

NCHA EXECUTIVE COMMITTEE
October 29 – 30, 2018

Will Rogers Coliseum & NCHA Offices
Fort Worth, Texas

Monday, October 29, 2018 – Will Rogers Coliseum

A meeting of the NCHA Executive Committee was held on Monday, October 29, 2018, at the Will Rogers Coliseum. Those in attendance were: President Phil Rapp, President-Elect Ron Pietrafeso, Vice President Steven Norris, Ernie Beutenmiller, Rock Hedlund (via telephone), Skip Jones, Matt Miller, Tommy Neal, Lachlan Perks, David Pilcher, Tatum Rice, Ronnie Smith and Kristen York. Also present were NCHA Interim Executive Director Lewis Wray, NCHA Chief Operating Officer Catherine Cheugh and NCHA Treasurer James Burriss.

Members of the NCHA Finance Committee present were: Chair Garry Merritt, Vice Chair Denise Seiz, Ora Diehl, Frank Diehl, James Eakin and Steve Smith.

Also present were representative from Frost Investments Brook Whitworth, Angie Highland of Highland Market Research and City of Fort Worth Director of Facilities Kirk Slaughter.

The meeting was split into 2 groups; In the morning, one group met with the NCHA Finance Committee and one group met with representatives of Frost Investments, Angie Highland and Kirk Slaughter. In the afternoon, the groups switched rooms and met with the group they had not heard in the morning.

NCHA Finance Committee Presentation

NCHA Finance Committee Chair Garry Merritt addressed the Executive Committee members regarding the process of closing out of the 2018 fiscal budget and the development of the 2019 fiscal budget. Mr. Merritt indicated that the Finance Committee had spent a substantial amount of time first on simply getting the budget in a proper format, allocating expenses and revenues appropriately and in a readable and easily understood format. Mr. Merritt went on to explain that once this process was complete the Committee then turned its attention to developing a fiscal 2019 budget. Mr. Merritt thanked the Finance Committee, especially Ora Diehl and Denise Seiz, for all the hard work and long hours spent in building a workable budget that reflects the current financial position of NCHA.

NCHA Finance Chair Garry Merritt then turned the meeting over to Vice-Chair Denise Seiz to walk the Executive Committee members through each item of the proposed 2019 fiscal budget and compared it to the 2018 fiscal budget at year ended September 30, 2018.

Ms. Seiz reported to the Executive Committee regarding the massive efforts to clean up the 2018 actual and budget numbers before beginning work on the fiscal 2019 budget. Ms. Seiz noted that

NCHA Treasurer James Burris has done an outstanding job getting the budget information together and in assisting members of the Finance Committee in their efforts to produce the 2018 actual and budgets as of the fiscal year ended September 30, 2018.

Ms. Seiz discussed with the members the history of the MERP program and the impact it has had on the financial position of NCHA in the past and how best to treat the program going forward.

A lengthy and detailed discussion ensued amongst the members of both committees regarding the proposed 2019 fiscal budget. Ms. Seiz reported that the Finance Committee had noted items of specific interest where there had been significant expenditures in 2018 and where the Finance Committee is recommending that the 2019 budget for such areas be reduced. Ms. Seiz further advised the Executive Committee that each NCHA department manager has been directed to reduce expenses for their individual areas by at least 10% across the board. Discussion ensued regarding how to better produce NCHA shows in order to make them profitable and what it would take to move in this direction.

Various discussions were held regarding how to better leverage the NCHA HUB platform, the need for immediate and enhanced marketing strategies, allowing a higher percentage of show fees to be retained by NCHA and other possibilities that would have a positive impact on the NCHA financial position.

A lengthy discussion was held regarding the IT Department and the need for oversight of the area. It was noted that IT expenditures continue to be of concern and how best to prioritize the tasks necessary to leverage the capabilities of the system and how the area interfaces with all NCHA departments to insure HUBs success. Ms. Seiz reported that the Finance Committee is willing to take on the responsibility of overseeing the IT area and to conduct an audit as to the status of HUB and IT in general and would report back to the Executive Committee in 90 days with plan.

One area of concern was the rising cost of medical fees for testing at shows. It was agreed that the medical fee will increase from \$10.00 to \$25.00 to help defray the increase in fees charged to NCHA from testing vendors, the objective being to cover NCHAs cost of the process.

Ms. Seiz and Ms. Diehl advised the Executive Committee that there was still further work that needed to be completed regarding a thorough review of the financial detail. The Finance Committee would be better able to present a clearer financial picture in 90 days and they are committed to continuing the budgeting process and fiscal review for this 90-day period.

