

NATIONAL REINING HORSE ASSOCIATION
Board of Directors Meeting Minutes
Oklahoma City, OK
November 12, 2011

Approved 1/21/2012

Present: Allen Mitchels- President, Beth Himes- Vice President, Rick Clark, Terry Griffin, Rick Ramsey, Kim Maharaj

Webcast: Marshall Baird, Jim Blumer, Johnette Burman, Barbara Brookshire, Julia Cowan, Becky Hanson, Jennifer Hoyt, Michael Martin, Dan McGregor, Guy Vernon, Brett Walters, Mike Hancock, Susy Baeck, Lee Foster, Raul Leal

Not Present: Kit Cospers, Dale Lopp, Rosanne Sternberg, Mike Deer, Brad Giesbrecht, Jordan Larson, Josh Visser, Brian Welman, Roberto Cuoghi, Helmut Schmaus-Gerstenberg, Pim Berendse, Filippo Masi, Gerd Wilhelm, Todd McCormick, Luis Gregorio Campagna Cruz

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, Senior Director of Shows & Affiliate Programs Chris Potter, Senior Director of Sponsorship & Television Programming Todd Barden, Senior Director of Marketing Christa Morris, Director of Events Melanie Rinehart, Director of Member Services & Judges Michelle Wrigley, Accounting Manager Chris Mossman, Assistant Editor Katie Hendrickson, Supervisor of RHSF & Youth Programs Shianne Megel

Web Staff: European Programs Advisor Nick Cornelissens.

Guest: Doug Milholland

Call to Order

President Allen Mitchels called the meeting to order at 1:11pm

Roll call was conducted, a quorum was established.

Approve Minutes

July 16-17, 2011 Meeting Minutes: Rick Clark motioned to approve as amended. Seconded by Beth Himes. Motion passed unanimously.

July 16-17, 2011 Executive Session Meeting Minutes: Beth Himes motioned to approve as amended. Seconded by Terry Griffin. Motion passed unanimously.

July 20, 2011; July 29, 2011; August 4, 2011; August 14, 2011 E-votes: Rick Clark motioned to approve. Seconded by Kim Maharaj. Motion passed unanimously.

September 2, 2011 AGM: Doug Milholland motioned to approve. Seconded by Shianne Megel. Motion passed unanimously.

September 8, 2011 E-Vote: Jim Blumer motioned to approve. Seconded by Julia Cowan. Motion passed unanimously.

October 28, 2011 Conference Call Minutes: Beth Himes motioned to approve as amended. Seconded by Kim Maharaj. Motion passed unanimously.

Marshall Baird motioned to approve the Election Procedures as presented today. Seconded by Dale Lopp. Motion passed unanimously.

Beth Himes motioned to wait and make a 2013 rule change for both items 1 and 2 on the Animal Welfare Medications rule change. Seconded by Terry Griffin.

Marshall Baird motioned to divide the items to vote on separately. Seconded by Jen Hoyt. Motion passed unanimously.

Gerd Wilhelm motioned to approve item 1, the verbiage placed at the beginning of the Animal Welfare Medications rule change, from the 10.20.2011 memo. Seconded by Dale Lopp. Motion passed unanimously.

Beth amended her motion to wait and make a 2013 rule change for item 2. Seconded by Terry. Motion passed unanimously.

Mike Hancock motioned that the BOD instruct the EC to use the clarification language as presented in item 2 of this document as a rule clarification if an issue comes up before a rule change is submitted and approved. Seconded by Rick Ramsey. Motion passed unanimously.

Jen Hoyt motioned to approve the Cowtown Classic Task Force. Seconded by Marshall Baird. Motion passed unanimously.

Dale Lopp motioned to approve the Eligibility Task Force. Seconded by Gerd Wilhelm. Motion passed unanimously.

Mike Hancock amended motion to include as clarification that the Eligibility Task Force appointed on 1/16/2011 is officially disbanded and new task force to be empowered. Seconded by Marshall Baird. Motion passed unanimously

Becky Hanson joined the meeting at 1:31pm via conference call.

Financial Report

John Foy presented the 6/30/2011 Audited Financial Statements. They were published on the website within 4 months following the fiscal year- per the Bylaws. Please note the Independent Auditor's report received what is known in laymen's terms as a clean audit opinion. NRHA has met their fiduciary responsibility to the membership. NRHA has a strong cash position, investments of \$1.25M, and equity of \$1.425M. No significant changes to the notes of the financial statements have been made since the prior year. NRHA added footnote 18 this year, which discloses commitments with rental agreements and dispute with a vendor.

Departments that performed well against budget: G & A, Publications, Website, Youth, Futurity and NRHA sales.

Areas of concern that need improvement:: Reiner Advertising, Sire & Dam Program, Derby, Inside Reining advertising and European Futurity.

