

NCHA EXECUTIVE COMMITTEE CONFERENCE CALL MINUTES
APRIL 20, 2020
10:00AM Central

A conference call of the Executive Committee of the National Cutting Horse Association was held on Monday, April 20, 2020 at 10:00AM central time.

Those present were: President Ron Pietrafeso, President-Elect Steve Norris, Vice President Ora Diehl, Lachlan Perks, Rock Hedlund, Skip Jones, Ronnie Smith, Tatum Rice, Byron Green, Ernie Beutenmiller, Matt Miller, Tommy Neal, Sharon Overstreet and Kristen York.

Also present from NCHA were: Executive Director Jay Winborn, Chief Financial Officer Lance Bryson, Director of Shows Shianne Megel, Director of Membership Julie Davis and Cathy Marie Aleff. NCHA Charities Foundation Julia Buswold joined us later for the Archives Presentation portion on the agenda.

The Executive Committee conference call was called to order by President Ron Pietrafeso at 10:05AM and roll call was taken.

President Ron Pietrafeso opened the call up in a heartfelt prayer for all those that have been faced with the hardships dealing with the crisis of COVID-19 pandemic and best wishes for all as we recover from this difficult time.

President Ron Pietrafeso addressed the members of the committee with the purpose of this meeting and to concentrate on what is positive for us as an association so that we can be stronger when things start opening up and get back to cutting again soon.

APPROVAL OF MINUTES

MOTION was made by Ernie Beutenmiller and **SECONDED** by Skip Jones to approve the minutes from the last EC call on April 9, 2020. **MOTION CARRIED.**

EXECUTIVE DIRECTOR UPDATES – JAY WINBORN

Executive Director Jay Winborn addressed the Executive Committee with some updates on the financials with CFO Lance Bryson, Show Department with Shianne Megel and options to consider for a reschedule of the 2020 Convention.

Jay updated the committee with the executive orders put in place by Governor Greg Abbott and the plan for the State of Texas opening back up in phases over the next couple of weeks.

Jay reported that in a previous discussion with Will Rogers Memorial Center, that they are scheduled to be up and fully functional to handle our needs for the Summer Spectacular as of June 1st. This operation is of course pending on the state and city orders in place as we get closer to show time.

As we prepare to hear from our Chief Financial Officer, Lance Bryson, Jay expressed to the Executive Committee that he appreciates their consideration on the timing of the financials. Financials are typically reviewed by the Finance Committee first before presenting to the Executive Committee. Lance has worked hard over the weekend with Mike Franklin to expedite this material in time for the presentation today to satisfy your requests.

There were some open discussions on how we are going to handle some of the upcoming shows as early as those that are scheduled for the beginning of May. NCHA is monitoring and will evaluate again on April 30th as we adhere to the executive orders in place at the local and state levels. After that date, we will determine how and when we will be able to start showing again. President Ron Pietrafeso updated the committee with the latest regarding the Western Nationals and being able to execute that show on schedule as planned. Ron has been in direct contact with the facility in Denver and they are confident that the restrictions will be lifted in time for us to stay on schedule as planned. With that being said, we might have to be more lenient on the cattle supply and when we can start accepting deliveries for the show.

FINANCIAL PRESENTATION FY2020 Q2 REVIEW – LANCE BRYSON

Chief Financial Officer Lance Bryson addressed the Executive Committee with a detailed explanation of his presentation on FY2020 Q2 YTD financials. We are scheduled to have a 6-month reforecast completed in the next 4 weeks as previously scheduled when the budget was approved last fall.

1. NCHA Revenue

- a. Membership under-budget \$2,201 or 0.41%
- b. Produced Entry Fees under-budget \$66,900 or -1.92%
- c. Show Fee Revenue over-budget \$152,909 or 13.93%
- d. Booth/Exhibit Revenue under-budget \$28,897 or -17.00%
- e. Practice Pen over-budget \$54,515 or 19.57%
- f. Stalls over-budget 22,729 or 5.17%

President-Elect Steve Norris inquired if sponsorships have been included in this data. Lance confirmed that all current sponsorships have been captured in these results.

