

NATIONAL REINING HORSE ASSOCIATION
Board of Directors Meeting Minutes
Oklahoma City, OK
April 9-10, 2011

Approved 7/16/2011

Present: Allen Mitchels- President, Beth Himes, Rick Clark, Kit Cospers, Terry Griffin, Dale Lopp, Rick Ramsey, Rosanne Sternberg, Marshall Baird, Jim Blumer, Mike Deer, Becky Hanson, Josh Visser, Brian Welman, Kim Maharaj, Mike Hancock, Gerd Wilhelm, Michael Martin, Guy Vernon, Jordan Larson, Brad Giesbrecht, Brett Walters

Web: Johnette Burman, Barbara Brookshire, Lee Foster, Dan McGregor, Julia Cowan, Roberto Cuoghi and translator Simona Diale, Raul Leal, Jennifer Hoyt, Pim Berendse

Not Present: Susy Baeck, Helmut Schmaus-Gerstenberg, Filippo Masi, Susan Camfferman, Greg Campagna

Staff: Executive Director Dan Wall, Chief Financial Officer John Foy, Chief Operations Officer Dennis York, Executive Administrator Jessica Johnson, Senior Director of Publications Carol Trimmer, Accounting Manager Chris Mossman, Senior Director of Sponsorship & Television Programming Todd Barden, Reiner Assistant Editor Katie Hendrickson, Reiner Production Coordinator Bucky Harris, Website Designer & Internet Marketing Specialist Haley Carmen, Manager of Events Melanie Rinehart, Supervisor of RHSF & Youth Programs Shianne Megel, Member Services Representative McKenzie Nygren

Web Staff: European Programs Advisor Nick Cornelissens

Call To Order

President Allen Mitchels called the meeting to order at 9:37am.

A quorum was announced.

Approve Minutes

A. January 15-16, 2011 BOD Meeting Minutes. Dale Lopp motioned to accept the meeting minutes. Seconded by Rick Clark. Motion passed unanimously.

B. January 15-16, 2011 Executive Session BOD Meeting Minutes. Rosanne Sternberg motioned to accept the closed session meeting minutes. Seconded by Terry Griffin. Motion passed unanimously.

C. – H. E- Vote Minutes. Dale Lopp motioned to accept E-Vote minutes for items C-H. Seconded by Rick Ramsey. Motion passed unanimously.

I. March 20, 2011 Conference Call Minutes. Kit Cospers motioned to accept the meeting minutes. Seconded by Brett Walters. Motion passed unanimously.

Closed Session

Open Session- Staff joined the meeting at 10:16am.

Financial Statements

John Foy presented the Profit & Loss Overview for eight months ending February 28, 2011. G & A is currently \$70,000 below budget; the current loss is \$136,000. G & A is alarming to us, we are about 540 memberships down, but we expect the memberships total to come back to us as we enter in to show season. Member Services will be sending second renewals out shortly and the Show Department claims that this year has seen a drastic increase in memberships being submitted at shows. Publications are running very close to budget, however total advertising sales is down, but due to Dan's ability to renegotiate our printing contract with Dartmouth, has allowed the *Reiner* to remain close to budget. Sire & Dam is a concern; we are \$82,000 below budget. Judges is currently showing a loss of \$9,000, mostly due to less applicant seminars being held, seminars will be reinitiated when program revision is passed. A new Judging DVD was created this year and it was delayed slightly so we expect sales to pick up. Inside Reining shows a loss of \$29,000, with a total budget loss variance of \$35,000, Todd has several good leads for new advertising contracts for Inside Reining. Futurity was very strong which resulted in a positive variance of \$30,497 and the Sale also performed well against budget. . John reminded everyone that when the current budget was approved it appeared the Derby would be moving to Tulsa and the current budget reflects \$100K in savings for the Derby that moving to Tulsa would provide, Todd has done a great job of bringing in new sponsorships which is helping us tremendously to off-set this budget shortfall. Additionally, we were very conservative with the Shootout, so we didn't budget any revenue for entry fees and this has caused the majority of the positive variance seen in the Managed Events department. The Convention and Awards banquet were budgeted in January and not June, so the expenses will not hit until June. There is a false positive variance in the Convention and Awards banquet P & L due to budget timing.

