

NCHA EXECUTIVE COMMITTEE MEETING
Thursday, May 31, 2018
2018 NCHA Annual Convention
Hilton DFW Lakes Hotel – Grapevine, Texas

A meeting was held of the NCHA Executive Committee on Thursday, May 31, 2018, in Grapevine, Texas. Those present were President Lewis Wray, President-Elect Phil Rapp, Vice-President Ron Pietrafeso, Ernie Beutenmiller, Kathy Daughn, Rock Hedlund, Jack Holt, Jay Klamon, J. B. McLamb, Matt Miller, Tommy Neal, Dave Pilcher and Ronnie Smith. Also present were NCHA Executive Director Chuck Smith and NCHA Legal Counsel Jim Morris, NCHA Director of Administration Catherine Cheugh.

President Lewis Wray called the meeting to order and asked President-Elect Phil Rapp to lead the group in prayer.

Disposal of Minutes

MOTION was made by Ronnie Smith and **SECONDED** by Jack Holt to approve the Executive Committee minutes from the May 1, 2018, meeting and the May 21, 2018, meeting, as amended. **MOTION PASSED.**

NCHA Foundation – New Members

Joey Milner and Frank Merrill, representing the NCHA Foundation announced to the Executive Committee that Renda Tillerson has resigned from the Foundation and that Ora Diehl and Steve Stevens have agreed to become members of the Foundation. **MOTION** was made by Tommy Neal and **SECONDED** by Matt Miller that the appointment of Ms. Diehl and Mr. Stevens be approved. **MOTION PASSED.**

Competition Committee – Class Restructuring Proposal

Members of the Competition Committee, Frank Merrill, Kristen York, Casey Green, Denise Seiz, Sherry Cowan and Sherry Graham were present to address the Competition Committee's proposal for the restructuring of classes for NCHA shows. Mr. Merrill reminded the Executive Committee that the Competition Committee had been charged with exploring the concept the leveling of classes to allow for a more inclusive system of competition. Mr. Merrill then asked the Denise Seiz, Chair of the Subcommittee of the Competition Committee that was tasked with researching the concept to address the Executive Committee regarding the findings of the group. Ms. Seiz distributed handouts and presented a PowerPoint presentation to outline the proposal currently under consideration. Lengthy discussion ensued regarding the presentation. Ms. Seiz advised the Executive Committee that the Sub-Committee will be presenting the concept throughout the duration of the convention to various Committees and to the Directors as a whole, but that there is no plan to vote on the proposal at this time. The idea is to acquaint all those present at the convention of the proposal, solicit feedback and then return an appropriately revised proposal at a later date.

Finance Committee Report

Chair of the Finance Committee, Jerry Yelverton, James Eakin and NCHA CFO Barb Benedum were present to advise the Executive Committee of the financial status of the Association.

Investment Report: Mr. Eakin reported that NCHA investments of approximately \$4,637,000 produced a yield of approximately 6.9% over the past 6 months. Mr. Eakin also reported that the Stallion Breeders account balance is approximately \$3,406,000, and the yield on the invested funds was roughly 2.69% through April 30, 2018. Mr. Eakin reminded the Executive Committee members that all funds invested by the Stallion Breeders group are in the bond market, as previously requested by the Stallion Breeders Committee and approved by the Executive Committee.

NCHA Funds on Deposit: NCHA Finance Committee Jerry Yelverton reported that through April 30, 2018, there was approximately \$5,250,000 on deposit at Frost Bank. Mr. Yelverton advised the Executive Committee that approximately \$980,000 of those funds are earmarked for scholarships.

Budget Status: Mr. Yelverton reported that currently the fiscal budget has been affected by unbudgeted expenses and a reduction in sponsorship commitments. Mr. Yelverton advised the Executive Committee that the Association has had budget variances in personnel costs, the expense of an IT audit, an increase in legal fees and other items such as the loss of projected funds from the horse sale usually a part of the Super Stakes, but was canceled for the 2018 show. Mr. Yelverton advised the Executive Committee that although there is an approximate \$200,000 over budget at the moment, the Finance Committee hopes to meet the projected \$1,000,000 excess by September 30, 2018, the NCHA fiscal year end.

Will Rogers Contract Renewal: NCHA Finance Chair Jerry Yelverton reported that after lengthy negotiation, NCHA has entered into a contract renewal with the Will Rogers Complex and that this renewal also will have an effect on NCHA budgeting. Mr. Yelverton listed the example of an increase of \$40 in stall fees. Discussion was held regarding the necessity of charging each show entrant a stall fee.