2. NCHA Expenses

- a. Produced Operating over-budget \$6,069 or 1.04%
- b. Contract Labor over-budget \$20,904 or 24.83%
- c. Technology & Software under-budget \$99,833 or -62.47%
- d. Extraordinary Restructuring Costs over-budget \$19,401 or 100% (2020 Governance Activities)

3. NCHA Eastern Nationals

- a. Eastern Nationals – the Eastern was budgeted to for a loss but ended up with a profit of \$7K
 - i. Open Entry Fees over-budget \$5,565 of 10.63%
 - ii. Non Pro Entry Fees under-budget \$1,163 or -1.74%
 - iii. Amateur Entry Fees over-budget \$5,390 or 17.82%
 - iv. Show Fees over-budget \$21,253 or 9.22%

- v. Cattle over-budget \$1,756 or 1.32%
- vi. Produced Operating under-budget \$13,057 or -24.94%
- vii. Produced Staff under-budget \$8,762 or -18.74%
- viii. Total Produced Show Expenses under-budget \$38,616 or -5.61%

Lance addressed the members to emphasize how positive the visit was with the City of Jackson during the Eastern Nationals. Jay also added that they are a very accommodating facility and demonstrated they are willing to work with our association to continue this show. Negotiations are currently in progress for an additional 3 year commitment at this location. We are still waiting to see what funding and reimbursements we are going to receive from the City of Jackson and Visit Jackson currently.

Sharon Overstreet inquired if the donations they received for lunches was enough to cover the cost of the meals. Lance stated that we received about half the cost in donations to cover meals and we were waiting to see if Visit Jackson was going to be able to reimburse us for the remainder. Joshua Valdez in the show department is sending out thank-you notes to those that contributed to this event.

Ronnie Smith inquired about the handling of paperwork with the completion of the Eastern Nationals and Jay Winborn assured the committee that all those concerns were addressed and handled properly.

4. Cash Flow Summary

- a. As of March 31st, NCHA had \$5,521,517 in operating cash available to the association. As for outstanding expenditures, we had just under \$130,000 accounts payable waiting to post within the next 30-60 days and the largest chunk of this projection decline is the Super Stakes refunds for entries and penalties that were mailed out recently in the amount of \$3.6M.
- b. As of the end of April our net cash flow projection \$1.4M but will decline significantly over the next month with the payment of the Will Rogers facility bill from Futurity and paying out the Stallion Foal Program from the Super Stakes. Most of April's deposit projections are accounts receivable that we are waiting to be paid. Also expecting a reimbursement from the MERP program by the end of May for the 2019 Summer Spectacular.
 - i. There is a significant imbalance (roughly \$225,000) after this Stallion Foal Program is paid out so we will be diving into a further evaluation over the next 3-4 weeks to go through this detail and find out what are cash flow options are as it pertains to the Stallion Foal Investment portfolio. This determination will be coordinated with the Stallion Foal Committee to determine the best solution moving forward.
 - ii. Crucial dates ahead are now until June 1st until we can see what entries come in for Summer Spectacular and Western Nationals and of course June 15th what payments are made for the 2020 Futurity.

Our investment accounts with Frost remain to be valued at \$7.5M which is comprised of \$5M for NCHA and \$2.5M for Stallion Foal Program. The general split of this investment account for NCHA is a 60/40 split between stocks and equities. The Stallion Foal account is heavier on the side of equities for a more conservative portfolio.

NCHA has already applied for the EIDL (Economic Injury Disaster Loan)/SBA (Small Business Administration) Loan not for the benefit of the funding but for a negotiating tool to regulate our investment interest rates at Frost and any future loans.

Our current line of credit availability continues to be set at \$2M and we currently have a \$0 balance at this time.

Executive Committee as discussed, many times in the past suggested and reemphasized the importance of the NCHA positioning themselves soon to where they could fully operate without any dependence from the MERP program. It was agreed that we need to tighten the belt and develop a plan to reduce the cost of shows without raising entry fees and reducing the payouts. Jay Winborn agreed and added that it can be done but not without making some uncomfortable cutbacks. President Ron Pietrafeso recommended that we look at things like, the hay supplier, the cost of cows and hotel rooms needed for those that work the shows.

After much discussion and preparing the association for any negative financial impact as a result of the pandemic or economic challenges, the Executive Committee entertained a **MOTION** made by Skip Jones and **SECONDED** by Lach Perks to grant authorization to Executive Director Jay Winborn and Chief Financial Officer Lance Bryson to borrow against our line of credit, if needed, in the amount up to and not to exceed \$500K. **MOTION CARRIED UNANIMOUSLY.**

Lance also updated the Executive Committee with the lease option and the potential revenue for a portion of the space on the 1st floor southside of the building at 260 Bailey. An interested party has approached NCHA with a potential of interest up to 3 years. This potential tenant is a family run business and are in search of space in the area. As a courtesy this tenant will remain confidential until the lease has been executed by both parties.