NRHA investments continue to perform well and Jeff Armstrong (Wells Financial Advisors) provided a detailed presentation of NRHA Investment performance for the past year.

In October, the finance department asked John to look at the early retirement of the IT note. John commented to this request. NRHA is currently sitting on cash and investments of \$5.8 million. To summarize, the NRHA has enough cash and investments to retire the IT loan early and still have adequate cash and investment reserves to cover both current and long term liabilities. Retiring the I/T loan early will save NRHA \$24,000 in interest over the next 12 months. Both the Finance Committee and the Executive Board recommend early retirement of the I/T loan.

Marshall Baird made a motion to pay off the IT loan early and save NRHA money on interest. Seconded by Rick Ramsey. Motion passed unanimously.

Old Business

Michael Martin brought up an issue that occurred a few months ago in the NP Committee. The NP committee met and voted to deny a NP declaration. The member appealed the NP committee's ruling

and in accordance with the *NRHA Handbook*, appeals are sent to the Executive Committee. Michael Martin said the way the rules are right now there was no way this individual could be a Non Pro. Mike Deer, chair of the committee, said he understood that the member had the right to appeal. Beth Himes said that the committee used a literal application of a brand new rule that we knew was not as clear as it needed to be.

It is highly unusual for an additional committee to have total empowerment. The NP committee should rule on these as objectively as possible, using the rules as the only guidelines. The NP Committee does not have the latitude to solve or interpret the *Handbook*. Committees are responsible for interpreting the rules as written and making a recommendation. The EC made a justifiable decision by interpreting the *Handbook* using the intent of the rule. The EC and NP Committee need to get together and work on ways to improve processes and handbook clarifications.

Break at 10:48am

Reconvened at 11: 08am

Guests entered the room including: Michele Florida (Shawn Florida Reining Horses), Representing OkRHA were Claudia Davids (Highpoint Horse Ranch), Myrna Watson, Ron Watson, Jeff Tuttle, Heidi Arvidson, Marc Wagman, Tami Wagman.

Ft. Worth

Allen welcomed all guest into the room. Rick Clark gave an update on the events committee findings with concerns regarding dates, structure and other issues surrounding the proposed Ft. Worth show.

Tami Wagman- I think you can see that this event will affect many affiliates. Many of you campaigned that you wanted to be on this BOD because you wanted to help affiliates. The pre-futurity and derby market is very tight and a new event will hurt other established events. I think NRHA has a handle on aged events and I don't feel like this is where NRHA needs to focus their attention. All affiliates have invested in NAAC to make it stronger; if you start pulling this away from affiliates you jeopardize this. OKRHA's position with the new management team, is simple. The OKRHA staff was no longer able to handle the event due to the amount of work and labor. When we realized this we started talking to different management groups that could take it over as a professional organization.

Myrna Watson read letter from Dixie Reining Horse Association.

Jeff Tuttle- VP of OKRHA, I am personally against this because I go to all QH Reining show, personally I cannot do this many events. Our group has worked very hard to create big events, and this show would directly affect many local affiliate shows. Read letter from Louisiana RHA.

Marc Wagman- I love NRHA, my deeds have exemplified my involvement with NRHA. I think that you should be looking at the addition of this event below the surface. \$360,000 is a lot of money, but we need to think about the long term ramifications of this.

Heidi Arvidson- If you take this event, you will take money from other affiliates. We are asking that you look at dates and look at other opportunities that will not hurt the affiliates. We ask BOD to consider all options and understand all the affiliates will be negatively impacted.

Michelle Florida presented the BOD with a letter she wrote with several signatures from NRHA members. I completely understand and emphasize with where OKRHA is coming from. But for as long as I can remember, I remember hearing all members say, we need bigger purses. When I first heard about this event, I called Mike and asked him, how he saw this, what happened to his show and affiliate when they were asked to move. He said that it does hurt and create a ripple effect, it took two years for the show to bounce back, but now the show is doing very well. Both times the show was forced to move it was mandated by the association coming first, as a paramount. Without the whole being strong, healthy and growing, the affiliate won't have to worry because they won't exist. To be handcuffed because we are worried that it could affect affiliate shows doesn't allow the association to move forward.

