

**National Reining Horse Association
Minutes of the Board of Directors
NRHA Office
August 21 2010**

Approved 11/13/2011

- I. Call to Order:** President Weaver called the meeting to order at 8:05 a.m.

Roll Call – Rick Weaver, Allen Mitchels, Terry Griffin, Mike Hancock, Beth Himes, Dale Lopp, and Rosanne Sternberg.

Susy Baeck (WEB), Rick Clark, Julia Cowan (WEB), Frank Costantini, Andre DeBellefeuille (WEB), Mike Deer, Lee Foster (WEB), Jennifer Hoyt, Tim Lynch, Michael Martin (WEB), Dan McGregor, Rick Ramsey, and Guy Vernon.

Not Attending –Mark Schols, Susan Camfferman, Luis Cruz, Roberto Cuoghi, Nancy Eppers, Helmut Gerstenberg, Katarina Dorminy, Tom Foran, Arie Huijberts, Geroge King, Matt Livengood, Raul Leal Cavazos, Matt Mills, Woody Taylor, Katharina Quinte, Helmut Schulz, Brett Walters, Robert Welle, Flemming Winberg, Josh Visser.

Quorum not achieved thus proceeded under the Super Majority.

Staff: Executive Director Dan Wall, John Foy, Dennis York, Carol Trimmer, Lance Ahlson, Chris Mossman, Todd Barden, Christa Morris, Melanie Rinehart, Michelle Wrigley, Jessica Johnson, Leigha Stevenson, Brian Bendele, Nick Cornelissens, Haley Carmen, Bucky Harris and Debby Hutchinson.

Guest: Terry Wiens, Legal Counsel

- II. Approve Minutes:**

- A. Board of Directors Minutes June 9th, 2010. – Dale Lopp moved to approve the minutes. Beth Himes seconded. Motion passed unanimously.
- B. Board of Directors Executive Session Minutes June 9th, 2010. – Frank Costantini moved to approve the minutes. Dan McGregor seconded. Motion passed unanimously.
- C. Board of Directors Minutes June 10th, 2010. Beth Himes moved to approve minutes. Seconded by Dale Lopp. Motion passed unanimously.

OLD BUSINESS

2011 Derby Contract – Executive Director Wall refreshed everyone on what was previously discussed at the June board meeting. Since that time negotiations with State Fair Park have been ongoing. Due to previously scheduled events they would not move their dates, NRHA is unable to move the Derby to earlier dates in June. The Executive Committee meeting resulted in recommendations of approval of June 27– July 3 dates at State Fair Park. After the second year NRHA has the option of negotiating for more funding from State Fair Park and the OKC Convention and Visitors Bureau if merited.

Some additional opportunities to bring in more horses are under consideration as well. NRHA is looking at hosting the Interscholastic Equestrian Association's (IEA) reining championships. Negotiations are currently underway with IEA. The NRHA Derby contract is for five years and the NRHA Futurity contract is for 10 years. Dale Lopp moved to adopt the Executive Committee's recommendation that the NRHA Derby remain in OKC with June 27-July 3, 2011 dates. Guy Vernon seconded the motion. Motion passed unanimously. Director Wall will send the Board of Directors the projected NRHA Derby dates for the next five years.

