

NATIONAL REINING HORSE ASSOCIATION
Board of Director Meeting Minutes
Oklahoma City, OK
August 24, 2013

Approved 10/4/2013

Present: Beth Himes – President, Rick Clark – Vice President, Mike Deer, Terry Griffin, Jennifer Hoyt, Josh Visser, Jim Blumer, Barbara Brookshire, Shane Brown, Jesse Chase, Kelly Hedges, Casey Hinton, Tim Lynch, Sebastian Petroll, Shannon Rafacz, Marc Wagman, Brett Walters, Brian Welman, Frank Costantini, Roberto Cuoghi, Bernie Hoeltzel, Gerd Wilhelm, Kim Maharaj, Lee Foster

Web: Rosanne Sternberg, Kelli Brooksby, Joe Wolfe, Susy Baeck, Katharina Quinte

Staff: Chief Financial Officer John Foy, Director of Operations Jessica Johnson, Administrative Assistant Megan Lundquist, Senior Director of Publications Carol Trimmer, Senior Director of Marketing Christa Morris, Senior Director of Association Services Michelle Wrigley, Senior Director of Sponsorships and Television Programming Todd Barden, Senior Network Administrator Dennis York, Accounting Manager Chris Mossman, Website Designer & Internet Marketing Haley Carmen, Coordinator of Marketing & Development Hayley Lewallen, Supervisor of Association Services Krissy Colbath, Senior Coordinator of Events Jamie Boller, Coordinator of Sponsorship & Television Christina Brezack, Director of Art Advertising & Design Bucky Harris

Web Staff: European Programs Advisor Nick Cornelissens

Guests: Jim Harlan, The Prasino Group (Matt Sutton-Vermeulen and Ed Moriarty)

Call To Order

Beth Himes called the meeting to order at 8:11 am.

Roll call was conducted, a quorum was established.

Minutes

Rick Clark motioned to approve minutes from May 6 as amended, May 16, May 30, June 23, July 8 and E-Vote Minutes. Jennifer Hoyt seconded. Motion passed unanimously.

Amend the minutes from the May 6, 2013 meeting to reflect that it was held via conference call.

Jim Harlan joined the meeting 8:16am.

Executive Director Update – Executive Session

Katharina Quinte joined at 8:36am.

Tim Lynch joined at 8:57am.

Break at 9:33 am.

Reconvene at 9:55am.

Senior Director of Publications Carol Trimmer, Senior Director of Marketing Christa Morris, Senior Director of Association Services Michelle Wrigley, Senior Director of Sponsorships and Television Programming Todd Barden, Senior Network Administrator Dennis York, Accounting Manager Chris Mossman, Website Designer & Internet Marketing Haley Carmen, Coordinator of Marketing & Development Hayley Lewallen, Supervisor of Association Services Krissy Colbath, Senior Coordinator of Events Jamie Boller, Coordinator of Sponsorship & Television Christina Brezack, Director of Art Advertising & Design Bucky Harris, European Program Advisor Nick Cornelissens joined the meeting.

Rule Changes

Beth Himes explained rule change procedures. Board members can make a motion to approve or choose to not make a motion. Beth reminded the Board of their duties and fiduciary responsibility as Board members - to look at what is good for the organization. . According to the bylaws, roll call votes are required and published if not unanimously decided.

39-01-14

No motion.

39-02-14

No Motion.

41-01-14

Terry Griffin motioned to approve rule change 41-01-14. Seconded by Kim Maharaj.

Approve: Rick Clark, Mike Deer, Terry Griffin, Jennifer Hoyt, Rosanne Sternberg, Josh Visser, Jim Blumer, Kelli Brooksby, Barbara Brookshire, Shane Brown, Jesse Chase, Kelly Hedges, Casey Hinton, Tim Lynch, Sebastian Petroll, Brett Walters, Brian Welman, Joe Wolfe, Frank Costantini, Roberto Cuoghi, Susy Baeck, Bernie Hoeltzel, Katharina Quinte, Gerd Wilhelm, Kim Maharaj, Lee Foster

Opposed: Marc Wagman

26 for, 1 opposed. Motion passed.

41-02-14

No Motion.

46-01-14

Shannon Rafacz motioned to approve rule change 46-01-14. Seconded by Brett Walters. Motion passed unanimously.

47-01-14

Rosanne Sternberg motioned to approve rule change 47-01-14. Seconded by Susy Baeck. Motion passed unanimously.