Tami- We have heard from 6 affiliates that are pleading to wait until 2012. Several implications with the Texas Funding were acknowledged. I hope you consider all of the consequences of this event.

Rick Ramsey asked how they recommend we proceed, if any dates we choose would affect affiliates.

Marc Wagman- Maybe we look at options with joining SW Futurity and making a good event even better.

Rick Ramsey- said that it wouldn't be fair to other affiliates to join forces with one.

Rick Clark- If Global Reining came to be because Tulsa was too much work for OKRHA, what makes you think they will be invested for the future.

Tammy- when we look at the financials for Tulsa, overall we have made more money on Tulsa than we have lost. Adding a professional group has given OKRHA more leverage in gaining sponsorships.

Josh Visser- We need to do what's right for the majority of the association. We are not only affecting Tulsa, but affecting several other shows. I think it's a good idea to have this show, but not at these dates.

Michael Martin asked what the ramifications of moving the show next year.

Dan Wall - The dates are available now, they are like any other venue and would need to schedule another event.

Kit- short of not doing a show in Ft. Worth, what can this body do to mitigate any negative impact?

Tami- I have heard about making it a circuit. But this isn't a really good idea, because the buckle or money is not enough. I don't see an alternative for this year.

Michelle Florida- No matter what you do to make your show better, has an effect on other shows. You have to keep your eye on the ball, to turn down an opportunity like this is a mistake; it was a mistake when we turned it down last year, and if we do it twice it is unforgiveable.

Rick Ramsey- What is your position? If this group goes forward are you saying this show will be cancelled?

Tami- It is the reality that they would not take the financial risk on their first event.

Beth made a motion that we proceed with the Ft. Worth Show as submitted. Seconded by Dale Lopp.

Josh Visser- I would like someone to respond to the fact that the funds are not guaranteed.

Todd Barden- in order to obtain those funds from the state, you put in an application through an economic impact study. If you are creating a new show those economic impact are completely based on similar events and statistics available. They will make that petition to the state of Texas, which are not paid until after the event. This year they would do an on-site economic study which at that point would be dictated what money we receive in 2012. For this year, as long as the impact study is valid and we host the show the money is guaranteed.

Marshall- if we move the event to 2012, there is a possibility that the money could diminish and dates could vanish.

Beth- most of you know that we have not signed the futurity contract, please understand that they believe we can go nowhere else with our futurity and derby, this gives us tremendous leverage with OKC and is also a test event.

Rick Clark- if we don't do it this year, it's like pouring money down the drain.

Terry- this has been a tough one, we have looked at all the components, to sit back and think that we haven't looked at the impact on affiliates, the funding, etc. is invalid. For the affiliates to think that we put them at risk just for money is an unfair statement to the BOD. We would not want to put on or start an event that we don't expect to grow. Any decision that you make you take a huge risk.

Dan- Ft. Worth approached us about this event. When we didn't move the Derby last year it hurt us as a positioning advantage with OKC. This has financially impacted us. They are in the process of renovating the facility.

Jordan- it is great to be an hour away from an event of that size. Money isn't what drives people with three year olds at this stage, the facility is. If you want to get a lot of entries and want it to be an NRHA own event, you are competing with our own affiliates.

Mike Hancock- If you think now of where we are with the WEG, that event will bring more opportunities with us. I believe this will be a ripple effect, and it may take time to settle down. I think it is a tough situation, but it does give us a great opportunity.

Jim Blumer- this is a tough decision and NRHA has done their homework, the facility dictates when the horse show goes. Everyone here has a love for reining. We have an outside source giving us money to have a horse show, if NRHA gives up on these opportunities someone else will step in and take advantage.

Mike Deer- request for a roll call vote when we vote on the motion.

Show of hands for roll call vote- majority

Roll call vote on Beth's motion, Beth made a motion that we proceed with the Ft. Worth Show as submitted. Seconded by Dale Lopp.

Roll call vote:

21 Yes, 9 No

Motion passed.

