

NATIONAL REINING HORSE ASSOCIATION

Minutes of the Executive Committee

NRHA Office

Oklahoma City, OK

April 7-8, 2011

Approved 7/14/2011

April 7, 2011

Present: President Allen Mitchels, Beth Himes, Dale Lopp, Rick Ramsey, Kit Cospers, Terry Griffin, Rick Clark, Rosanne Sternberg.

Not Present:

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.

Call to Order

President Allen Mitchels called the meeting to order at 1:10pm.

Approve Minutes

- A. January 13-14, 2011: Dale Lopp motion to approve. Seconded by Rick Clark. Motion passed unanimously.
- B. January 13-14, 2011 Executive Session: Rick Clark motioned to approve. Seconded by Rick Ramsey. Motion passed unanimously.
- C. January 26, 2011 E- Vote South Point: Kit Cospers motioned to approve. Seconded by Terry Griffin. Motion passed unanimously.
- D. January 28, 2011 E-Vote New Affiliate in Mexico. Kit Cospers motioned to approve. Seconded by Terry Griffin. Motion passed unanimously.
- E. February 17, 2011 Conference Call: Rick Clark motioned to approve. Seconded by Dale Lopp. Motion passed unanimously.
Action Taken:
Rick Clark made a motion to carry forward with Ft. Worth and get the show and conditions approved by the BOD. Seconded by Rosanne Sternberg. Motion passed unanimously.
Rosanne Sternberg made a motion to accept the French Futurity, AQHA and WEG Show results and incorporate them into eligibility and into LTE. Seconded by Beth Himes. Motion passed unanimously.
- F. February 21, 2011 E Vote Tennessee RHA Affiliate. Kit Cospers motioned to approve. Seconded by Terry Griffin. Motion passed unanimously.
- G. February 28, 2011 Conference Call: Rick Clark motioned to approve. Seconded by Dale Lopp. Motion passed unanimously.
Action Taken:
Terry Griffin made a motion to accept the Pre-Futurity conditions for Ft. Worth. Seconded by Beth Himes. Motion passed unanimously.
Terry Griffin made a motion to accept the Novice Horse Derby, in principle, with the reduction of added money accordingly. Seconded by Rick Ramsey. Motion passed unanimously.

Beth Himes made a motion to approve the 7&up division at the NRHA Derby. Seconded by Rick Clark. Motion passed unanimously.

- H. January/February/March/April Show Approval E Vote: Kit Cosper motioned to collectively approve the email vote minutes. Seconded by Dale Lopp. Motion passed unanimously.
- I. March 9, 2011 E Vote CKRHA, INRHA, OVRHA Affiliate: Kit Cosper motioned to approve. Seconded by Rick Ramsey. Motion passed unanimously.
- J. March 14, 2011 Conference Call: Rick Ramsey motioned to approve. Seconded by Rick Clark. Motion passed unanimously.

Action Taken:

Dale Lopp made a motion to accept the Novice Horse Derby added money and entry fees. Seconded by Rosanne Sternberg. Motion passed unanimously.

Show Department Blanket Procedures

\$999 or less- 30 days

\$1000-\$15,000- 60 days

\$15,001-\$99,999- 120 days

Over \$100,000- 180 days

For shows that fall under the "B" level (15,000-49,999) for 2011, use 90 days.

Rick Ramsey motioned to accept Blanket Procedure on late show approvals. Seconded by Dale Lopp. Motion Passed unanimously. Beth Himes was not present during the vote.

All European shows offering a Derby event could include horses aged 4-7, Futurity could include horses aged 3-4.

Rick Ramsey made a motion to accept the blanket procedure for European Derby events. Seconded by Dale Lopp. Motion Passed unanimously.

Handbook Contradiction

A contradiction has been identified in the NRHA Handbook on whether riders can switch hands in the Green class. Page 70 says they can and page 102 says they can't. The 2010 *Handbook* does not have the verbiage on page 70, but the Word Doc Draft Final does have it and the final 2010 draft was used to start the 2011 *Handbook*. There is also verbiage in the Ride class (pattern requirements) which were deleted at some point, but the last draft of the 2011 *Handbook* has that verbiage.

Rick Ramsey made a motion to delete the verbiage "the rider may use 1 or 2 hands at any time during the pattern" from page 70 in the *NRHA Handbook*. Seconded by Dale Lopp. Motion passed unanimously.