49-01-14

Brett Walters motioned to approve rule change 49-01-14. Seconded by Barbara Brookshire. Motion passed unanimously.

60-01-14

Rosanne Sternberg motioned to approve rule change 60-01-14 as amended with “contiguous” removed. Seconded by Jennifer Hoyt. Motion passed unanimously.

60-02-14

No Motion.

63-01-14

No Motion.

70-01-14

Discussion regarding complications of changing ages within the same class and with not maintaining consistency among Open and Non Pro classes and categories occurred. The Prime Time Open will not be offered at the 2014 NRHA Futurity.

No Motion.

73-01-14

Jennifer Hoyt motioned to approve rule change 73-01-14. Seconded by Barbara Brookshire. Motion passed unanimously.

73-02-14

Kim Maharaj recommended changing the verbiage of the physician’s statement to include the phrase “that would limit their ability to ride a horse astride.”

Shannon Rafacz motioned to approve the rule change 73-02-14, physician's statement as amended, and placing the judges’ information in policy. Seconded by Kelly Hedges. Motion passed unanimously.

166-01-14

No Motion.

75-01-14

No motion.

78-01-14

No Motion.

80-01-14

Shannon Rafacz motioned to approve rule change 80-01-14. Seconded by Gerd Wilhelm.

Approve: Shannon Rafacz, Joe Wolfe, Gerd Wilhelm

Opposed: Rick Clark, Mike Deer, Terry Griffin, Jennifer Hoyt, Rosanne Sternberg, Josh Visser, Jim Blumer, Kelli Brooksby, Barbara Brookshire, Shane Brown, Jesse Chase, Kelly Hedges, Casey Hinton, Tim Lynch, Sebastian Petroll, Marc Wagman, Brett Walters, Brian Welman, Frank Costantini, Roberto Cuoghi, Susy Baeck, Bernie Hoeltzel, Katharina Quinte, Kim Maharaj, Lee Foster

3 for, 25 opposed. Motion failed.

80-02-14

Shannon Rafacz motioned to approve rule change 80-02-14. Seconded by Terry Griffin. Motion passed unanimously.

There was discussion regarding the need to develop a task force to review the current World Championships' structure.

81-01-14

Discussion regarding changing the verbiage of the proposed change to be clearer occurred. The Show Conditions Task Force will review and create a recommendation.

Josh Visser and Jim Harlan left the meeting.

Break 11:48 am.

Reconvene at 12:38pm.

81-01-14

Show Conditions Task Force presented the amended rule change 81-01-14.

New Verbiage: Show management must retain between thirty (30%) and fifty percent (50%) of the entry fees after deducting the NRHA trophy fee (if an official NRHA trophy is ordered) and the NRHA show fee of five percent (5%). All classes within the show must have the same retainage.

Jennifer Hoyt motioned to approve the rule change as amended. Terry Griffin seconded. Motion passed unanimously.

83-01-14

Jennifer Hoyt motioned to approve rule change 83-01-14. Seconded by Barbara Brookshire. Motion passed unanimously.

84-01-14

Shannon Rafacz motioned to approve rule change 84-01-14. Seconded by Tim Lynch. Motion passed unanimously.

84-02-14

Jennifer Hoyt motioned to approve rule change 84-02-14. Seconded by Kelly Hedges. Motion passed unanimously.

Staff will work through the Show Conditions in the *NRHA Handbook* to update all the verbiage to properly reflect Event and Show with the intent of the rule.

85-01-14

Mike Deer motioned to approve rule change 85-01-14. Seconded by Shane Brown. Motion passed unanimously.

86-01-14

No Motion.

86-02-14

No Motion.

Beth Himes noted that the Executive Committee's clarification that official trophies must be purchased through the NRHA office remains in place for 2014.

87-01-14

Executive Committee amended the rule change to state "one hour before the first class and no later than 10pm the night before."

Terry Griffin motioned to approve rule change 87-01-14 as amended. Seconded by Mike Deer. Motion passed unanimously.

87-02-14

Michelle Wrigley recommended that "slate" be replaced with "show" to stay in line with verbiage in the *Handbook*.

Kim Maharaj motioned to approve rule change 87-02-14 as amended. Seconded by Sebastian Petroll. Motion passed unanimously.

90-01-14

Marc Wagman motioned to approve rule change 90-01-14. Seconded by Barbara Brookshire. Motion passed unanimously.

90-02-14

Terry Griffin motioned to approve rule change 90-02-14. Seconded by Jennifer Hoyt. Motion passed unanimously.