After further lengthy discussion, a **MOTION** was made by Ernie Beutenmiller and **SECONDED** by Skip Jones to approve the budget as presented by the NCHA Finance Committee. Additional discussion ensued regarding the advisability of approving the budget during this session as the Executive Committee had not had enough time to study the various documents and commentary of the members of both the Finance Committee and the Executive Committee. It was agreed that the Executive Committee would discuss the proposed budget at the Tuesday, October 30, 2018

session. Whereupon Ernie Beutenmiller made a **MOTION** to table his motion to approve the budget until the next day. Skip Jones **SECONDED** the motion. **MOTION PASSED.**

NCHA Finance Committee Chair Garry Merritt discussed various actions taken by the Finance Committee with recommendations for implementation and which of the recommendations had been included in the proposed 2019 fiscal budget. Discussion was held regarding the potential to reduce lobbying fees.

Adjournment

After further general discussion regarding budgeting issues, **MOTION** was made by Ernie Beutenmiller and **SECONDED** by Tatum Rice to adjourn the meeting. **MOTION PASSED.**

Tuesday, October 30, 2018

Meeting was called to order by President Phil Rapp who asked David Pilcher to lead the group in prayer.

Finance Committee – Continuation

NCHA Finance Committee Vice Chair Denise Seiz reported to the Executive Committee that the recommendations made in the meeting held on Monday, October 29, 2018, had been included in the budget and distributed to the members.

Following further lengthy discussion, **MOTION** was made by Ernie Beutenmiller and **SECONDED** Skip Jones to approve the proposed 2019 fiscal budget as amended. **MOTION PASSED UNANIMOUSLY.**

Futurity Update

Champions Party: President-Elect Ron Pietrafeso reported to the members regarding the status of the 2018 Futurity Champions' Party that is being planned by the Futurity Champions Party Group. Mr. Pietrafeso reported that the group has raised a significant amount of funds to cover the cost of the party. The funds raised by the group will cover the cost of the Champion's Party.

Marketing Update

NCHA Director of Marketing Todd Barden was introduced to the Executive Committee members. Mr. Barden, who recently joined NCHA, discussed with the members the development of goals for the department, potential methods by which to increase membership, as well as how to secure, retain and engage sponsors. Mr. Barden stated that we must make better use of tools already in place to leverage marketing opportunities.

Mr. Barden advised the Executive Committee that a new major sponsor has agreed to the title sponsorship of the 2019 World Championship Finals.

Because Mr. Barden started his new position with NCHA, he also shared that he would be working with the Finance Committee on a more detailed strategic marketing plan including its integration into the 2019 budget.

Competition Committee

NCHA Competition Committee Chair Frank Merrill addressed the Executive Committee members regard actions taken by the Competition Committee.

Mr. Merrill advised that Competition Committee Member Region 3 Representative Joe Wes Davis has resigned from the committee and that Region 3 has voted to appoint Seth Kirchner to replace Mr. Davis on the committee. **MOTION** was made by Tatum Rice and **SECONDED** by Matt Miller to accept the nomination of Seth Kirchner to replace Joe Wes Davis on the Competition Committee. **MOTION PASSED.**

Further discussion was held regarding how attrition should be handled on the Competition Committee. The discussion also included a recommendation from the Competition Committee that the current item of trying to set up specific staggered terms of Competition Committee members be tabled. After discussion, **MOTION** was made by Ernie Beutenmiller and **SECONDED** by Ron Pietrafeso to continue to allow Chair Frank Merrill to continue to handle vacated spots on the Competition Committee as he has been. After further discussion, **MOTION PASSED**. A dissenting vote was cast by David Pilcher.

Mr. Merrill reported that a Subcommittee of the Competition Committee has been appointed and tasked with the study and resolution of the issues of clarification and definition concerning Rule 51.a.1 in the NCHA Rules and Regulations Handbook dealing with how a person is designated as a professional for purposes of NCHA shows. Mr. Merrill reported that Kathy Daughn will chair the Subcommittee consisting of Barbara Halligan, Denise Seiz, Holly Jones, Sherry Cowan, Katherine Van Boekel and Brad Wilson. The Subcommittee will report back to the Competition Committee and approved recommendations will be brought to the Executive Committee for consideration.

The Executive Committee was advised by Mr. Merrill that a Subcommittee has been formed to study the "Race For The Cup" concept and similar plans. Mr. Merrill stated that the Subcommittee will be chaired by Jody Galyean and members are Matt Miller (as liaison to the Executive Committee), Buddy Westphal, Sherry Cowan, Johnny Bates, Kirby Smith, Scott Wray, Ora Diehl and Frank Merrill. Discussion ensued regarding how such a concept might positively impact NCHA numbers for MERP consideration. The discussion also focused on the main objective to increase participation at other events throughout the U.S.

