

NCHA Executive Committee Meeting, November 1, 2016

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NCHA Executive Committee Meeting

Tuesday, November 1, 2016

NCHA Offices * Fort Worth, Texas

The NCHA Executive Committee met on Tuesday, November 1, 2016, in the NCHA offices in Fort Worth, Texas. The meeting was called to order at 8:00 a.m. with a quorum of 12 present: President Chuck Smith, President-Elect Lewis Wray, Vice President Phil Rapp, Chris Dublin, Jeff Fisk, Jack Holt, Seth Kirchner, Jay Klamon, Jerry Louie, Matt Miller, Tatum Rice, and Ronnie Smith. The absences of Kathy Daughn and J. B. McLamb were excused.

It was noted that on the minutes of August 24, 2016, an error was made regarding the approved recommendation on allowing a horse to be named late after a go-round has started. It should read: The late-naming fee will be equal to DOUBLE the entry fee. A motion was made by Seth Kirchner, seconded by Tatum Rice and passed to approve the minutes from the August 22, 23 & 24, 2016 meeting with the one correction above.

Regional Executive Committee Reports

Region 1 – Farmington had a very large show with 200+ entries for both days. There is work being done by twelve affiliates on a northwest regional show. This region would like to see NCHA help with awards, monetarily, and recognition. There was discussion of waiting to see how this concept is received in this region so that other regions might use it as a template.

Region 2 – There was discussion concerning the bridleless cutting which was held during the Las Vegas show. A motion was made by Jerry Louie, seconded by Seth Kirchner and passed for the individuals participating in the event and PCCHA to receive letters reminding them of the NCHA's code of conduct and the affiliate's responsibilities.

Region 3 – The recent show in Kansas City was very good with a large number of entries.

Region 4 – A conference call of the region’s directors was held recently. There was discussion about reduced membership resulting in significant director loss thus hurting the eastern portion of the region. It is requested to have the Long Range Planning Committee look at the membership count requirements for directors. There was discussion of having a regional finals during the Congress show. This year’s Congress was up approximately 10% in entries. The region has some Challenger events scheduled

Region 5 – The affiliates in this region are doing well. The Augusta Futurity is a possibility for a Mercuria show in 2017.

Region 6 – This was the second year of the State Fair of Texas hosting a show and it went very well. There was discussion of ways for other state fairs to hold cuttings.

Region 7 – From the affiliates reports in this region, the lower classes (never won a buckle, cut class, etc.), AQHA classes and youth classes are well received. As with other regions, sponsorships and fundraisers are necessary for shows to survive.

Region 8 – An email was sent to all directors in the region asking for their input. The shows in Weatherford are thriving but other areas in the region are down.

Finance Report -2016-2017 Budget

Finance Committee Chair Garry Merritt, committee members Jerry Yelverton, Tommy Neal, and NCHA staff members Angie Highland, James Burris, and Shana Veale were in attendance to present the proposed budget as approved by the Finance Committee. The recommended Financial Objectives were

- 1 Adequately fund all 2017 existing objectives;
- 2 No increase in cost for participants; and
- 3 Increase cash reserves by \$1 million while keeping expenditures flat.

It is believed the final budget for 2016 will be at or near budget. The Finance Committee made the following recommendations that should be considered going forward: evaluate the feasibility of eliminating

\$400,000 in annual award costs; and possibly eliminating one-half cow from Super Stakes and Summer Cutting (maintain levels at Futurity). Implementing these two items would increase the bottom line by approximately \$575,000 in 2017. These items will be discussed further during the meeting. A motion was made by Phil Rapp, seconded by Lewis Wray and passed to accept the budget as presented.

