

NCHA EXECUTIVE COMMITTEE
January 22-23, 2019
Fort Worth, Texas

A meeting of the Executive Committee of the National Cutting Horse Association was held on January 22 and 23, 2019. Those present were: President Phil Rapp, President-Elect Ron Pietrafeso, Vice President Steve Norris, Ernie Beutenmiller, Rock Hedlund, Skip Jones, Matt Miller, Tommy Neal, Sharon Overstreet, Lachlan Perks, David Pilcher, Tatum Rice, Ronnie Smith (via telephone) and Kristen York. Also present were Interim Executive Director Lewis Wray and NCHA Chief Operating Officer Catherine Cheugh.

President Phil Rapp called the meeting to order and David Pilcher offered a prayer before the meeting commenced.

President Phil Rapp welcomed new Executive Committee member Sharon Overstreet, who took over the position vacated by Jay Klamon.

Competition Committee

Competition Committee Chair Frank Merrill addressed the Executive Committee regarding the recent activities of the Competition Committee and distributed a list of those activities. The list included an update on the possible “Race For The Cup” program, the status of Subcommittee chaired by Kathy Daughn researching clarification of the definition of what constitutes a Non-Pro and what constitutes an Amateur, the status of the Subcommittee chaired by Phil Benadum researching the NCHA Penalties and Fines to determine fairness and equitableness, and the status of the leveling and restructuring program from the Subcommittee chaired by Denise Seiz.

Competition Committee Subcommittee on Leveling and Restructuring Chair Denise Seiz gave the Executive Committee members an update on the status of the proposed NCHA Leveling and Restructuring program. Ms. Seiz advised that The Ike show still intends to use the leveling structure for their upcoming show. She further advised that the PCCHA will use the program for it’s show the first week of May 2019 and that West Texas will use it in August. Ms. Seiz advised, however, that there are serious concerns about NCHA attempting to implement the leveling program at the Summer Spectacular as previously planned. She stated that the issue is not a HUB issue, but an NCHA operational issue. After presenting a 2-hour training session for NCHA staff on the leveling program, it became clear that not all the interfaces necessary for seamless implementation of the leveling program are not yet in place. Ms. Seiz reported that the Subcommittee and NCHA staff agree that the primary objective now is to devote all energies necessary to focus on the proper interfacing on the front-end systems with HUB to accommodate the appropriate automation of entries and show results.

The Executive Committee members issued a vote of confidence that it believes in the leveling and restructuring program and that NCHA will continue to move forward with ensuring that all

the necessary training and infrastructure updates necessary for the implementation of the program are a high priority with NCHA staff.

MOTION was made by Rock Hedlund and **SECONDED** by Tatum Rice to move the meeting into Executive Session. **MOTION PASSED.**

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

PAC Update

NCHA Lobbyist Jim Short addressed the members on the status of the PAC actions. Mr. Short provided an update on the status of the MERP funds. Mr. Short advised the Executive Committee members of the history of the MERP program and how it was originated.

Mr. Short then engaged with the members regarding his compensation, it's history and how it was determined.

The Executive Committee thanked Mr. Short for his efforts on behalf of NCHA.

Director of Judges Update

Mr. Andy Adams, the finalist for the Director of Judges position with NCHA, addressed the Executive Committee. Mr. Adams advised the members that he is very excited about the position and is very grateful for the opportunity.

Finance Committee Update

Mr. Garry Merritt, Finance Committee Chair, addressed the Executive Committee members regarding a status update on the financial position of NCHA. Also addressing the Executive Committee members were Finance Committee members Denise Seiz and Ora Diehl. An NCHA Balance Sheet and Income Statement was distributed to the members. Mr. Merritt indicated that NCHA enjoyed a good first quarter, but reminded the members that first quarter results generally are better as a rule due to various 1st quarter events, updates, etc.