NEW BUSINESS

- A. **Member Health Insurance Proposal** – Board member Brett Walters provided Chief Operations Officer Dennis York with contact information for a possible member health insurance provider. Unfortunately when they were contacted, the Company advised that they are currently backing away from health insurance involving horse organizations.
- B. **FEI Update:** Executive Director Wall reported on NRHA/FEI status. NRHA formulated a six-page response to a letter that FEI sent to NRHA, which was received June 30. At issue were the nomenclature – “International Governing Body,” a medications policy, competitions, and general compliance with FEI regulations. On August 11, a letter of response from FEI expressing their pleasure at NRHA's response was received. A meeting between NRHA and FEI is scheduled during the World Equestrian Games in September. Naturally, no decisions will be made until the Board of Directors is apprised of the matter and rules on NRHA's behalf. The quality of communication has improved according to the Executive Director. RHSF President Frank Costantini concurred. Costantini informed the group that one of the reining demonstration riders from Las Vegas, world-class Olympic Dressage competitor, Charlotte Bredahl-Baker, just purchased a reining.
- C. **2010 Derby Review:**
Manager of Events Melanie Rinehart reported on the 2010 Derby. Melanie is cognizant of the Reined Cow Horse event and will keep that in mind when scheduling takes place; the Year-end awards banquet was a success with a large turnout (100 tickets were sold within 24 hours); the increase in non pro entries caused the show to run longer on banquet day. Rinehart is ready to go forward with next year's Derby preparations noting that the banquet will again be held at the National Cowboy & Western Heritage Museum; she will contact the facility next week to reserve that Thursday night. It was noted that Brian Bendele did a great job emceeding the banquet. President Weaver noted that he would like to see Hall of Fame presentations moved earlier in the evening of the banquet.
- D. **2010 Futurity Schedule** – Ma Melanie Rinehart advised of recommended changes including Thursday December 2 - replace WRM with \$100,000 World Championship Open Shootout. One freestyle exhibition ride will proceed the Shootout; Rookie of the

Year will move to the Adequan® Championship Arena; youth 13 & under and youth 10 & under short stirrup move to Friday December 3 and will take place in the Coliseum; the NAAC Open will run concurrently with the Intermediate Open; greater added money in NAAC classes with lower entry fees. All RAFs will receive information on the NAAC changes. Frank Costantini asked that the office send a letter to WEG entries about the Shootout. He also requested some time on Tuesday or Wednesday evening for a reception and fund-raiser for Shootout competitors. Mike Deer moved to approve the schedule. Rick Clark seconded. Motion passed unanimously.

Break: 9:15 a.m.

Reconvened: 9:38 a.m.

President Weaver appointed a task force to look at the 2011 Derby – Terry Griffin chair, Mike Hancock, Beth Himes, Dale Lopp, Rick Clark, and Josh Visser. Rosanne Sternberg moved to approve the 2011 Derby Task Force. Tim Lynch seconded. Motion passed unanimously.

- E. **2011 NRHA European Futurity Conditions** – European Programs Advisor Nick Cornelissens reported on proposed changes made to the NRHA European Futurity Conditions including; dates, fee to change from open to non pro, consolation go-rounds for all levels. The proposal has been reviewed and approved by European Affiliates. Andre De Bellefeuille moved to approve NRHA European Futurity Conditions as presented. Suzy Baeck seconded. Motion passed unanimously.

NRHA European Derby Conditions – Nick Cornelissens informed Board that the NRHA Euro Futurity Conditions were married with NRHA Derby conditions to come up with conditions, including Nomination Plan added monies. Due to this being the first NRHA European Derby there aren't any entries for comparison purposes from previous years so some information was estimated. Consolation go-round for level 4 open and non pro only. Plan on changing the open guarantee to \$10,000. Suzy Baeck moved to approve the conditions. Andre De Bellefeuille seconded the motion. Motion passed unanimously.

NRHA European Affiliate Championship Conditions - Cornelissens advised that they are still waiting on confirmation of dates. No changes to NRHA European Affiliate Championship Conditions. Nick will get in contact with host to change dates to avoid conflict with NRHA Derby. All dates need to be updated in the conditions. Terry Griffin moved to approve the conditions as to be revised. Rosanne Sternberg seconded. Motion passed unanimously. Locations/countries showing interest for 2012 - France, Austria, Poland; no official bids have been received yet.