Credit Card Fees: Jerry Yelverton advised the Executive Committee that one of the most expensive budget items is the fees charged to NCHA to process payments made by members using credit cards. It was reported that NCHA pays in excess of \$300,000 in credit card processing fees. Discussion was held as to how to mitigate the cost of this budget item. Tommy Neal reminded the Executive Committee members that Texas Law prohibits passing this cost through to those members who pay with credit cards. A lengthy discussion ensued regarding other ways that NCHA might employ to alleviate the impact of this \$300,000 expense, i.e., reduction of purse payout, increase entry fees, etc. After further discussion, Mr. Yelverton agreed that the Finance Committee would bring recommendations to the Executive Committee at its August 2018 meeting.

Request by Director to Address Executive Committee: Ora Diehl, a Region V Director, had previously applied for permission and been granted such permission by President Lewis Wray to address the Executive Committee members. Ms. Diehl advised the Executive Committee members that she was appearing on behalf of and as a voice for concerned members. She stated that many members had asked her to inquire of the Executive Committee as to:

1. The direction in which NCHA is headed,
2. Why the Association membership is declining in all categories, and
3. Comments as to why the Mercuria sponsorship is not being renewed and the impact it will have on NCHA finances.

Ms. Diehl noted that the transparency regarding the business of the Association seems better, such as Executive Committee members and Officers attendance at and involvement in events. She noted, however, that although NCHA leadership spoke of being proactive, it doesn't seem to be happening. Ms. Diehl stated that NCHA is lacking in leadership and that many members feel as though it's an "us vs them" mentality. She stated that we all need to act as a team and that there are many members who truly want to assist in making the NCHA strong again. Ms. Diehl stated that we need to extend our hands to these people and not turn our back. Ms. Diehl went on to state that recruiting and retaining of new members is stagnant. She stated that doing "more of the same" is just taking the easy way out.

Ms. Diehl advised the Executive Committee that NCHA needs to make some hard decisions and implement them immediately – seize the moment now. NCHA needs to search and find a method by which to change its direction.

First and foremost, Ms. Diehl stated, it is critical to communicate with all Directors.

A lengthy discussion ensued. Ms. Diehl was asked who is the "us" and who is the "them" to which she replied, Texas is the "us" and the other 48 states is the "them."

Executive Session

After further discussion, a **MOTION** was made by Tommy Neal and **SECONDED** by Jay Klamon to move the meeting into executive session. **MOTION PASSED.**

General Session

MOTION was made by Klamon and **SECONDED** by Tommy Neal to move the meeting back into general session. **MOTION PASSED.**

Termination of Executive Director

A **MOTION** was made by Tatum Rice and **SECONDED** by Ron Pietrafeso to terminate the contract of NCHA Executive Director Chuck Smith, effective immediately. **MOTION PASSED** by a majority vote. Dissenting votes were cast by Phil Rapp and David Pilcher. Kathy Daughn was not present for the vote.

Executive Session

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

General Session

MOTION was made and seconded to move the meeting back into general session. **MOTION PASSED.**

MOTION was made by Matt Miller and **SECONDED** by Ron Pietrafeso that effective as of Sunday, June 3, 2018, Lewis Wray will assume the ministerial duties of the Executive Director on an interim basis with no pay and no contract. At that same time, Angie Highland will assume the duties of Chief Operating Officer of the NCHA. **MOTION PASSED.**

Member Late Payment Issue

NCHA Director of Shows Dave Brian advised the Executive Committee members of a late payment issue involving Suzanne Rodoni-Silverberg wherein the checks she issued for entry fee payment were stolen. Ms. Rodoni-Silverberg has presented NCHA with proof that at least one of the checks she issued was presented at a branch of Wells Fargo Bank for payment. The other two checks had been presented for payment, but had not been paid. Ms. Rodoni-Silverberg is asking that NCHA reimburse her for late payment fees assessed by NCHA as late receipt of the checks by NCHA had been beyond her control. After discussion, **MOTION** was made by Ron Pietrafeso and **SECONDED** by Tommy Neal to table any action with respect to this issue until such time as further investigation can be completed with Ms. Rodoni-Silverberg's bank. **MOTION PASSED.**

Member Horse Ownership Issue

NCHA Staff brought an issue regarding horse ownership and eligibility to the attention of the Executive Committee. Under the current rules, in order for a horse to be eligible for competition, all owners listed on the horse ownership papers must also be current NCHA members.