Amendment to NRHA Conditions

The following verbiage was created to be inserted into all NRHA Conditions, "The NRHA Board of Directors reserves the right to interpret, modify or amend conditions for the (specific event or affiliate conditions). If requiring immediate attention, those rights will be deferred to the Executive Committee."

Dale Lopp made a motion to accept the amendment and recommend the change to the BOD. Seconded by Rick Clark. Motion Passed unanimously.

Americana

Dan Wall asked the EC to give a special recognition to Americana for its 25 years of existence, 23 years as an approved NRHA event. Dan can contact Americana show management and ask them their preference of award.

Beth Himes motioned to send an award of Dan's choosing to recognize Americana's 25 year anniversary. Seconded by Terry Griffin. Motion passed unanimously.

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 for G & A is \$136,000. Conversion to new database on December 13 of 2010 caused membership renewals to be delayed and this impacted renewal dollars. Membership statistics will be discussed when the key economic indicators report is presented. Publications are running very close to budget, advertising sales is down, but the printing contract Dan Wall renegotiated with Dartmouth is allowing the *Reiner* to remain close to 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 approved. Inside Reining shows a loss of \$29,000, with a total negative variance to budget of \$35,000. Member Services will be sending second renewals out shortly and the Show Department claims that this year has shown a drastic increase in memberships being submitted at shows.

Managed events currently has a nice variance to budget due to the fact the format of the event that was going to replace the World Reining Masters at the Futurity had not been identified when the current budget was prepared and no entry fees was budgeted for the Shootout.

John pointed out that the Convention & Awards Banquet shows a positive variance to budget, this is a budget timing issue, \$66K of banquet awards expense was budgeted for January and should have been budgeted in June. Due to this budget timing issue, results before unrealized investment gains or losses of \$9K need to be adjusted for this timing variance, NRHA is currently has a negative variance to budget of \$57K for results before unrealized investment gains or losses.

NRHA investments have performed extremely well this year, and the Investment Committee will be provided with a detailed presentation from Mr. Jeff Armstrong on Friday morning.

Next John presented the IT loan analysis as of February 28, 2011. To summarize, the analysis demonstrates that 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.

Rick Clark made a motion to recommend to the NRHA BOD to retire the I/T note early. Seconded by Dale Lopp.

Terry stated just to be clear, if we don't pay anything off, the total time it would take retire the current I/T loan with the designated board funds of \$15 per membership would be a little over 3 years. Terry stated we need to be careful, because our project had some overruns and we agreed to the additional cost because we were aware of the \$259,000 of the banked reserve that was created as a result of the delay of the initiation of the project. Kit Cospers said lets pay it off, and apply the \$259,000 reserve so we only have to pay off \$250,000.

Motion passed unanimously.

Break at 2:02pm

Reconvened at 2:10pm

John presented the Key Economic Indicators report. Looking at February 28, 2010 to February 28, 2011, Memberships are down 5.4% or 544 memberships from prior year. The timing of the second renewals is slightly late and the increase in memberships being submitted with shows has maybe decreased the amount sent to NRHA directly. Sire & Dam is a huge concern; we are \$82,000 below budget. Reiner advertising is down 12.7% to budget. We are operating close to budget, and as previously mentioned due to the renegotiation of the Dartmouth printing contract. Investments are doing very well. Inside Reining is a little concerning; we are down \$35,000 to budget. Todd Barden has several really good leads for advertisers for Inside Reining, these contracts total \$144K and Todd feels we have a 50/50 chance on selling each contract. Judges Program is negative to budget by \$16,000, as previously mentioned the seminars have impacted this performance, but the delay in the Judging DVD's has also contributed.

John noted as previously reported the Futurity and Sale performed well against budget. John reminded the Executive Committee 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, NRHA sponsorships continue to perform well and will help off-set this budget deficit. If you remember, the BOD felt like we would be going to Tulsa, so the current budget reflects the cost saving of moving the Derby to Tulsa. Beth mentioned that Derby entries are up, which may offset some, she also believes that we have a good amount of late entries that may come in. Ramsey asked what we would estimate the loss of the Derby to be in comparison to the budget, John answered with \$80,000- \$100,000.