Break at 1:05pm

Reconvened at 2:05pm

Ft. Worth

Mike Hancock motioned to amend the pre futurity conditions that horses be shown one or two hands in any legal bridle. Seconded by Rosanne Sternberg.

Vote 11 for, 13 against.

Terry Griffin motioned to amend the pre futurity conditions that horses may be shown 1 handed in a legal bit or two handed in a snaffle bit or hackamore. Seconded by Josh Visser. Motion passed unanimously.

Marshall Baird made a motion to approve the conditions as amended. Seconded by Brett Walters.

Marshall Baird requested that we table the motion until we have time to review the conditions and money amounts after being re-worked by the BOD.

Approve Steward Resolution

The BOD voted to create a stewards committee in January, but we need to adopt by board resolution.

Kit Cospoer motioned to make a resolution to accept the Stewards Committee. Seconded by Mike Hancock. Motion passed unanimously.

2011 Board Meeting Schedule

The November BOD meeting is scheduled for the 13-14. Allen asked if the BOD preferred to do it by teleconference or in person in OKC. Board unanimously decided that the teleconference would be a better option. The EC will meet in person on November 11-12 for new officer orientation.

Metal Trophy Policy

The EC is recommending that the BOD approve a metal trophy policy which would allow duplicate or co-champions to order metal trophies at their expense.

Rick Ramsey made a motion to accept the policy. Seconded by Brett Walters. Motion passed unanimously.

IT Project

Terry gave a verbal update on the progress with the new IT system. The system is installed and running, but it is not running 100%. The delay in processing was a significant hurdle and backed us up considerably. We are caught up at this point with daily duties and have hired a new IT staff person to assist with data code writing and development. I commend the staff for all of their hard work, it has not been easy.

2011-2016 Futurity Contract

Dan presented the facts and occurrences associated with the futurity contract for 2011-2016. The proposal is not suitable. The previous contract was on a flat rate, included utilities. The city and the fairgrounds have been a tremendous partner with NRHA, by providing the revenue to bring the Derby here and stepping up to plate by giving NRHA the opportunity to build its headquarters in Oklahoma. We have looked at every avenue to try and find funding, which has been an extensive effort, and we have hit a barrier. The city and the fairgrounds are handcuffed by not having the state funding that Texas has. The EC recommended that we sign a 1 year contract with the option of extending to 3 years.

Mike Hancock motioned to approve the Executive Committees recommendation to sign a 1 year contract with the option of extending. Seconded by Guy Vernon. Motion passed unanimously.

Amendment to NRHA Conditions

Dan presented the proposed universal amendment to all NRHA conditions. Previously we have had verbiage in the condition that the BOD makes changes/amendments. However, in immediate situation this was not feasible, so the new amendment would delegate those decision rights to the EC.

Mike Hancock motioned to approve the amendment and add the verbiage in all NRHA conditions. Seconded by Rosanne Sternberg. Motion passed unanimously.

RHSF

Mike Hancock updated the BOD on recent RHSF activities and goals. The report reflects the committees, task forces, activities and 100 grand club. The RHSF made a commitment to fund \$200,000 for WEG, NRHA agreed to loan RHSF, however, RHSF has been able to cash flow the event without having to borrow money. Additionally, RHSF presented a \$16,000 check to Make A Wish, creating a grand total of \$50,000 since the partnership.

European Futurity

The European Affiliate Council has approved the European Derby conditions and is recommending them to the BOD. Mel briefly summarized the payout and finalist schedules due to their uniqueness. Kim Maharaj asks that we amend the conditions to read, one handed in a bridle or two handed in a snaffle or hackamore.

Dale Lopp made a motion to approve the European Conditions with the amendment to section 6. Seconded by Rick Ramsey. Motion passed unanimously.

NRHA European Affiliate Conditions

The European Affiliate Council has approved the affiliate conditions for 2012. There were no changes made.

Kit Cosper made a motion to approve to European Affiliate Conditions. Seconded by Dale Lopp. Motion passed unanimously.