Ms. Seiz distributed the Cash Flow Projection report to the members. Ms. Seiz reported that the finance reports will continue to be updated and refined and that she currently is working with AmeriDyne (NCHA financial report developer) to secure the necessary reporting functionality.

Discussion ensued regarding the necessity for and process for hiring a fulltime Chief Financial Officer for NCHA.

The Executive Committee thanked Ms. Seiz and Ms. Diehl for all the incredible amount to time and effort they have extended in working on the state of NCHA financial reporting and the extent to which they have personally gone to ensure that NCHA has accurate and reliable financial reports in order to accurately assess the financial position of NCHA.

NCHA Treasurer James Burris presented to the Executive Committee members an update on the 2018 Futurity results. Mr. Burris noted that the results are not yet completely final as NCHA has yet to receive invoices from Will Rogers and a few other vendors.

Discussion was held amongst the Executive Committee members as to how best to provide a report to the Directors regarding financial and all other updates besides the posting of Executive Committee minutes on the NCHA website and sending out information to Directors in an email blast. President Phil Rapp noted that he will include this item on the March Executive Committee meeting Agenda.

MOTION was made by Skip Jones and **SECONDED** by Steven Norris to move the meeting into executive session. **MOTION PASSED.**

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

Reinstatement of Lifetime Director At Large category for Mr. Dennie Dunn

The Executive Committee members discussed a previous agreement with Mr. Dennie Dunn whereby Mr. Dunn was told that should his felony conviction be reduced to a misdemeanor NCHA would consider reinstating his lifetime Director At Large Status. It has been reported that such a reduction in category from felony to misdemeanor has occurred. Based on the information, **MOTION** was made by Ron Pietrafeso and **SECONDED** by Ernie Beutenmiller to reinstate Mr. Dunn to a Lifetime Director at Large. **MOTION PASSED UNANIMOUSLY.**

Stallion Breeders Group Committee Update

MOTION was made by Matt Miller and **SECONDED** by Skip Jones to accept Gail Holmes resignation as Chair of the Stallion Breeders Group. **MOTION PASSED.**

Long-Range Planning Committee Update

David Pilcher relayed a message to the Executive Committee members from Long-Range Planning Committee member John Rutherford regarding the audit of NCHA operations practices. Mr. Rutherford had agreed to Chair the LRPC Subcommittee tasked with the audit. Mr. Pilcher stated that Mr. Rutherford believes that our best direction is to wait until a new Executive Director is on board prior to moving forward with the audit of NCHA operations practices.

Chair of the Long-Range Planning Committee Sharon Beach addressed the members of the Executive Committee regarding the LRPC's efforts on a several NCHA governance issues:

1. Potential reduction in the size of the Executive Committee;
2. Potentially electing NCHA President from a member of the Executive Committee;
3. Potentially changing the term of the President from 1 to 2 years;
4. Potential reduction in the number of standing committees; and
5. Potential change in the reporting structure of NCHA Treasurer from Executive Committee to NCHA Executive Director.

Discussion ensued amongst the Executive Committee members regarding the issues and concerns posed by each of the recommendations and how such recommendations came about. Ms. Beach reported that the LRPC has received many complaints and comments regarding the size of the Executive Committee and the question of why there are At Large members sitting on the Executive Committee. A discussion ensued regarding the necessity of ensuring appropriate representation of all regions and areas, as well as balancing the mix of owners, trainers and members. After further discussion, **MOTION** was made by Matt Miller and **SECONDED** by Tommy Neal that the LRPC continue to explore these issues and report back to the Executive Committee. **MOTION PASSED.**

MOTION was made by Skip Jones and **SECONDED** by Ernie Beutenmiller to move the meeting into Executive Session. **MOTION PASSED.**

MOTION was made by David Pilcher and **SECONDED** by Tatum Rice to move the meeting back into general session.