100-01-14

Jennifer Hoyt motioned to approve rule change 100-01-14. Seconded by Brett Walters. Motion passed unanimously.

118-01-14

Jennifer Hoyt motioned to approve rule change 118-01-14. Seconded by Kelly Hedges. Motion passed unanimously.

119-01-14 / 119-02-14

Discussion regarding the proposed rule changes and how “excessive” is defined occurred. The *NRHA Handbook* defines abuse and the Judges are currently requested to use their best judgment to determine when a rule has been violated.

119-01-14

No Motion.

119-02-14

Susy Baeck motioned to approve rule change 119-02-14. Seconded by Katharina Quinte.

Approve: Mike Deer, Jim Blumer, Kelli Brooksby, Shane Brown, Jesse Chase, Kelly Hedges, Casey Hinton, Tim Lynch, Brett Walters, Joe Wolfe, Susy Baeck, Bernie Hoeltzel, Katharina Quinte, Gerd Wilhelm

Opposed: Rick Clark, Terry Griffin, Jennifer Hoyt, Rosanne Sternberg, Barbara Brookshire, Sebastian Petroll, Shannon Rafacz, Marc Wagman, Brian Welman, Frank Costantini, Roberto Cuoghi, Kim Maharaj, Lee Foster.

14 Approve, 13 opposed. Motion passed.

145-01-14

No Motion.

145-02-14

Michelle Wrigley recommended adding the verbiage “stop at center” after the circles and “hesitate” after the third maneuver. Some Board members expressed concerned with the difficulty of the rollback into a circle maneuver.

Brett Walters motioned to approve the rule change 145-02-14 as amended. Seconded by Shane Brown.

Approve: Rick Clark, Mike Deer, Terry Griffin, Jennifer Hoyt, Rosanne Sternberg, Barbara Brookshire, Shane Brown, Kelly Hedges, Casey Hinton, Tim Lynch, Sebastian Petroll, Shannon Rafacz, Marc Wagman, Brett Walters, Joe Wolfe, Frank Costantini, Roberto Cuoghi, Susy Baeck, Bernie Hoeltzel, Katharina Quinte, Gerd Wilhelm, Lee Foster

Opposed: Jim Blumer, Kelli Brooksby, Jesse Chase, Brian Welman, Kim Maharaj

22 for, 5 opposed. Motion passed.

166-02-14

No Motion.

Break at 1:56pm.

Reconvene at 2:23pm.

European Affiliate Council

Jessica Johnson updated the Board on the European Affiliate Council (EAC) meetings from this year. The EAC reviewed and recommended European Futurity, European Derby, European Nomination and European Eligibility items annually. Additionally, 2013 is the first year that the European Medications Policy with full discipline is active. The policy is working well and selection has been well balanced among classes and placings.

2013 European Futurity Recap

Jessica Johnson presented the entry numbers for the 2013 European Futurity. Finalized financials are not available yet, but it appears that the Event will be positive. There was a decrease in entries, but that is most likely due to the economy and the fact that this was the first year that entries were required to be to nominated.

European Nomination Conditions

Marc Wagman motioned to approve the European Affiliate Council's recommendation on the European Nomination Conditions. Seconded by Frank Costantini. Motion passed unanimously.

European Affiliate Championships

Jessica Johnson gave an update on the European Affiliate Championships. The Championships were held in Austria this year and the host will be NRHA France for 2014 – 2015. There was a decline in entries, again being attributed to the economy.

Concern was raised over the decline in European entries, especially the European Futurity. Christa Morris noted that the European Futurity was held later in the year this year, which gave many exhibitors the opportunity to go to other shows in Europe. This was also the first year that horses were required to be nominated. Other dates for the European Futurity are being researched, but it is hard to schedule with other shows being held in Europe. Roberto Cuoghi mentioned that the European Futurity and European Derby are strong in Europe, especially when compared to losses experienced by other European shows.

Kelli Brooksby left the meeting at 3:10pm

NRHA Loyalty Survey – Executive Session

Break at 4:05pm.

Reconvene at 4:24pm.

Financial Update

John Foy presented the financial update Profit & Loss Overview ending June 30, 2013. John Foy noted that these are unaudited financials, as the audit is currently ongoing. The audit should be finalized in October. NRHA is having a very good year, the best since 2008. John Foy cautioned that we have to be careful and not overestimate NRHA's ability to sustain that level of performance .

John Foy stated that half of the executive search fees are accrued back to fiscal year ending 06/30/13, this can be justified due to the fact the search firm started working on the search prior to 06/30/13 and has invested significant time and effort on the search as of 06/30/13.