Update from Payout Task Force

The Payout Task Force met last week to discuss and make recommendations regarding the Futurity payouts. Tommy Neal, Angie Highland, and James Burris were in attendance to present the report. Utilizing the proposed rules, the Futurity Open finals would pay the top six finishers all over \$100,000. A motion was made by Matt Miller, seconded by Chris Dublin and passed to approve the following payout rules for the NCHA World Championship Futurity beginning in 2016:

Purse Payout Rules:

2016 Futurity and Beyond

Open:

- 1 Semi-finals
- 2 15% of entries to Semi-finals, Minimum of 45 horses, Maximum 60 horses plus ties.
- 3 35% of total purse paid equally to all semi-finalists.
- 4 Finals
- 5 Top 20 Horses in Semi's plus ties qualify for the Finals
- 6 35% of the balance of the total purse after semi's purse extracted dedicated to an 8-horse premium money using the standard NCHA % payout for 8 M'ies (25, 20, 15, 12, 10, 8, 6 and 4).
- 7 10% of the balance of the total purse after the semi's purse extracted dedicated to a Finals Jackpot paid to top 20 horses plus ties that qualify for the finals.
- 8 Remaining balance after both the semi's purse and the premium money and finals jackpot purses will be paid to all finalists using standard unit payout system.

Non-Pro:

- 1 Semi-finals
- 2 20% of entries to semi-finals, Minimum of 45 horses, Maximum 60

horses plus ties.

- 3 45% of total purse paid equally to all semi-finalists
- 4 Finals
- 5 Top 20 Horses plus ties qualify for the finals
- 6 20% of the balance of the total purse after semi's purse extracted dedicated to an 8-horse premium money using the standard NCHA % payout for 8 M'ies (25, 20, 15, 12, 10, 8, 6 and 4).
- 7 10% of the balance of the total purse after the semi's purse extracted dedicated to a Finals Jackpot paid to top 20 horses plus ties that qualify for the finals.
- 8 Remaining balance after both the semi's purse and the premium money and finals jackpot purses will be paid to all finalists using standard unit payout system.

Report on 2016 Futurity

Dave Brian reported that total entries were up by 92 compared to last year's numbers. There had been previous recommendations to end the Triple Crown events on a Sunday night as opposed to Saturday. A motion was made by Phil Rapp, seconded by Jeff Fisk and passed for the 2017 events to end on Sunday except for the Super Stakes. With Easter being April 16, the Super Stakes will end on Saturday, April 15. The Summer Show dates will be July 16 – August 6 and the Futurity will be November 24 – December 17.

The CURRENT rule for Futurity states: No double entry privileges will be granted after September 1. The Super Stakes and Summer Cutting have the following rule: Any horse paid up to date in either division on or before the February 15 (Super Stakes)/May 15 (Summer Cutting) payment is due may enter in the other division without a late penalty. It is recommended to change the Futurity rule so that all three shows match in verbiage. A motion was made by Phil Rapp, seconded by Matt Miller and passed to: Any horse paid up to date in either division on or before the September 1 payment is due may enter in the other division without a late penalty. The grace period will apply.

Rebecca Brian reviewed the special events scheduled for the Futurity. Some of the special events include The Art of Cutting, Western Art Show & Sale on November 27, Celebrity Cutting on December 2, and

World Finals Awards Party on December 3. Live auctions of Klapper spurs and the chance to be in the 6th box will take place on December 10 before the Open Finals.

LAE's in Championship Shows

Dave Brian made a recommendation regarding LAE shows held on weekend days being held after the weekend shows conclude. It was determined to take no action on this item and have the Open Show Committee review and discuss at the 2017 Convention.

Gist Buckle & Award Program

Jennifer Folsom from Gist was in attendance to discuss the NCHA's award buckles. It was noted that NCHA is one of the few associations to keep a standard of materials with sterling silver and gold overlay. Compromises have been made through the years to work with budget. There was discussion of awarding fewer buckles in the Triple Crown events. The national championships currently provide top ten already. A motion was made by Ronnie Smith, seconded by Phil Rapp and passed with one opposed (Seth Kirchner) to review a re-designed buckle that will be awarded at the three national championship shows.