John Foy presented the Profit & Loss Overview activity ending September 31, 2011. G & A is currently \$33,000 positive to budget. . Publications currently are \$25,000 positive to budget. Judges Program is currently showing a profit of \$6,500 and operating well against budget. Inside Reining shows a loss of \$31,000, and a total negative variance to budget of \$9,500. Managed events currently have a negative variance to budget mostly due to the Cowtown Classic. Events management believes adjustments to the Cowtown Classic can be made to move the event towards a positive budget situation.

Investments for only the second time in 7 years for the last 3 months performed slightly less than our benchmark. John stated that we have a long-term look at our investments and our investment advisor currently has NRHA under-weighted in fixed income that caused this underperformance and that NRHA is properly positioned when taking in to account current interest rates and that interest rates can only rise. During the Finance Committee call on November 8th, the Finance Committee Chair expressed some concern as if NRHA was overly invested in Euro Equities. John Foy provided the current exposure to Euro Equities and indicated NRHA is not overly exposed in Euro Equities. Jim Blumer asked each BoD member to look at profit/loss for each item. BoD Members have a responsibility to make sure the policy and strategy for running NRHA is congruent with the financial bottom line. Additionally, BoD members need to determine which programs fit the strategy and which ones are weighing NRHA down.

Dan Wall commented that Jim's points were well-taken and NRHA needs to take a deeper look at the financials and determine how tough of a decision needs to be made.

Allen Mitchels asked the finance committee to review.

Conflict of Interest Policy

Beth Himes summarized the recent activity regarding conflict. On behalf of the EC, she thanked the BoD and staff for their patience and apologized for the turmoil. Yesterday, the EC and Dan Wall worked through some of these issues and working towards progressing forward, including improved communication between staff, EC and BoD.

2011-2012 Business Plan

Dan Wall presented the 2011-2012 Business Plan. Dan Wall noted that the Canadian region review was moved to the Affiliate Committee.

Beth Himes motioned to approve the EC recommended 2011-2012 Business Plan. Seconded by Guy Vernon. Motion passed unanimously.

Membership Survey

Christa Morris & Michelle Wrigley presented non-renewing member survey. Becky Hanson would like staff to evaluate the 12-month membership option. Dan Wall agreed that it needs evaluated, but wants to make sure it is beneficial to the membership and NRHA.

Rick Clark and Terry Griffin left the meeting at 2:12pm

Restrictive European Eligibility Policy

Jessica Johnson summarized the concept of Restricted European Eligibility and its impact on European events. The EC recommended approval of the Restrictive European Eligibility Policy with the following verbiage: The dollar amount of the lowest ranking person in each eligibility level determines the level of eligibility for non-European riders. Additionally, the policy will be mandatory for all European NRHA Approved shows.

Michael Martin motioned to approve the Restrictive European Eligibility Policy recommended by the EC and European Affiliate Council, including the verbiage noted by the EC. Seconded by Kim Maharaj. Motion passed unanimously.

Votenet

Dennis York explained the cost options for votenet.

Dennis York was instructed to check on adding additional elections at a later date if needed prior to purchasing 10 elections for next year.

Kim Maharaj motioned to approve the funding for 10 elections, if the additional purchase option is not available. Seconded by Beth Himes. Motion passed unanimously.

Committee Reports

Non Pro

Non Pro Declaration

Jessica Johnson explained the proposed Non Pro Declaration for 2012. An additional, question will be added, asking the Non Pro applicant if they have an endorsement/sponsorship and /or appear in reining industry advertisements, if yes, the applicant is directed to submit the Non Pro Affidavit. All changes were made to accommodate a 2012 rule change.

Kim Maharaj motioned to approve the Non Pro Declaration for 2012. Seconded by Beth Himes. Motion passed unanimously.

Non Pro Affidavit

Jessica Johnson explained the Non Pro Affidavit recommendation from the EC and the Non Pro Committee. Legal counsel endorsed the EC recommendation.

Beth Himes motioned to approve the EC recommendation for the Non Pro Affidavit effective in 2012. Seconded by Julia Cowan. Motion passed unanimously.

Affiliate

Israel Affiliate Championship

Chris Potter presented the Israel Affiliate Championship conditions and funding proposal.

Beth motioned to approve the EC recommendation for the Israel Affiliate Championship conditions and funding/award proposal. Seconded by Julia Cowan. Motion passed unanimously.

North American Affiliate Program Conditions

Chris Potter presented the designation changes recommended by the EC. The changes allow for NRHA to be more member-friendly and inclusive, by allowing for late designations, but riders designating by the deadline will never be removed from qualification. Additionally, late designations will be accepted 15 days prior to entry closing date of each riders respective RAF.