A **MOTION** was made by Steve Norris and **SECONDED** by Lach Perks to approve the extension of this lease deal to the above-mentioned tenant. **MOTION CARRIED BY MAJORITY with two opposed: Ernie Beutenmiller and Byron Green.**

SHOW DEPARTMENT UPDATES – SHIANNE MEGEL

Director of Shows Shianne Megel addressed the Executive Committee with updates from the Show Department. As a result of Jay's challenge to Shianne to minimize turnaround time for the shows in the event that areas are given the go ahead to start cutting. Shianne recommended an amendment to Standing Rule 5 and 6 by proposing a shortened time frame on processing show approvals and a quicker turn around time (7-15 days). Shianne stated that the show department has completed a lot of cross training and will have up to 7 staff members available to process show approvals. If we have show scheduling conflicts, we will reach out to the show producers and request they collaborate with each other.

After much discussion and being cognizant to why this rule was put in place, a **MOTION** was made by Rock Hedlund and **SECONDED** by Skip Jones to adopt an expedited approval process of 15 days as presented by Shianne until the World Standings would be opened up to the entire United States. **MOTION CARRIED.**

These suggested amendments to Standing Rule 5 and 6 are outlined below.

STANDING RULE 5 - Page 16 (\$200 or more added Weekend Shows)

To be NCHA approved, the fully completed and signed show application form must be received in the NCHA office no later than forty(~~fifteen~~) (40)(~~15~~) days prior to the closing date of entry for the show involved. Show application submitted less than the forty (40) days required for approval will be fined \$500 and approved. Under no circumstances will a show be approved less than thirty (30)(~~7~~) days prior to the closing date of entry. A show that has been granted approval may change their dates up to seven (7) days if received in the office twenty (20) days prior to the closing date of entry. All approved shows must appear in at least one Cutting Horse Chatter. Early receipt of an approval application will give the show more publicity in the Cutting Horse Chatter. All show secretaries and show management personnel must be current NCHA members.

Staff procedure note: Receiving applications in a complete form will be crucial to a prompt turnaround time. Pertinent details including judges, affiliates, producer, videographer and bonds would need to be confirmed no less than 5 days prior to the start of the show.

STANDING RULE 6 - Page 17

Any changes regarding added money, entry fees, office charges or location or date classes are held during an approved show must be made no later than thirty (30)~~seven~~(~~7~~) days prior to closing date of entry for the show involved. All shows that are canceled cannot be rescheduled within forty (40) days required for approval. (See Section III for classifications of NCHA Approved Judges.)

In summary:

- NCHA recommends following local & state guidelines
- Shorter show approval/edit timelines will be in effect starting April 27th until the end of July. (rules amended for a limited time)
- NCHA Program Standings remain suspended until further notice. Earnings from shows during this moratorium will not be calculated for award standings for the 2020-point year. These standings include Amateur Horse and Rider of the Year, Non-Pro and Open Horse of the Year, Regional 4/5/6-year-old, Rookie of the Year, Senior World Tour, World, Youth World and Youth Rookie of the Year Standings.
- Information regarding the Youth World Point Year is being evaluated and an update will be provided in the future
- Earnings will count toward Lifetime Earnings, Area Leader Standings, Regional 4/5/6 year-old standing (less than \$10,000 added LAE), Challenger and Regional Championship Standings and horse and rider eligibility.
- Timeframe will continue to be evaluated; a two week notice of any updates will be provided.
- NCHA approved events will be receiving suggested safety guidelines and working protocols to assist exhibitors and show staff

All other rules related to the actions modified in Standing Rules 5 and 6 will also be temporarily amended until further notice.

Shianne Megel also emphasized that there are shared calendars set up and in place to assist as a planning tool for our regions to continue planning and rescheduling shows. The NCHA highly encourages full communication and collaboration within the show producers.

Vice President Ora Diehl suggests a proposal for outgoing seniors within our Youth to be given an opportunity if they are in the running to ride to the herd one last time with an invite if they don't succeed in finishing in the Top 15. This would just be for the seniors that will age out as of January 1st, 2021.

After further discussions, the Executive Committee recommends tabling this proposal to be investigated by the Youth Committee for further consideration. President Ron Pietrafeso would like to have Director of Youth Mike Simmons collaborate with Ora Diehl, Jay Winborn, Shianne Megel and the Youth Committee to develop a plan and bring this back to the Executive Committee for approval.

2020 CONVENTION – JAY WINBORN/CATHY ALEFF

Cathy Marie Aleff addressed the Executive Committee with updates to the current obligations and contract agreements affected by the postponement of the said 2020 NCHA Convention. All contract obligations are being released with no penalties and any such deposits are being returned in full.

Executive Director Jay Winborn continued this discussion by proposing a recommendation to conduct the business meetings of the annual convention towards the end of the Summer Spectacular schedule at Will Rogers Memorial Center. The Hall of Fame Gala is more likely to follow and be rescheduled during the Futurity time frame.