Bonus Partner (sponsor) Plan

Terry Bassett, NCHA's Chief Marketing Officer, presented some scenarios that have been presented to him regarding entities wishing to offer bonus money in addition to the NCHA purse money. If a percentage of a sponsor's funds is designated as bonus money, that amount will be awarded in addition to the standard NCHA payout and count toward lifetime earnings. It was noted that Bassett should use good business practices but not to accept sponsorships which are directed entirely to purse money. The following is the policy that will be followed in those situations: "Bonus Money" contribution and distribution plan may be offered by member/sponsor/etc. at their discretion directly to rider(s). NCHA will not take part in the marketing, distribution plan and said "Bonus Money" will NOT be counted as lifetime rider and horse earnings. NCHA would provide the opportunity for "Bonus Money" to be presented on the arena floor immediately following the NCHA awards presentations.

Ride TV Proposal

A proposal from RideTV to broadcast the Futurity finals was reviewed. A motion was made by Seth Kirchner, seconded by Jerry Louie and passed to approve the broadcast of the Futurity Finals on Ride TV, without cost to the NCHA, with Terry Bassett to work with them on potential benefits.

Scottsdale Western Nationals Update

Chuck Smith and Terry Bassett visited Scottsdale recently to visit with arena personnel in order to begin the logistical work on Scottsdale hosting a championship show in 2017. They were able to finalize a signed contract. The facility will be able to offer a climate controlled area for some stalling with minimum of 200 stalls utilized. The trade show area will be in the concourse area of the arena.

Mercuria World Series of Cutting Events

The potential schedule for the Mercuria events in 2017 were reviewed and should be finalized soon.

Senior Tour

The Senior Tour was reviewed. This will be the second year of offering that class. It was reported the NCHA software doesn't adequately support the entry format at this time and many secretaries will not even offer it in their shows because of the difficulty in tracking entries and results. Because of this, the sponsor may not be getting adequate benefit of their sponsorship and could get more value if their sponsorship was directed to another program. A motion was made by Chris Dublin, seconded by Tatum Rice and passed to discontinue the Senior Tour in 2017 and to seek an alternative program for the current sponsor.

Review Future Convention Sites

Pam Robison presented the dates of the NCHA Convention for 2018-2020. The dates are the ones that would have been occupied by NCHA Weekend. For 2017, the Convention will be back at the Hilton DFW Lakes Hotel in Grapevine. The hotel presented a three year proposal to continue to host the Convention. It was noted the hotel offers a very reasonable room rate (\$134 guaranteed for those three years), free airport shuttle, free parking and plenty of meeting space. A motion was made by Jay Klamon, seconded by Jeff Fisk, and passed

with two opposed (Jerry Louie and Jack Holt) to continue to hold the NCHA Convention at the Hilton DFW Lakes Hotel for the following dates: June 1, 2, & 3, 2018; May 31, June 1 & 2, 2019 and June 5, 6, & 7, 2020.

Scholarship Cutting Entry Fee

Youth Coordinator Judy Morris presented the Youth Committee's recommendation to increase the entry fee of the Scholarship Cutting from its current \$90 (\$75/entry fee; \$15/drug) to \$150 (\$135/entry fee; \$15/drug). After discussion, a motion was made by Phil Rapp, seconded by Tatum Rice and passed to increase the Youth Scholarship cutting entry fee to \$180, which is double its current \$90.

Membership Report

Member Services Manager Julie Davis brought to the committee some issues and recommendations for NCHA membership. In March, 2015, it was approved to not offer joint memberships in the future and was approved for those lifetime joint memberships consisting of a husband and wife, to "grandfather" those and give life memberships to both spouses. A motion was made by Lewis Wray, seconded by Jay Klamon and passed to approve the mailing of one *Chatter* for these split joint lifetime memberships.