Brett Walters joined the meeting at 2:37pm

Jim Blumer motioned to approve the EC recommendation with the 15 day change to the late designation criteria. Seconded by Julia Cowan. Motion passed unanimously.

Capital Area Reining Horse Association

Chris Potter explained the request to change Affiliate names from Capital Area, the name change was endorsed by Reining Australia.

Beth Himes motioned to change the name of Capital Area Reining Horse Association to Riverina Reining Horse Association. Seconded by Kim Maharaj. Motion passed unanimously.

Australia Affiliate Conditions

Chris Potter explained the primary changes to the conditions, which include the remove of Novice Horse Level 1 classes and the removal of duplicated information.

Michael Martin motioned to approve the Australia Affiliate Conditions as approved. Seconded by Barbara Brookshire. Motion passed unanimously.

Doug Milholland left the meeting at 2:42pm.

Events Committee

European Nomination Conditions

Melanie Rinehart presented the European Nomination Conditions, which do not have any significant changes.

Michelle Wrigley pointed out the payment deadlines for yearlings/two year olds is based on the old March 31 deadline.

Beth Himes motioned to approve the 2012 European Nomination Conditions with the amendment to the age and payment deadline. Seconded by Kim Maharaj. Motion passed unanimously.

North American Nomination Conditions

Melanie Rinehart presented the North American Nomination Conditions, which do not have any significant changes.

Jennifer Hoyt motioned to approve the 2012 North American Nomination Conditions. Seconded by Dan McGregor. Motion passed unanimously.

2012 NRHA Futurity Conditions

Melanie Rinehart presented the 2012 NRHA Futurity Conditions recommended by the Events Management Committee. Sire & Dam condition changes were corrected to accompany the program changes. John Foy recommended the added money be reviewed because it is based on the nomination funds for the given year. The Events Committee is reviewing the number of finalist for 2013 Futurity Conditions.

Becky Hanson motioned to approve the 2012 NRHA Futurity Conditions. Seconded by Barbara Brookshire.

Allen Mitchels asks that the judges be made aware of the changes to the conditions.

Motion passed unanimously.

Chris Potter asked if we needed to review the judges fee to compensate for the increased Show Stewards cost.

Dan Wall recommends we add \$25 to the judge's fee for the Futurity entry to the first payment.

Mike Hancock motioned to amend the conditions to increase the judge's fee for the first payment by \$25. Seconded by Jennifer Hoyt. Motion passed unanimously.

European Futurity Conditions

Nick Cornelissens presented the changes to the conditions for the 2012 NRHA European Futurity. Changes were made to number of finalist, consolation rounds, scratches, refunds and substitutions to accommodate the European exhibitors. Also, the newly approved Restricted European Eligibility Policy will be used to determine eligibility levels for riders.

Christa Morris noted that the medications fee is not specified, Nick was directed to add in verbiage that medications fee may be applied.

Melanie Rinehart noted the addition of a deadline for scratched entries.

Susy Baeck motioned to approve as amended. Seconded by Jen Hoyt. Motion passed unanimously.

Break at 3:22pm

Reconvene at 3:29pm

Event Classification

Kim Maharaj left the meeting.

Dan Wall presented two policies to add categories to be used for new events and nomination funds.

Category 11

Category 11(NRHA approved classes not corresponding to other NRHA Categories, NRHA rules to apply, but not for rider/horse eligibility, Top 20 Program or World Champion and Top Ten awards. Requires NRHA General, General Non Pro, Youth or Youth Non Pro Membership in order to show.)

Beth Himes motioned to approve the EC recommendation to approve Category 11 as a policy until a rule change can be submitted for 2013. Seconded by Guy Vernon. Motion passed unanimously.

Category 12

Category 12 (Category 12 (NRHA Nominator Incentive earnings, not for rider/horse eligibility, Top 20 Program or World Champion and Top Ten awards.)

For example, 1st place of the Level 4 Open pays \$150,000. The payout of 95%, which is \$142,500, will be recorded in category 6 for the horse, rider and owner. The Nominator Incentive of 5%, which is \$7,500, will be recorded in category 12 for horse and nominator.

Julia Cowan motioned to accept the EC recommendation to approve Category 12 as a policy until a rule change can be submitted for 2013. Seconded by Beth Himes. Motion passed unanimously.

Affinity

The Affinity Credit Card proposal will be sent out via email vote. Allen instructed Todd Barden to prepare a sales pitch prior to sending out via E-vote to the BoD for approval.

Cowtown Classic Task Force

Beth Himes explained the meeting with the event managers/stakeholders yesterday.

Julia Cowan motioned to include Rick Ramsey as a member of the Cowtown Classic Task Force. Seconded by Jennifer Hoyt. Motion passed unanimously.

Mike Hancock motioned to adjourn at 4:00pm. Seconded by Barbara Brookshire. Motion passed unanimously.