European Challenge Proposal

Ron Pietrafeso and Kristen York advised that they have been approached by European members who would like to see a challenge between the European riders and US riders at the Denver Western National show. The format suggested would be 2 first rounds and a final. The teams would be comprised of a maximum of 6 to 8 on a team. Discussion ensued, and the Executive Committee members agreed in principle that the idea is a good one but that there are concerns on how to appropriately promote it.

Box Seat Sponsorship Sales and Reserved Seating Status Update

Finance Committee member Ora Diehl distributed a handout reflecting the status of the NCHA Box Seat Sponsorship sales. It was noted that several people who purchased Box Seat Sponsorships elected to pay only for the 2018 Futurity and to pay for the Super Stakes and Summer Spectacular as the events occur. The Executive Committee was reminded that if Box Seat Sponsors do not pay for the upcoming Super Stakes and Summer Spectacular they **will lose their box seats.**

Adjournment

There being no further business to come before the committee, **MOTION** was made by Ernie Beutenmiller and **SECONDED** by Matt Miller to adjourn the meeting. **MOTION PASSED.**

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President Phil Rapp called the meeting to order and asked David Pilcher to offer a prayer for the group.

Vice President Nominating Committee Report – Ratification

President-Elect Ron Pietrafeso reported that the Vice President Nominating Committee has met and has selected 2 candidates for the office of Vice President, those candidates being Ora Diehl from Region 5 and Kirby Smith from Region 3. **MOTION** was made by Skip Jones and **SECONDED** by Kristen York to accept and ratify the recommendations of the candidacy of Ora Diehl and Kirby Smith for the office of NCHA Vice President. **MOTION PASSED UNANIMOUSLY.**

NCHA Marketing Update

NCHA Director of Marketing Todd Barden was present to bring the Executive Committee up to date on the NCHA Marketing Department efforts. Mr. Barden distributed a handout to the Executive Committee members outlining thoughts on the methods by which to increase membership satisfaction, increased sponsorships, increase in membership, etc. Mr. Barden advised that he and all members of the Marketing Department would like suggestions on any issues or concerns, or ideas, the members may have.

Discussion ensued regarding issues and concerns with the NCHA official photographer as well as issues with *Cutting Horse Chatter*. Executive Committee member Lach Perks asked Mr. Barden if it would be possible to present to the Executive Committee members in March a reconciliation of the net income from the current arrangement with *Chatter* to include figures from 2017 and 2018.

Mr. Perks also asked Mr. Barden if it would be possible to have future NCHA Marketing reports for the Executive Committee regarding year-to-date budgets to actuals, trends, etc. Mr. Barden advised that he will work on the development of such a report(s).

Protect the Harvest Status

Executive Committee member Sharon Overstreet asked where we stand with our affiliation with Protect the Harvest. It was noted that Lucas Oil substantially reduced the amount of its sponsorship level and no longer will be an event named sponsor.

MOTION was by Matt Miller and **SECONDED** by Ron Pietrafeso to move the meeting into Executive Session. **MOTION PASSED.**

MOTION was made by Rock Hedlund and **SECONDED** by Ernie Beutenmiller to move the meeting back into general session. **MOTION PASSED.**

American Horse Council

After discussion, **MOTON** was made by Ron Pietrafeso and **SECONDED** by Skip Jones that NCHA withdraw from American Horse Council and to make no further donations. **MOTION PASSED.**

Stallion Breeders Group Loan Status

NCHA Treasurer James Burris updated the Executive Committee members regarding the status of the NCHA loan to the Stallion Breeders Group. After discussion, a **MOTION** was made by Tommy Neal and **SECONDED** by David Pilcher that the \$50,000.00 management fee paid to NCHA by the Super Stakes Fund be discontinued immediately: that the loan payoff from the Super Stakes Fund be accelerated to a zero balance as soon as practical; that the Super Stakes Fund will retain the interest accrued on the loan through the end of the loan payoff; and that the matter of the disposition and treatment of the funds paid from the retirement of the Super Stakes Fund payoff be referred to the NCHA Finance Committee as soon as possible." After further discussion, **MOTION PASSED UNANIMOUSLY.**

Stallion Breeders Group Committee Update

Chair of the Stallion Breeders Committee Michelle Cowan and Jeremy Barwick were present to address the Executive Committee members regarding issues and concerns with the management of the program by NCHA staff. Ms. Cowan and Mr. Barwick were asked their thoughts on how best to administer the program. They stated that a single person on the NCHA staff be designated to work with the Stallion Breeders group. The Executive Committee advised that they will discuss on how to achieve the wishes, if possible, of the Stallion Breeders Group.