Guy Vernon questioned how 2010 election procedure has been handled thus far. Date for sending in paper ballots not in line with bylaws, information for voting procedures, important that errors are rectified for next year. Mike Hancock responded – there are

two (2) issues – absentee ballot instructions, bylaws require that absentee ballots be in hand 15 days before Annual Membership Meeting (AGM). At the January Board Meeting the date of the AGM and election closing date were separated by the Board of Directors. Notice to members to vote – it's not real clear what the instructions are, confusion is that there are more precise instructions for U.S. regions, which only pertains to Regional elections, not applicable to the general election. NRHA is notifying NAAs to encourage them to vote, including: timelines, letter with instructions and request to translate the letter into their language and return to NRHA along with all email addresses. In response to Rick Clark; the change was a board action in January. Allen Mitchels suggested that a task force might be called for. Guy thinks that the procedure for actual vote was handled poorly and needs to be corrected for next year. Mike Hancock added that it is a good opportunity to fix the problems.

Medications Task Force – Liaison Christa Morris noted an article that ran in the August *NRHA Reiner*, that there was a well-attended Town Talk held at the NRHA Derby, and the task force continues to move forward. Currently they are working on scheduling a stake-holders meeting, possibly in conjunction with a Board meeting. Rick Weaver, who was an official at NAJYRC, spoke with USEF's John Long, David O'Connor, etc., and they all applauded our progress in developing a medications policy. FEI just held their congress on NSAID, and there is a huge push to allow appropriate medications during competition, which is a big change/move. NRHA has two strong and well-respected allies in USEF Chief Administrator of Testing Dr. Stephen Schumacher and Dean Jonathan Foreman, Illinois University. Their support gives the NRHA medications policy credibility. NRHA's goal is to have a policy that everyone else will want to emulate. Per FEI President, equine associations will not be able to get sponsors or support in the future if they don't have a medications policy. NRHA is going into WEG with a lot of good will. Jennifer Hoyt asked if there will be Town Talks at the RAFs. President Weaver replied that there will be. And he will try to go to the Northeast RAF and will be in Columbus.

WEG Update –Sr. Director of Sponsorship and Television Programming Todd Barden gave an update on progress on the WEG preparations and provided a handout. Director of Marketing and Communication Christa Morris outlined Marketing Department efforts. Three booths will be in place; two will be manned full time (9:a.m.-7:00 p.m.), one in the arena will be manned during the Reining competition only. WEGreining.com will be active, the social -media reach continues to grow. Website Designer and International Marketing Specialist Haley Carmen placed ads on facebook. Staff is working with NARHA and a branch located on the park, Riding for Hope, to host some demonstrations in the John Deere arena. Executive Director Wall noted that NRHA is doing this to provide a spark in the U.S. for growth, driving interested parties and new people to NRHA Affiliates and Professionals. Equine Radio will provide earphones and have live commentary during competitions. Board and staff need to be dressed in Western attire to create a strong presence, as well as represent the NRHA

brand. NRHA Corporate Partner Purina will be actively promoting Ride A Reiner at the International Festival downtown.

President Weaver noted that he and Steve Siadik rode reining horses during a portion of the television show Worlds Strictest Parents, which airs on Country Music TV Channel.

Departmental Updates – Manager of Member Services and Judges Program Michelle Wrigley reported that membership is up internationally and Canadian, down slightly in U.S. Jessica Johnson – down 13 shows, down 5 in Canada, entry level classes (green shows hold the majority of entry level interest). Jennifer Hoyt asked if green riders can find their standings on the NRHA website? Yes, through the Member's Only section or portal. Markel is partnering with the Sire & Dam Program and allowing them to use their booth for promotion during the NRHA Futurity. Manager of Events Melanie Rinehart reported on Futurity Entries, nomination entries, working on communicating about European nomination information.

Break: 11:00 a.m.

Reconvene 11:24 a.m.