After considering a few schedule options presented and open discussions with all members of the Executive Committee, a **MOTION** was made by Ernie Beutenmiller and **SECONDED** by Rock Hedlund to give the NCHA staff full authority to develop and work the schedule for the Summer Spectacular accordingly with the inclusion of the business meetings of the 2020 Convention. **MOTION CARRIED UNANIMOUSLY.**

MEDICATION/15-MINUTE RULE (Standing Rule 35A.6.d) – ROCK HEDLUND/JULIE DAVIS

Director of Membership Julie Davis addressed the Executive Committee with recommendations of the latest proposed changes of the Standing Rule 35A.6.d that has been vetted by the Medication Review Committee, the Judges Rules Committee and reviewed by legal.

After much discussion, the Executive Committee suggests tabling this recommendation and would like the rule to consider that the testing **ONLY** be done in a stall outside of the show arena. They would like to get a licensed vet's point of view before making a final decision. Rock Hedlund was tasked to coordinate with the Medication Review Committee and bring this back to the Executive Committee for final approval of the proposed changes to this rule.

2020-2021 NCHA DIRECTORS

President-Elect Steve Norris presented the Executive Committee with an updated list of appointed Directors in all Districts. With that being said, there are four Director Districts (Louisiana, Ohio, North Texas and Western/Central Canada) that will need to be addressed with a recommended change to the Constitution and Bylaws – Article IV, Section Five that clearly gives the President the authority to fill a vacancy on the Board of Directors at the next annual BOD meeting. These vacancies will remain open until that time.

The results of the contested election in California/Hawaii and the rest of the Director's results will be announced and uploaded on the NCHA website. Those individuals will be notified formally from the NCHA office in the next few weeks except for the vacancies in the Districts identified above.

2020-2021 NCHA STANDING COMMITTEE APPOINTMENTS

After much discussion, the Executive Committee raised concern about the heavy involvement with Region 8 members on the committees and a few other appointments. It was noted that as terms are completed and vacancies open in the years ahead, those regional representations will be re-evaluated in accordance to our Bylaws. Appointments were made to keep in mind that there is a conflict of interest with any contract employees serving on committees, and to try and keep the involvement limited to two-committees.

Along with this suggested list of appointments, President-Elect Steve Norris also recommended changing the name of the Open Show Committee to Weekend Show Committee and dissolving the Governance, Promotion and Growth Committee back to two separate standing committees moving forward as the Governance Committee and the Growth and Development Committee keeping all term dates in place.

A **MOTION** was made by Ernie Beutenmiller and **SECONDED** by Ora Diehl to approve President-Elect Steve Norris' suggested list of standing committee assignments, approve the name change of the Open Show Committee to Weekend Show Committee and approve the dissolution of the Governance, Promotion and Growth Committee back to two separate standing committees moving forward as the Governance Committee and the Growth and Development Committee while keeping all existing terms in place for 2020-2021. **MOTION CARRIED.**

ARCHIVES – ORA DIEHL/JULIA BUSWOLD

Vice President Ora Diehl addressed the Executive Committee with an update on a new project to digitize the archives at 260 Bailey. Ora Diehl introduced the newest member of the Foundation, Julia Buswold. Julia joined the Foundation with a lot of experience and passion for this type of work and will be an asset with the completion of this project. The NCHA Charities Foundation has stepped up and presented a plan for "Operation Safe and Sound". The purpose of this project is to safely put all the memorabilia into an electronic form for safe keeping. Once

these items are placed in a digital format the plan is to develop a virtual traveling museum to share the history of the NCHA and create a display at the shows. This project will fall under and be included in the History and Preservation tenant of the Foundation. The Dogwood Foundation has graciously supported this effort to purchase the necessary equipment to bring this plan to completion. Vice President Ora Diehl has tasked the Executive Committee to nominate a regional representative to participate on this archive committee for the Foundation and help bring this plan to fruition. Please email those suggestions to either Julia Buswold or myself, Ora Diehl.

Ernie Beutenmiller reminded the Executive Committee that items in the past have been donated to the Fort Worth Library and over multiple attempts have not been successful to get any information on those items. Julia Buswold confirmed that she has been in contact with the Fort Worth Library and currently has a list of each of those items and plans to get pictures to capture that history.

ADJOURNMENT

There being no further business to come before the committee, a **MOTION** was made by Ernie Beutenmiller and **SECONDED** by Skip Jones to adjourn the meeting at 1:42PM. **MOTION CARRIED UNANIMOUSLY.**