Discussion then followed regarding on how best to make the stallion/foal breeding program more robust. A lengthy discussion ensued, and it was agreed that more information is necessary before developing a specific formula regarding stallion breeding, etc.

All parties agreed that communication between NCHA staff and the Stallion Breeders group needs to be consistent and timely for the program to succeed.

Super Stakes Schedule

A lengthy discussion ensued amongst the Executive Committee regarding the schedule for the upcoming Super Stakes. It was reported that a great many of the vendors have serious concerns with the schedule because as the schedule now exists they anticipate a serious decline in business. A survey had been distributed by Trade Show Manager Paula Abney asking, among other things, if the vendor has been notified about the change in the schedule. All responses received reported that they had not been notified. Considerable discussion ensued regarding the advisability of such a schedule, if the best interests of all concerned are taken into consideration, etc. President Phil Rapp stated that we will go with the schedule, be positive and stay updated on the number of entries. A post-show survey was discussed by the Executive Committee members as a possible way to obtain appropriate information regarding the success of the Super Stakes schedule. Discussion ensued as to what metrics would need to be considered to determine if the Super Stakes schedule was a success. Lach Perks and Skip Jones were tasked with developing such a survey.

The Executive Committee members were advised that the Team Sorters have been invited to participate the same week as the amateurs, but it will occur before the amateurs show.

Summer Spectacular Schedule

Discussion ensued amongst the Executive Committee members regarding the schedule for the Summer Spectacular, which is essentially the same as the Super Stakes schedule. Discussion revolved around whether to leave it as is, reconfigure it to more closely align with prior years schedules or wait to see how the Super Stakes schedule works out. After further lengthy discussion, it was agreed to table the issue until the March 19, 2019, meeting of the Executive Committee.

MOTION was made by Tatum Rice and **SECONDED** by Matt Miller to move the meeting into executive session. **MOTION PASSED.**

MOTION was made by Rock Hedlund and **SECONDED** by Skip Jones to move the meeting back into general session.

New Business

It was noted that ticket sales are positive -- \$90,000 to \$100,000 above the total last year.

IT Issues – Feedback from Finance Committee

It was noted that the Finance Committee is recommending that the 2 groups/committees tasked with oversight of the NCHA IT Department be consolidated. Lach Perks suggested that Interim Executive Director Lewis Wray make sure that the Finance Committee's scope of IT oversight be more than just the financial side of the department.

Team Penning Event Planning

Executive Committee member Ronnie Smith suggested that he may be of great assistance in the team penning planning process as he has significant assistance in this area. Interim Executive Director will put Mr. Smith in touch with Mr. Wolfe, the organizer of the event. NCHA Director of Marketing Todd Barden and Mr. Smith will have further discussions on the process and planning.

NCHA Office Closure During Year End Holidays

President Phil Rapp stated that it is a wonderful idea to close the office for the week between Christmas and New Year. However, he noted that there several deadlines that fall within this week and suggested that we adjust deadlines from December 31 to possibly December 15 or January 15. All agreed that this is a good idea and that need to communicate with all concerned, i.e., Western Bloodstock, etc.

Challenger Series

Executive Committee member David Pilcher discussed with the Executive Committee questions regarding the Challenger Series. He asked whether NCHA will continue with the flexibility of the program. In addition, Mr. Pilcher asked whether we would still be able to hold clinics prior to the cutting and noted that it could conflict with an approved event.

Adjournment

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