Committee Reports

Affiliate Committee – Chairman Rick Clark advised of changes to the committee's written report. The Committee recommends acceptance of the following 2011-2012 bids for Regional Affiliate Finals (RAF) since there were no other affiliates bidding. North Central Reining Horse Association (North Central Region), Desert Reining Horse Association (Southwest Region), Intermountain Reining Horse Association (Mountain Region), Eastern Pennsylvania Reining Horse Association (Northeast Region), Oklahoma Reining Horse Association (South Central), and Ohio Valley Reining Horse Association (East Central) with a change of venue to Kentucky Horse Park. Allen Mitchels moved to approve the six unchallenged bids only. Rosanne Sternberg seconded. Motion passed unanimously. Two bids were received to host the Northwest RAF. Clark advised that the West Coast Reining Horse Association and the Snake River Reining Alliance each submitted a proposal and advised that the committee's goal has been to rotate hosts when possible. Terry Griffin questioned the advisability of change for the sake of change. Allen Mitchels moved to accept the West Coast Reining Horse Association bid for the Northwest RAF. Mike Deer seconded. Motion passed unanimously. The Dixie and Southeast Reining Horse Association and Carolina Classic all submitted bids for the Southeast Region. Mike Hancock excused himself. After discussion Dale Lopp moved to accept the Southeast Reining Horse Association bid. Tim Lynch seconded. Motion passed unanimously. Mike Hancock rejoined the meeting.

Animal Welfare Committee – Liaison and Director of Marketing and Communication Christa Morris reported that the committee is working on the safety action plan, video proposal, and budget.

Events Management Committee– Chairman Tim Lynch - most items were already covered in Melanie Rinehart’s Futurity report, but noted that the committee reduced Prime Time non pro entry fee from \$200 to \$50.

Judges Committee – Liaison Michelle Wrigley advised of a rule change clarification recommendation from the committee. The Committee requested to omit some of the verbiage – Rules for Judging, Page 100, rule (19) ... *.an exhibitor or owner in the respective class may request a review of a major penalty applied to a run (penalty score zero (0) and (5) point penalty).* Beth Himes moved to accept the committee’s recommendation. Dan McGregor seconded the motion. Motion passed unanimously.

Non Pro Committee: Chairman Mike Deer reported that the committee is working on cleaning up non pro verbiage, scheduling articles of enlightenment in the *NRHA Reiner* and hoping to clarify investigation procedures. Chairman Deer is pleased with committee member’s participation. Committee will meet during the November Board meeting.

Youth – Manager of RHSF and Youth Brian Bendele advised that the scholarship deadline has changed to May 15 for 2011. Brian is working on a budget to allow more youth officers to attend more events. Youth officers will attend WEG and man the Arena booth. Brian reported on his negotiations with IEA.

Break for Lunch - 12:03 p.m.

Reconvened - 12:45 p.m.

IT Project – Terry Griffin explained the IT Status Report she presented. Currently, modules are being tested and specifications are being finished up. Unfortunately the database was unable to go live on August 7 due to the need to revisit business processes between the new database and “Great Plains.” While the situation is frustrating it has resulted in NRHA staff being more engaged. November 1 is the next window to go live. Griffin noted that she believes this to be the biggest project NRHA has ever taken on and everyone needs to consider very carefully making any changes to programs, instituting new programs, etc.

Finance Report – Chief Financial Officer John Foy gave the Year-end financial report. John reminded the Board of some of the accomplishments of the finance department during the past year. The accounting department has enjoyed stability over the years, but this past year replaced 50% of the department (2 positions), 1 position came open just prior to the Derby and year-end, and the other position came open just after the Derby and year-end. During this same time frame, NRHA was installing Great Plains, so the newly hired staff had to also learn 2 accounting systems (current system and also Great Plains). The audit was completed timely

and NRHA went live on Great Plains on October 1, 2009. John thanked the entire accounting department for their hard work and dedication this past year.

John then presented the Financial Report for the year-ending 06/30/10. John noted that no significant changes have occurred in the G & A, Reiner, Sire & Dam, Judges, Website, Inside Reining, & Youth value centers since the presentation of the April financial report. Reiner sales continue to see the impact of the economic downturn and is over \$180K below both budget and prior year. Since the April financial report, the Derby, Euro Futurity, and Awards Banquet have been finalized and will be the focus of the current report.