The cost to buy out the remaining year of the Cowtown event is fully accrued and included in the 06/30/13 financial statements. It is positive that these expenses have been accrued to 06/30/13 and NRHA is performing well against budget.

The Euro Futurity performed well and is expected to be in the black when numbers are audited and finalized.

NRHA may have the opportunity to invest the earnings from the 06/30/13 fiscal year in the following areas: New location (OKC) moving costs, retirement of RHSF WEG deficit, replacement of old company vehicle, and new radiograph software program for the sale.

John Foy commented that closing out the year-end and completing the audit will allow us to calculate the exact WEG deficit as of 06/30/13. The net unrestricted funds generated by RHSF for the current year will reduce the WEG deficit and this is why we need to close out year-end to calculate an exact dollar amount. John Foy spoke about the 2013 - 2014 budget due to questions regarding what is in the 2013 – 2014 budget.. Included in the budget is a new vehicle for NRHA and new sale repository software for radiographs.

Most significant items that have occurred since the last financial update is the NRHA Derby and Awards Banquet.

Cowtown Classic – Executive Session

Financials – cont. The awards banquet was positive against budget by \$15,000, which was mostly due to the saddle sponsorship obtained this year. The NRHA Futurity was extremely successful as previously discussed and its performance is critical to NRHA.

The NRHA Derby is expected to perform close to budget, this is positive when you consider 2 additional show days were added to make the exhibitor experience more positive, the additional show days adds expense to the event.

There was discussion surrounding the NRHA Derby, over whether NRHA will ever be able to break even on the show. Concern was raised over the fact that the nomination program was supposed to help reduce losses. Questions were raised on whether NRHA was getting a return on the nomination funds that are being put into the Derby and if there is an increase in entries with the nomination program. It was noted that the NRHA Derby seems to be on the rise, especially with the current economy and there is hope to have an increase in stalls with the covered pen next year.

Beth Himes stated that the rent will not go up with the new covered pen. The Board felt that the new covered pen will increase participation in both the Futurity and Derby.

Budget

John Foy presented the Departmental Budget for 2013-2014, which was approved by the Finance Committee and also recommended for approval by the Executive Committee. One area of concern was the increase in Judges expenses. John Foy noted that expenses for judges are included in individual events (i.e. NRHA Futurity, NRHA Derby, etc.). Judges Committee staff liaison Michelle Wrigley stated that expenses are up for program expenses, the fact that more judges are being trained, and a third seminar was added in Europe. The Judges Committee plans to keep the Judges School in Europe.

John Foy talked about the plans to reduce cost for the IEA magazine. The Board was informed of the current Horse Sale consignments. Several concerns were raised over the Sales budget. Discussion

regarding properly promoting sale graduates occurred. Board members were encouraged to contact Fred Thomsson with any ideas on increasing sale entries.

Susy Baeck left the meeting at 5:00pm.

Jennifer Hoyt motioned to approve the 2013-2014 Budget as presented. Seconded by Terry Griffin. Motion passed unanimously.

Building Update – Executive Session

Joe Wolfe left the meeting 5:08pm

NRHA Owned Events

2013 Futurity Schedule

Jamie Boller presented the 2013 Futurity schedule, which is the same as last year, including the patterns.

FEI Update – Executive Session

Katharina Quinte left meeting at 5:24pm.

2013 Futurity Schedule – cont.

With the decline in the sale entries, there was discussion regarding consolidating the sale into two days.

Jennifer Hoyt motioned to approve the 2013 Futurity Schedule as presented. Seconded by Brett Walters. Motion passed unanimously.

It was noted that the Board may have to look at the schedule again if it is decided to consolidate the sale into two days.

Futurity Conditions

2013 NRHA Futurity Conditions

John Foy informed the Board that there is a change in the added money due to nominations. There is an asterisk on the conditions that state “added money can change due to nomination funds.” The Conditions will be revised and posted on NRHA.com.

2014 NRHA Futurity Conditions

Jamie Boller presented the 2014 Futurity Conditions as recommended by the NRHA Futurity/Derby Conditions Task Force. Changes include removing the Prime Time Open Division and increasing the number of finalists in the Non Pro Futurity Levels 1, 2, & 3. The increase in the number of Non Pro Level 1, 2, & 3 finalists is estimated to bring eight more Non Pro finalist. Christa Morris recommended that on page 5 of the Conditions, under Medications Testing (22) that anonymous is struck out and the last two sentences are removed.