Mr. Merrill advised the Executive Committee that a Subcommittee of the Competition Committee has been formed to study the current NCHA penalty structure and to make recommendations for revisions where feasible. The Subcommittee will be chaired by Phil Benadum and the members are Gavin Jordan, Cheryl Callis, Toddy Pitard, Landy Hedlund, John Lavelle, Jack Werner and Bob Tregemba.

Restructuring and Leveling Program Proposal

Competition Committee Chair Frank Merrill asked the Executive Committee to authorize the Competition Committee to disseminate a survey via Survey Monkey to NCHA members soliciting input as to how to better plan for a potential leveling program for Weekend Shows. The Competition Committee recognized from their prior work that the Weekend Shows presented different issues than the Limited Age Events. Mr. Merrill reported that the Competition Committee wanted to approach it from a fresh perspective. **MOTION** was made by Steven Norris and **SECONDED** by Kristen York to permit the Competition Committee to send out such a survey. **MOTION PASSED**.

The Executive Committee then entered into a lengthy discussion regarding the Competition Committee's approval of the proposed leveling structure for LAE shows. Issues that were

discussed, among others were the impact on IT regarding programming necessary for the additional classes, the anticipated number of increase in entries, potential increase in awards, potential increase in the workload for NCHA staff, etc. A discussion was held regarding the involvement necessary on the part of NCHA Marketing Department to seek additional sponsors the potential liability of awards for the increased number of classes that will occur with the leveling structure. Discussion was held as to whether more shows should be tested using the program structure to determine viability. A major consideration discussed was whether the current Scoreboard software could keep up with the increased demand of additional classes. NCHA Director of Shows Dave Brian stated that he would have to sit down with Ken Corzine and NCHA Programmer Jimmy Vecera to work through programming issues.

After further lengthy discussion, **MOTION** was made by Ron Pietrafeso and **SECONDED** by Ronnie Smith that Dave Brian, Jimmy Vecera and NCHA Marketing Director Todd Barden be tasked with exploring what it would take in staff costs to adopt the leveling program as presented. Those in favor were: Ron Pietrafeso, Tommy Neal, Kristin York, Skip Jones, Ernie Beutenmiller, David Pilcher, Ronnie Smith and Steven Norris. Those opposed were: Tatum Rice, Matt Miller, Lachlan Perks, and Rock Hedlund. **MOTION PASSED.**

NCHA Interim Director Lewis Wray asked the Executive Committee for authorization to approve requests from show producers who wish to test the leveling structure at their shows as long as it fits under NCHA purview. **MOTION** was made by Lachlan Perks and **SECONDED** by Skip Jones to amend the resolution on cuttings to allow NCHA staff to approve requests for testing of the leveling structure and then immediately notify the Executive Committee of such a request. After further discussion, **MOTION PASSED.**

MEDICATION POLICY REVISIONS

NCHA Legal Counsel Jim Morris addressed the Executive Committee regarding recent proposed changes to the NCHA Medication Policies. Mr. Morris advised that most of the changes are simply grammar or mostly clean-up related. Following brief discussion, **MOTION** was made by David Pilcher and **SECONDED** by Ernie Beutenmiller to approve the revisions to Standing Rule 35A as proposed by the Horse Welfare Committee. **MOTION PASSED.**

Executive Session

MOTION was made by Tommy Neal and **SECONDED** by Kristin York to move the meeting into executive session. **MOTION PASSED.**

General Session

MOTION was made by Ron Pietrafeso and **SECONDED** by David Pilcher to move the meeting back into general session. **MOTION PASSED.**

Membership Discussion

Discussion was held by the Executive Committee members regarding the impact of the free membership initiative as implemented recently. Discussion centered around the objective of the program to create the opportunity for those interested in cutting, but not members of NCHA, to

“ride to the herd” and become active participants in NCHA. The staff shared that 80% of the people that came into NCHA under the free one-year membership of the Challenger Series had paid for their renewal membership. After discussion, **MOTION** was made by Matt Miller and **SECONDED** by Tommy Neal to leave the free membership offer as is. **MOTION PASSED.**

Standing Rule 5

Discussion was held by the Executive Committee members regarding the payment of 8% to NCHA for approved weekend shows and the current practice of non-approved shows being exempt from the payment to NCHA of the 8%. After discussion, **MOTION** was made by Tommy Neal and **SECONDED** by Skip Jones to remove the exemption from Class approval fees for all unapproved classes at NCHA approved shows. **MOTION PASSED.**

Standing Rule 3 – Proper Processing of Horse Ownership Papers

Discussion was held regarding the lack of follow through by owners in filing horse ownership documents and the amount of time and effort expended by NCHA staff in attempting to obtain the appropriate paperwork from owners. It was noted that this issue is not an AQHA problem, but one of follow through on the part of the horse buyer. NCHA staff noted that communication with horse buyers currently follows a procedure ranging from courtesy notification through exponentially increasing fines. NCHA staff indicated that the process was not producing the desired action from owners to complete the registration process. After further discussion it was agreed that NCHA staff would take the Executive Committee discussion points into consideration and submit a recommendation that included finding the proper balance of creating more efficiency for staff time required with constant follow up with owners not addressed in current process at the January Executive Committee meeting.