Break at 3:20pm

Reconvened at 3:36pm

Departmental Updates

Jessica presented departmental updates for Sire & Dam, Shows and Memberships. Memberships appear to be up considerable, due to the recent IEA merger. Shows are consistent with last year and entry level shows are up about 20. Sire & Dam program has 152 breeders sold to date, 93 are already sold. Melanie present updates for the Events Department. The 2011 North American Nomination count is 2502, European Nomination is 543. First payment Derby entries are up considerably but it is felt that the significant increase is partially due to more entries being made by the deadline. 2012 Futurity entries are also up 47 entries from this time last year. Melanie mentioned that there had only been 3 horses not entered into the futurity due to not being nominated and that there was about 6 or so that had been nominated in order to be entered.

Alliance Programs

Shianne updated the BOD on the alliance programs. IEA, Texas 4-H, US Pony Club, IHSA, NCAA and American Quarter Horse Association are current NRHA Alliance Partners.

Sponsorship Update

Dan gave a verbal update on the corporate sponsors we currently have signed with NRHA. This past year we have renewed numerous contracts accounting to over \$2 million dollars. We also have signed new partners; Darling Ranch, Merial, Silver Spurs, Xtra QH. Terry Griffin commended Todd and Dan on their hard work.

Committee Reports

Affiliate Committee- Marshall spoke of the affiliate planning session and affiliate summit which is scheduled for Sunday afternoon and Monday. Monday will be the affiliate summit for members of the South Central region. The primary focuses of the meeting will be increasing communication between affiliates and NRHA, goals/charters and advancing entry level program. Our goal is to increase saturation of the entry level programs at an affiliate level.

Quebec QHA is requesting a show exemption to host a show inside the 45 days from their Affiliate Finals.

Kim Maharaj made a motion to accept the Quebec Reining Horse Association. Seconded by Brett Walters. Motion Passed Unanimously.

Professionals Committee- Jessica spoke of many programs currently on the Professionals agenda; increased participation, Top 20 revision and Training Donation Program. The Professionals annual Derby meeting will be held on June 26, 2011 at 5 pm.

Youth Committee- Shianne presented a PP with ideas recognized by the committee regarding the speech contest.

Nominating Committee- Mike Hancock I move that we received the report. Seconded by Guy Vernon. Motion passed unanimously.

Task Force Updates

Election- The minutes from 3/31/2011 were presented by Mike Hancock. Mike went through 8 various recommendations based on research from the task force.

Mike suggests that any interpretation of the nominations should have a disclaimer stating that English is the official language and NRHA is not liable for any interpretation. We should give NAA and EAC the ability to translate, until NRHA can hire a translator. The disclaimer would state, "English is the official/primary version".

A vote was asked if joint memberships/entities should be allowed votes: unanimously voted NO.

Mike Hancock motioned that the RDNC be named the nominating committee. Seconded by Rick Clark. Motion Passed Unanimously.

Josh Visser motioned to adjourn at 4:58pm. Seconded by Michael Martin. Motion passed unanimously.

Sunday, April 10, 2011

Present: Allen Mitchels- President, Beth Himes, Rick Clark, Kit Cospers, Terry Griffin, Dale Lopp, Rick Ramsey, Rosanne Sternberg, Marshall Baird, Jim Blumer, Mike Deer, Becky Hanson, Josh Visser, Brian Welman, Kim Maharaj, Gerd Wilhelm, Michael Martin, Guy Vernon, Brett Walters

Web: Johnette Burman, Barbara Brookshire, Lee Foster, Dan McGregor, Raul Leal, Jennifer Hoyt, Pim Berendse

Not Present: Julia Cowan, Brad Giesbrecht, Jordan Larson, Mike Hancock, Roberto Cuoghi, Susy Baeck, Helmut Schmaus-Gerstenberg, Filippo Masi, Susan Camfferman, Lee Foster, Greg Campagna

Staff: Executive Director Dan Wall, Chief Financial Officer John Foy, Chief Operations Officer Dennis York, Executive Administrator Jessica Johnson, Senior Director of Publications Carol Trimmer, Accounting Manager Chris Mossman, Senior Director of Sponsorship & Television Programming Todd Barden, Assistant Editor Katie Hendrickson, Production Coordinator Bucky Harris, Website Designer & Internet Marketing Specialist Haley Carmen, Manager of Events Melanie Rinehart, Supervisor of RHSF & Youth Programs Shianne Megel, Member Services Representative McKenzie Nygren

Web Staff: European Programs Advisor Nick Cornelissens

A quorum was announced.