Jennifer Hoyt motioned to approve the 2014 NRHA Futurity Conditions as presented by the Futurity/Derby Conditions Task Force and amended by the Board of Directors. Seconded by Shannon Rafacz. Motion passed unanimously.

Frank Costantini raised the question of increasing the payouts for the Open Level 4 Futurity winner. Discussion ensued and most of the Board felt that NRHA should look into raising the payout to the Open Level 4 Futurity winner without changes to the payout to the lower levels and placings.

2013 NRHA Derby Recap

Board members were recommended to review the entry numbers in their notebooks.

North American Nomination Conditions

The Nomination Conditions Task Force recommended no changes to the 2014 North American Nomination Conditions.

Terry Griffin motioned to accept and approve the 2014 NRHA North American Nomination Conditions as presented and recommended by the Nomination Conditions Task Force. Seconded by Mike Deer. Motion passed unanimously.

There was discussion regarding the high priced late nomination fees. Casey Hinton, Chair of Nominations Task Force, explained the reasoning for not removing or reducing late nomination fees.

Beth Himes noted that the Nomination Conditions Task Force has completed their tasks and are officially disbanded.

Eligibility Policy

Krissy Colbath presented the proposed changes for the 2014 Eligibility Policy. Staff recommended changing the Rookie Level I Lifetime earnings cap to \$500 with 100 youth points and Rookie Level II Lifetime earnings cap to \$1000 with 200 youth points. Rookie of The Year will also be changed to Rookie Level I. Brett Walters made note that there had been discussion last year to change Rookie Level II lifetime earnings cap to \$1,500 instead of \$1,000.

Jessica Johnson raised concern regarding the European Affiliate Championship Conditions, which already state Rookie Level II for Rookie of the Year. Europe would continue with Rookie Level II for the remainder of their cycle and change after the 2014 European Affiliate Championships.

Krissy Colbath reviewed the Eligibility Policy clarifications regarding Category 10, 11, & 12 earnings. No changes were recommended to other classes for 2014.

Jim Blumer motioned to approve the policy as amended for Rookie Level II Lifetime earnings cap of \$1,500 with 200 youth points. Seconded by Shannon Rafacz. Motion passed unanimously.

NRHA Approved Event Concerns

Shannon Rafacz raised concern of added money being allowed in classes that didn't have restrictions. Discussion around introducing added money caps on Rookie Professional, Intermediate Open and Prime Time Non Pro occurred. The Executive Committee will discuss and prepare a clarification for these classes and will present to the Board to ratify.

2014 North American Affiliate Championship Conditions

Brett Walters motioned to approve the 2014 North American Affiliate Championship Conditions as amended with Rookie of the Year being from the Rookie Level I class. Seconded by Frank Costantini. Motion passed unanimously.

Board Meeting Agendas Policy

No change was requested.

Senior Director of Marketing Christa Morris, Senior Director of Sponsorships and Television Programming Todd Barden, Senior Network Administrator Dennis York, Accounting Manager Chris Mossman, Website Designer & Internet Marketing Haley Carmen, Coordinator of Marketing & Development Hayley Lewallen, Supervisor of Association Services Krissy Colbath, Senior Coordinator of Events Jamie Boller, Coordinator of Sponsorship & Television Christina Brezack, Director of Art Advertising & Design Bucky Harris, European Programs Advisor Nick Cornelissens left meeting at 6:12pm.

Judges – Executive Session

2014 European Futurity Judges

Judges Approval

Protest Update – Executive Session

RHSF Update

Frank Costantini gave update on RHSF. Staff and the RHSF Board are currently ahead of schedule planning for the RHSF Slide to Remember at the 2013 Futurity.

Todd Barden and Christa Morris joined the meeting.

Trophy Quality

Todd Barden discussed the current progress with Montana Silversmiths regarding trophy quality. There have only been 20 -25 requests for trophy replacements annually. Emphasis needs to be placed on show management to inspect trophies and report any issues immediately. There was discussion of sending educational materials to Show Secretaries regarding trophy damage and reporting procedures to NRHA. Todd Barden recommended NRHA research slight design modifications to assist with making the trophies more durable.

Colorado Affiliate Designation

Shane Brown explained a situation with a youth rider from the Mountain Region. The rider's designation was not received in the NRHA Office and the rider says the form was sent. No action was taken.

Marc Wagman motioned to adjourn at 7:03pm. Seconded by Barbara Brookshire.