2011-2012 Business Plan

The Key initiatives have not been changed, only adjusted according to recommended changes at the last meeting. Dan went through the statistics with the EC, which revealed that the majority of the equine Industry is down. The additional committee information has been released to the committee liaisons and chairs.

Break at 2:46pm

Closed Session- IT

Reconvened at 4:28 pm

FEI

NRHA needs to create a category 8 show approval form that is very easy to follow. Allen- Lets keep a positive attitude and market what we have. Rick Ramsey noted that we need to service our European Community better, especially from an eligibility standpoint.

Dale Lopp motioned to adjourn. Seconded by Terry Griffin.

Adjourned at 5:01pm.

April 8, 2011

Present: President Allen Mitchels, Beth Himes, Dale Lopp, Rick Ramsey, Kit Cospers, Terry Griffin, Rick Clark, Rosanne Sternberg.

Not Present:

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.

Call to Order

President Allen Mitchels called the meeting to order at 8:11am

Closed Session

Break at 9:30am

Meeting reconvened at 9:39am

End of Closed Session

Jeffrey Armstrong entered the room at 9:39am

Investment Committee Presentation

Jeff Armstrong departed at 10:23am.

Break at 10:23am

Reconvened at 10:34am

Christa Morris joined the meeting at 10:45am

Animal Welfare/Medications

Christa Morris updated the EC on the Town Talk at the European Futurity. The reaction from the Europeans was very supportive and understanding. This weekend Christa will travel to Wenatchee, WA and next week Dan will go to Rifle, CO to conduct regional Town Talks.

The Medications Rule Change proposal has been updated without reflecting the Professionals Working Group input since they didn't have any recommended changes. However, both Professionals Working Group meeting minutes will be published and available for the membership to see. Concern was expressed over the QHN article. Dan informed the group that he never approved, saw or knew about the article until it came out in QHN.

The EC will look into scheduling an animal welfare/medications meeting at NRBC.

NRHA Office Task Force

The task force members have already looked at several properties including three strong properties. John is to get bids from an architect.

Rolex

Dan gave an update on the current Rolex contract. NRHA/Reiner will be a sponsor of Rolex and will host Ride-A-Reiner during the event. Additionally, Rolex will be an NRHA-approved event and will have all NRHA Judges.

Alltech Western Games

Rick Clark presented the information available for the Alltech Western Games. Becky Jordan told him that Dr. Lyons wants a fall event, but the dates they have do not work because they conflict with the SWRHA Futurity. They want to do

an Invitation Only (10 open riders and 10 non pro riders) with \$50,000 in added money (\$35,000 in Open and \$15,000 in Non Pro). Additionally, they want to demo different disciplines. They will use 3 NRHA approved judges. First day would be reining and the second day would be freestyle.

Break at 12:10pm

Reconvened at 1:00pm

Sire & Dam Update

Karen Shedlauskas joined the meeting via conference call.

Comparatively we have not lost any ground compared to last year. Actually, Karen has sold more breeding to date than last year. Some stallions have lowered breeding fee which is contributing to less money to the program.

Sire & Dam exception received via email. A breeding was not put in the program for 2010, the owner has donated breedings since 1996. The owner would like to buy two breedings for 2010 and three breedings for 2011. Last year, we had three stallions that came in late and they were approved.

Terry Griffin motioned to accept the late Sire and Dam donation. Seconded by Kit Coper. Motion passed unanimously.

Regarding the live auction, Karen would like to change the closing date, instead of finals night we close a week later following the futurity finals to allow for the stallions that did well to sell higher.

Dale Lopp made a motion to change the closing date to a week after the Futurity. Seconded by Rick Ramsey. Motion passed unanimously.

When someone commits to buy on the website we should retain their CC information and give them 30 days to pay with check or cash.

Rick Ramsey made a motion to collect their CC numbers when customers make the commitment to buy, if not paid by check within 30 days then the CC will be debited. Seconded by Rosanne Sternberg. Motion passed unanimously.

Karen recommended the minimum stallion fee should be \$1000 for multiple stallion owner donations, and not be limited to top 20 stallions. In order to participate in sire and dam program the minimum fee must be \$500. Karen and the Sire & Dam committee will polish the conditions and get the information back to the EC.

Colorado State Proposal

Dan reported, the RHSF is to evaluate the project for possible involvement. Terry Griffin moved not to participate at this time. Rick Clark seconded. Motion passed. Dan will inform CSU and express NRHA's interest in future projects.