Called to Order

President Allen Mitchels called the meeting to order at 8:05am

A quorum was announced.

Closed Session

Ft. Worth payout

Changes made to added money were made based on feedback from all members of BOD. The pre-futurity added money in Level 4 was lowered to \$60,000, which changed the guaranteed prize money for the Champion to \$20,000. The entry fee was also lowered. In the Novice Horse Derby we put money into the lower levels.

Kit Cospers motioned to approve the conditions, including added money and entry fee amounts, with the EC to make the final vote on the payout schedule. Seconded by Dale Lopp. Motion passed unanimously.

Office Task Force Update

The task force has been looking at several options for buildings and properties for NRHA. John will contact an architect and work on floor plans and begin to move forward. All options for buildings are open.

Eligibility Task Force

Kit Cospers said that the task force is delayed due to personnel issues and will proceed once the reports are completed.

Rule Changes

35-01-12: This was submitted by level counsel to specify only NRHA members may file a protest.

35-02-12: Will give legal counsel the opportunity to review all cases prior to the PJ or Hearing Body.

42-01-12- We are looking at scheduling a meeting with members at NRBC. Our goal is to find something that the majority of NRHA members can stand behind.

47-01-12- no discussion

47-02-12- Terry will work with Rick Ford to clarify and make changes to NP conditions.

48-01-12- Need to use the newest NRHA Handbook version, with the spouse.

48-02-12- withdrawn

50-01-12- Eligibility task force will look at more closely

53-02-12- Pending research from Eligibility task force

53-03-12- Why would we want to make this change this?

54-02-12- Remove Michael Martin's name to the rule change.

56-01-12- biggest concern would be protecting the youth 14-18 from the unrestricted classes. Not from non pro/rookie. This class isn't serving its purpose. Youth committee can evaluate.

56-02-12- Need to evaluate the verbiage and criteria. Would it count towards LTE? Category 4?

61-01-12- Show Level Classifications- remove paddock manager from Handbook, evaluate Videographer, Consider adding another level \$15,000-\$49,999.

63-01-12- positive support for this change, would help dilute the problem with managers and secretaries showing and hiring the judge

68-01-12- fall in compliance with other rules, in place pending the new event classifications fail

71-01-12- Terry be cognizant of the impact on affiliates and database programming. Affiliate committee is charged with researching. A sub-committee was developed to evaluate the impact and specifications of this rule change proposal. Guy Vernon- Chair, Becky Hanson, Rick Clark, Kim Maharaj and Brian Wellman.

74-01-12- Clarify the late fees and submission deadlines of show results.

97-01-12- little support from BOD. Some of the best judges have come from other associations

99-01-12- no comments

103-01-12- During a small show- when would the judge check for equipment?

103-02-12- a judge will know if there is blood. Adding the touchups to horses make for a better impression for the spectators

104-01-12- This comes up every year.

Break at 9:48am

Reconvened at 10:03am

Election Task Force Update

Mike Hancock would like us to consider policy adoptions for 2,3,4,5,8. And would like the by-law committee to submit proposed changes with 1,6,7.

Would like 2 done as a trial basis. Rosanne made a motion to approve Finding 2. Seconded by Beth Himes. Motion passed unanimously.

3-8 will be voted on together. Terry made a motion to approve 3,4,5,8. Seconded by Brett Walters. Motion passed unanimously.

Terry, Gary Pipkin, and Kit were asked to send 1,6,7 as possible by-laws to the by-law committee.

Ft. Worth Task Sub-Committee

Rosanne Sternberg made a motion that a sub-committee be formalized to talk with affiliates about the Ft. Worth show and what can be done so that we all work together. Beth- Chair, Marshall Baird, Rick Ramsey, Jim Blumer, Kit Cosper and Rick Clark will be charged with reaching out to all affiliates affected by this new show. Seconded by Brett Walters. Motion passed unanimously.

Brett Motioned to adjourn at 10:16am. Seconded by Rosanne. Motion passed unanimously.