The Derby performed well and is currently \$14K ahead of budget and \$32K ahead of prior year. John reminded the Board that changes made to the Derby added \$27K in expenses (\$25K additional added money), so NRHA was able to make this change and still outperform budget and prior year. Euro Futurity did not perform as well as hoped, this was due to NRHA having to take on the cost (\$14K) of the award saddles this year and sponsorships budgeted by NRHA not being realized as anticipated. John noted the budget for the upcoming Euro Futurity was much more conservative in terms of sponsorship dollars.

The awards banquet was attended very well and was well received. The awards banquet netted less than \$4K from prior year, this was due to lowering the ticket fees; however, the banquet was very well attended. The reason for the final \$20K variance in the Convention & Awards Banquet value center was due to missing \$20K in award expense for the banquet at the time the budget was prepared last year, current year budget reflects proper expense. John reminded the Board that due to changes in NRHA convention and the first Board meeting of the year NRHA will save \$40K in expenses next year.

John reminded the Board that at the April meeting he indicated NRHA could see as much as an \$80K loss before unrealized investment gains or losses, and currently NRHA is at a loss of \$114K before unrealized investment gains or losses. John stated that the reason for the additional \$34K in loss was due to \$15K in unexpected loss of sponsorship dollars and June Reiner advertising missing budget by \$20K. NRHA investments performed well this past fiscal year, with over \$150K in unrealized gains. Including unrealized investments gains, NRHA for the year has net income of \$38,778, which exceeds budget by \$33K. NRHA as of 06/30/10 has total assets of \$7.4M and total liabilities of \$6.0M, NRHA has \$1.4M in total equity. As of 06/30/10 NHRA investments totaled \$988,133, and as of 08/18/10 NRHA investments totaled \$1,040,667. During the 2nd calendar quarter (April, May, & June 2010), the S & P 500 index decreased approximately 12%, NRHA investments decreased approximately 9%. For the entire fiscal year, the S & P 500 index increased 15% and NRHA investments increased 18%.

Andre DeBellefeuille asked John if NRHA's investment policy was adequate. John stated that the policy has been reviewed and updated each of the past 2 years. The current Investment Committee reviewed and recommended an Investment Policy that was approved by the Board this past year and is available on the NRHA website in the members only section. Mike

Hancock stated the Policy defines how the investments should be allocated and acceptable level of risk.

John stated the audit firm of Van Wieren & Jones, Inc., commenced their audit fieldwork on 08/16/10 with fieldwork estimated to be completed by the 3rd week of September. John reminded the Board that the completion of fieldwork does not mean the completion of the audit and that the audit report will be finalized subsequent to fieldwork. John does not anticipate at this time any problems with completing the audit in a timely manner.

Reiner Printing Contract – Executive Director Wall reported that in order to combat some of NRHA Reiner losses he brought the current printer's, Dartmouth, representative in and negotiated for substantial savings and the extension of their contract for another three years. Along with the Reiner staff he is recommending approval of a three-year contract with 2% increases annually. Allen Mitchels moved to accept staffs' recommendation. Mike Hancock seconded. Motion passed unanimously.

Closed Session: 1:33 p.m.

End Closed Session: 1:40 p.m.

President Weaver called the General Membership Meeting to order at 1:41 p.m.

President Weaver advised the group, including staff, that it is important to know that NRHA is in a good spot. He noted that several things done over the last two years are cause for celebration:

- Staff
- New Entry-Level Program, which makes NRHA more diverse than other organizations
- Opportunity to bring to the Derby Interscholastic classes
- NRHA European Nomination Plan
- Realization that NRHA will have created something other organizations will want to emulate with the completion of the medications policy
- Turned conflict into a positive situation

Financial Report. Mike Hancock moved to accept the financial report. Rosanne Sternberg seconded. Motion passed unanimously.

Meeting Adjourned - 1:47 p.m.

Respectfully submitted by Debby Hutchinson, Executive Assistant