2011-2016 Futurity Contract Update

Dan presented a copy of the Power Point which was prepared for the Governor of Oklahoma. Dan has negotiated for months trying to get more funding from Oklahoma and we are not getting anyway. The question we need to decide now is whether to sign a 1 year or 3 year contract with OKC. Currently, Ft. Worth can hold the horses; the only concern is with the main arena only holding 6,000 spectators. Dan thinks we sign a 1 year contract with OKC because we are

already in April. Terry made a motion to sign a 1 year contract with the option to extend the contract to 3 years. Seconded by Rick Clark. Motion passed unanimously.

Break at 2:22pm

Reconvened at 2:42pm

E- Vote/Conference Call

Clarification to what meeting information needed to be published was given. It was determined that show approval information was considered daily operations and would not need to be published. However, Conference Call actions taken must be summarized in meeting minutes.

Late Futurity Payment

An appeal was submitted asking for the late futurity entry fee to be waived.

Rosanne made a motion to deny the appeal. Beth Himes seconded. Motion passed unanimously.

Show Manager- AA Events

Melanie asked the EC to forgive the rule stating that AA shows must have a certified manager for 2011, because she has not been able to properly develop the materials.

Beth Himes made a motion that show managers do not need to be certified for AA shows for 2011 and that the EC will evaluate the necessity of this rule for next year. Seconded by Terry Griffin. Motion passed unanimously.

Secretary Testing

Beth Himes asked the EC if historic show secretaries could take the exam and pay the fee to be re-certified instead of going through a webinar.

Kit Cospers made a motion that secretaries do not need to go through the seminar, but can re-test and pay the fee every 5 years. Seconded by Dale Lopp. Motion Passed Unanimously.

Breeders Incentive

Melanie presented the details of a proposed breeders' incentive program. It was determined that this gives some stallion owners a disadvantage.

No Action Taken.

Ft. Worth

Melanie presented the latest budget changes which reflect the increased Texas state funding. With the increase we are now able to offer more added money to the event and create a Non Pro Shootout. Concerns were raised about not meeting our expectations and saving money from the state funding in order to protect ourselves should a loss be incurred. Let's be conservative our first year and set ourselves up to grow. Rick Clark said this is an NRHA-owned event and it needs to payout accordingly. Todd said that the amount of funding we receive diminishes over time; it is capped at 55% of total amount originally awarded. Rick Clark spoke on behalf of the events committee and stated that different dates were explored and analyzed. Additionally, several phone calls were made surveying the information/dates. The only dates available were 2 weeks before Tulsa or a week before Tulsa. The Events Committee was asked if they felt NRHA could handle putting on another show, they agreed they could. The committee felt like it was too much money to

not accept and put back into the industry. Terry asked if there was a possibility of moving the dates for next year. Dan said yes, it is an option next year, but let's wait and see how it goes this year.

Dale Lopp made a recommendation to send the proposal 4-7-2011 to the full BOD. Seconded by Rick Clark.

Conversation continued regarding the disbursement of added money. Added money distribution was changed in the ancillary classes and the Derby PTNP. Resulting in a total savings of \$14,500

Dale amended the original motion to accept the added money changes. Seconded by Rick Clark. Motion passed unanimously.

Conversation continued about the Non Pro Shootout. The Events Committee wanted to put significant money into a category 1 Non Pro event. However, NRHA has a rule that category 1 non pro events may not have more added money than a category 1 open when the added money equals or exceeds \$500.

Dale Lopp made a motion to accept the Category 1 added money in the Non Pro to be higher than the Category 1 Open. Seconded by Rick Ramsey. Motion passed unanimously.

Rockslide

Rockslide event is requesting cancellation due to facility date conflicts.

Terry Griffin made a motion to accept the Rockslide cancellation. Seconded by Beth Himes. Motion passed unanimously.

Nomination exception

German owner had a horse born on June 2009, which he purchased in 2010. The breeder told him that the horse was nominated but after further research it was determined that the horse is not nominated. The new owner is asking to nominate the horse at the weanling price.

Beth made a motion that we charge him the yearling rate. Seconded by Terry Griffin. Motion passed unanimously.

Closed Session

Dale motioned to adjourn. Clark. Motion passed unanimously. 4:32pm.