Judges Rules Committee

NCHA Director of Judges Russell McCord and NCHA Judges Rules Committee Chair Rock Hedlund presented the Judges Rules Committee recommendations to the Executive Committee to restructure the Judges Re-Certification Clinic in 2019. They expressed the possible solutions that would help relieve the logistic and financial issues some judges may have.

Mr. McCord and Mr. Hedlund proposed developing a new Judging Re-Certification Test by creating a Judge Training video with the assistance of Video West representatives Ted & Seth Petit explaining the new “cow-by-cow” judge system, along with a revised written test and video clip test. This would then be mailed to all active NCHA Judges in June of 2019. The new Recertification Test would be required to be completed and delivered to their assigned Weekend Monitor within 30 days to be graded. Each Judge must pass both portions of the test to remain an active NCHA Judge.

In addition to the Judge’s Recertification Test, the recommendation was to also increase the Judges Recertification Fee to \$150 starting in 2019. The increase in the fee would help offset the cost of implementing this program.

After discussion from the members of the Committee a **MOTION** was made by Ernie Beutenmiller and **SECONDED** by Ron Pietrafeso to approve the revised Judges Re-certification process presented. **MOTION PASSED.**

Discussion followed regarding a proposal from NCHA Director of Judges Russell McCord regarding as possible alternative for hiring a new Director of Judges upon his retirement scheduled for June 2019. After considerable discussion, it was decided that the Executive Committee would schedule a conference call in the immediate future to discuss the proposal.

President-Elect Ron Pietrafeso thanked Mr. McCord for his years of dedicated service to the NCHA and his many outstanding contributions to the organization.

Long-Range Planning Committee Proposal for Comprehensive Management Practice Review, Risk Assessment and Recommendations

The Executive Committee received a report from the task force that had been established during the September 20, 2018, Executive Committee telephonic meeting. The task force met on October 15, 2018, and addressed the objectives of the Executive Committee:

1. Further refine the proposal with as to scope and timing,
2. Address Executive Committee questions regarding the initial proposal, and
3. Prepare and present the updated proposal to the Executive Committee for review and decision to adopt proposal.

John Rutherford of the task force reviewed and discussed the report with the full Executive Committee on Monday, October 29, 2018, at a working dinner meeting. The proposal was brought back to the Executive Committee for consideration. David Pilcher shared the intent of the task force to continue with Mr. Rutherford as the lead communicator as the proposal moves from the planning stages to implementation. After further discussion, **MOTION** was made by David Pilcher and **SECONDED** by Lach Perks to accept the proposal and move forward. **MOTION PASSED.**

Stallion & Foal Committee

NCHA Stallion and Foal Committee Chair Gail Holmes and Vice Chair Michelle Cowan addressed the Executive Committee regarding several issues. Discussion was held regarding the status of the \$140,000 insurance fund and whether the funds are committed to pay down the Stallion & Foal Committee's loan from NCHA. After discussion it was decided that the Stallion & Foal Committee meet with James Eakin, a fellow committee member and also a member of the Finance Committee, to meet with the Finance Committee and return with a recommendation to the Executive Committee on how best to treat the \$140,000 and the advisability of paying down the loan.

Discussion was held regarding the maturing of a bond, as well as exactly what the \$50,000 that the Stallion & Foal Committee entitles the committee to in the way of NCHA office staff support. After discussion, it was agreed that Stallion & Foal Committee Co-Chair Michelle Cowan and

NCHA Chief Operating Officer Catherine Cheugh would work together to develop a position description outlining duties and responsibilities of a clerical support person for the committee.

Discussion then ensued regarding the possible change in the stallion subscription and foal nomination process. After lengthy discussion, **MOTION** was made by Ron Pietrafeso and **SECONDED** by Tatum Rice to ask the Stallion & Foal Committee to explore the possible alternatives to the current procedures and to report back to the Executive Committee with recommendations. **MOTION PASSED.**

Adjournment

There being no further business to come before the Executive Committee, **MOTION** was made by Ron Pietrafeso and **SECONDED** by Steven Norris to adjourn the meeting. **MOTION PASSED.**