Additionally, there are ranches and businesses that have life memberships. A motion was made by Lewis Wray, seconded by Seth Kirchner and passed to "grandfather" the ranches/businesses that have lifetime memberships as well. They will not receive a *Chatter* but are allowed to vote in director and officer elections. There are situations where a husband and wife both have separate memberships but a horse's ownership is listed under both of their names. A motion was made by Jay Klamon, seconded by Seth Kirchner and passed that all partnerships are required to purchase a separate membership in that name. The Executive Director's signature has always been on the membership card. A motion was made by Jay Klamon, seconded by Chris Dublin and passed to approve membership's recommendation to have the signature of the current President on the membership cards. Under Rule 50.d.4, requires that all horse ownership transfers be filed with the breed registry within 30 days of the transfer and certain

paperwork must be in place before that horse is shown. Staff spend a considerable amount of time trying to obtain this paperwork. Although the Rule Book states a \$500 fine can be levied, there is not a procedure listed. A motion was made by Jeff Fisk, seconded by Chris Dublin and passed that staff will notify the individual by letter that they have 30 days to satisfy the transfer rule; after 30 days, the individual will receive a letter from NCHA counsel notifying them again and giving them 14 days to comply or a \$500 fine will be assessed and the member will be advised of the appeal process.

The NCHA Rule Book has detailed annual documentation requirements for NCHA Affiliates. It recommended to keep these requirements the same for any new affiliates but to revise those of renewing affiliates. A motion was made by Jay Klamon, seconded by Jerry Louie and passed to alter the requirements for renewing affiliates so that the annual minutes are not required and only the number of members is included with the application but the individual names are not.

There was discussion of including the NCHA Youth members in Director Allocation numbers. No action was taken on this item and will be deferred to the Long Range Planning

Discuss Europe and their Championships

Three years ago the NCHA voted to provide \$15,000 as seed funds for the European championships. Additionally, have since allowed shows in Europe to not pay the \$2 championship fee and allowed their non-pros the opportunity to ride two horses in shows with \$199 and less in added money. These concessions have continued since then as well as other allowances including some awards.

It was recommended that they have had time to develop a self-sustaining program and these concessions will no longer be available. A motion was made by Chris Dublin, seconded by Jay Klamon and passed to inform all affiliates, domestic or foreign, they will all be required to follow the Standard NCHA rules.

Competition Committee

Chuck Smith has formed a task force to work on the formation of the Competition Committee. The members are Dave Brian, Lindy Burch, Chris Dublin and Jerry Louie. They have met and recommendations are

being designed.

Reduction in Show Cattle

During the Finance Committee report, the discussion regarding removing half a cow from the Triple Crown events had begun. A motion was made by Tatum Rice, seconded by Phil Rapp and passed to remove a quarter of a cow from all Triple Crown classes beginning with the 2017 Super Stakes. At the end of the meeting, a motion was made by Tatum Rice, seconded by Phil Rapp and passed to amend the above motion to NOT remove the quarter cow during the second go rounds and to remain at four cows. Additionally, after the meeting, a recommendation was made to eliminate the current awards from the Novice, Gelding and Senior classes at the Triple Crown events. This would result in a cost savings of approximately \$40,000. This was approved but with the caveat that some type of award/prize is given to those winners.

New Business:

During the August 22, 23 & 24, 2016 meeting, the Executive Committee passed a motion to adopt certain changes to the Amateur Exception Rules presented by Lindy Burch and Amateur/Non Pro Review Committee. Chairman Jaime Beamer from the Amateur Committee reported that his committee met last week and voted to recommend these changes be rescinded by the Executive Committee. The Amateur Committee motion to recommend rescission was passed by a vote of 7-4. Beamer was asked if his committee offered any suggestions for revisions to the changes previously approved by the Executive Committee and he reported they did not. A motion was made by Chris Dublin, seconded by Tatum Rice and passed with two opposed (Jack Holt and Jerry Louie) to take no action.

Chair Sherry Graham of the Non Pro Committee was in attendance to ask for a review of the proposal to allow current trainers (not working with cattle) the opportunity to apply for Non Pro status. During the August meeting, there was no action taken on this item. It is felt there are potential consequences to be discussed on this item. A motion was made by Phil Rapp, seconded by Jerry Louie and passed to send this item to the Amateur/Non Pro Review Committee for their review and

recommendation.

A motion was made by Lewis Wray, seconded by Phil Rapp and passed to close the regular meeting and proceed into Executive Session to end the meeting.

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