed and highlighted suggested changes. It was noted that the major changes include changing from four payments down to two payments in the Open and the Non Pro; the Non Pro entry fee was raised to \$1,000 and riders are automatically entered into what they are eligible for except for the Prime Time division; the added money in the Non Pro, Intermediate Non Pro, and Limited Non Pro was raised to \$30,000, \$15,000, and \$7,500 respectively; the Prime Time division will have a finals running concurrent with the other finals; and the video monitor fee was raised to \$10. Other minor changes were suggested for clean up purposes. Kim Sloan moved to approve the Derby Conditions as amended. Seconded Marc Wagman. Motion passed.

Break 2:10 p.m.

Reconvene 2:21 p.m.

FUTURITY CONDITIONS

A draft of the 2007 Futurity Conditions was presented to the Board. Staff as well as the Aged Events Committee reviewed and highlighted suggested changes. Major changes include using the NRHA Handbook to deal with ties for first place and doing away with the post check. Other minor changes were suggested for clean up purposes. Following review and discussion, Marc Wagman moved to approve the Futurity Conditions as amended. Seconded by Sam Houston. Motion passed.

BY-LAW CHANGES

- **Change to Articles II, II, IV, and V submitted by Dawn Romanowich** – The proposed changes are in regard to the Officers and Directors of the NRHA. It was noted that this By-Law change is not supported by the Executive Board. Following review and discussion, Kim Sloan moved to not support the By-Law change submitted by Dawn Romanowich. Seconded by Rick Weaver. Motion passed.
- **Change to Article X submitted by the Finance Committee** – The proposed change is in regard to the annual statements and who NRHA may retain to complete the annual audit. It was noted that the By-Law change is supported by the Executive Board. Following review and discussion, Kim Sloan moved to support the By-Law change. Seconded by Vaughn Zimmerman. Motion passed.
- **Change to Youth By-Laws, Article III submitted by the Youth Committee** – The proposed change spells out the minimum age requirement to be a Youth Officer. It was noted that the By-Law change is supported by the Executive Board. Following review and discussion, Kim Sloan moved to support the By-Law change. Seconded by Marc Wagman. Following discussion, the motion was passed.

EXECUTIVE BOARD AND VICE PRESIDENT NOMINEES AND THE FALL GENERAL MEMBERSHIP MEETING

Dell Hendricks reported that Doug Carpenter, Frank Costantini, Lance Griffin, Steve Harris, and Colleen McQuay were all nominated for the Executive Board. Rick Weaver was nominated for Vice President. The Fall General Membership Meeting will be held at the All American Quarter Horse Congress on Thursday, October 5, 2006 at 2:00 p.m. in the Corral.

NEW BUSINESS

Appearance Fees – Dan Wall stated that Dave Young asked that the Board discuss appearance fees for certain individuals to show at certain shows. It was noted that the show in Mallorca, Spain has worked deals with top riders to reimburse them a travel stipend. Discussion followed. No action will be taken at this time.

There being no further items to discuss, the meeting was adjourned at 2:39 p.m.

Respectfully submitted by Susie Trimmer, Executive Assistant.