Currently, if a rules infraction occurs because the one or more of the owners of a horse is not a current NCHA member and copies of the appropriate ownership and membership papers are not received by the NCHA with the show results: (1) the horse and rider are immediately disqualified from that show; (2) the horse's points for that show are forfeited; (3) any monies earned by the horse at that show must be returned; and (4) the classes affected at that show are recalculated. This rule has apparently caused much confusion and has resulted in inadvertent mistakes being made by some members. Discussion ensued concerning how to adjust this rule to be more member and show management friendly.

After much discussion, a **MOTION** was made by Ron Pietrafeso and **SECONDED** by Ernie Beutenmiller to amend the horse ownership rule going forward, to provide that the NCHA will promptly notify the affected show secretary and owner immediately after discovery that one or more of the owners listed on any horse membership papers does not hold a current NCHA membership. The owner(s) listed on the ownership papers that do not hold current membership shall be given five (5) business days from the day on which such notice is sent, to obtain a current NCHA membership. If such owners fail to obtain NCHA membership within 5 business days all winnings for that horse in all classes must be returned to show management.

The show secretary will then redistribute winnings to affected classes and resubmit results to NCHA. After discussion, the **MOTION PASSED**.

Because this issue had impacted Kay Terrell and KKR Trust, **MOTION** was made by Tommy Neal and **SECONDED** by Jack Holt to grant a lifetime membership to KKR Trust.

Non-Pro Ties at Classic

MOTION was made by Jay Klamon and **SECONDED** by Ernie Beutenmiller to assign the Competition Committee with evaluating the tie breaker rules in place for all NCHA produced events. This will help eliminate the economic strains on NCHA for duplicating awards such as saddles, buckles and trophies. At this time, NCHA is paying for all duplications of awards and there is no funding set aside for this commitment.

Stallion Breeders Committee Issue

After lengthy discussion, this agenda item was tabled until such time as more information is available.

Regional/National Finals Proposal

The concept of NCHA instituting a Regional National Championship event to be held during the Super Stakes was discussed. After considerable discussion, a **MOTION** was made by Jay Klamon and **SECONDED** by Ernie Beutenmiller that the Executive Committee has decided to assign this concept to the Competition Committee for research and further analysis. **MOTION PASSED**.

Mercuria Sponsorship

Discussion was held regarding the anticipated loss of the Mercuria sponsorship. After discussion, it was agreed to table this item until further information can be provided. Executive Committee members have reached out to NCHA Director of Marketing Operations Steven Hayes and Senior Sales Executive Bobby Hunt to research the impact of such a loss and potential methods of replacing the funds.

HUB Audit Report to Regional Directors

Significant discussion ensued as to the status of NCHA website development, whether the proposal as presented to NCHA in April of 2018 is still relevant *in toto* as there may have been changes in the capabilities and availability of the IT staff and the technology now in place.

Mr. Klamon advised the members that one of the outcomes of the recently completed HUB audit is to clearly define all future projects, provide appropriate cost estimates and then have the Executive Committee approve such projects prior to implementation.

Discussion ensued regarding the advisability of setting up an oversight/development committee to be tasked with working with NCHA staff and possible outside consultants to thoroughly explore any proposed projects, the necessity for the project, the solution to the issue driving a project, defining cost parameters and the development of measurable milestones. Further, any deviations of agreed upon parameters would require detailed explanation. This committee should provide a report at every regularly-scheduled Executive Committee meeting. It was agreed that it is important to have someone from the Finance Committee be a member of any NCHA IT Oversight and Development Committee.

Discussion as held with the respect to the status of HUB. HUB is now up and running for all departments at NCHA, including Accounting.

After further discussion, **MOTION** by Ron Pietrafeso was made and **SECONDED** by Ernie Beutenmiller to constitute an NCHA IT Oversight and Development Committee constituted of Jay Klamon, Barnwell Ramsey, Eric Schmoyer, Lewis Wray, Steve Carnes and Cathy Cheugh. **MOTION PASSED.**

Executive Committee members were asked to report to their perspective Regional Meeting a summarized statement with regards to HUB progress and current status.

Update on Western Nationals and Summer Spectacular Entries

NCHA Director of Shows Dave Brian provided the following update of entries for the Western Nationals and Summer Spectacular Shows:

Denver – 560+ entries

Summer Spectacular – 1723 entries

Mr. Brian reported that this is the first time in a several years the entries for both ages has increased:

4 yr old - most draw entries in last 4 years

5/6 yr old - most draw entries in last 3 years

Adjournment

There being no further discussion to come before the Executive Committee, a **MOTION** was made by Ronnie Smith and **SECONDED** by Tommy Neal that the meeting be adjourned. **MOTION PASSED.**