

**National Reined Cow Horse Association
Board of Directors Meeting
July 10, 2012, 8 pm CST, 6 pm PST
Conference Call**

Present on the call were:

Todd Crawford
Paul Bailey
Sandy Collier
Jim Vangelos
Bob Avila
John Ward
Jon Roeser
Dan Roeser
Jake Telford
Amanda Gardiner
Kathy Gould
Melissa Nation
Todd Bergen
Dave Allen
Jerry Peters
Bill Tointon proxy to Jim Vangelos
Cheryl Cody, Guest
Jay Winborn, Guest

1. Call to order

2. Overview of topic/ how we will proceed

A. Briefing of facts regarding contract and option to move the Stakes to Vegas

1. The contract was signed and executed by Kathy Gould on the direction of the NRCHA Board on 8/3/11 and is for a 3 year period thru 2014.

2. The license fee is \$40,000 each year of the agreement with a reciprocal sponsorship fee received from HPEC as follows:

- i. \$50,000 in 2012
- ii. \$30,000 in 2013
- iii. \$20,000 in 2014

3. Be advised that a fully executed copy of this contract was not in receipt of the NRCHA until 6/26/2012. Up until that point we operating only with a one page "term sheet" that outlined the basic terms listed above. Furthermore there was some key verbiage contained in the "term sheet" specifically detailing the fact that a contract would be produced at a later point.

"It is recognized that the contract process can be a bit

laborious, in view of the time that can be consumed in that process both HPEC and the NRCHA will operate under the terms of this letter. When an acceptable contract is produced that contract will become the guiding document.”

Signed by Tim Lynch – General Manager and Doreen Cott – Economic Development Director.

4. According to Section 5 of the contract only the HPEC has the right to terminate this agreement with a 1 year written notice and does not offer a termination remedy for the NRCHA. Alex Simas indicated that there may be some discrepancy in the language utilized in this clause. Please review Alex’s comments below

“The contract states that notice to the licensee is required and that NRCHA is the licensee. A fair argument can be made that the language was intended to mean that only the Town could use the 365 day termination clause. It does not explicitly say that however. That creates an ambiguity about which end of the provision is wrong. Should it be interpreted to mean:

- a. The omission of the Town as the party giving the notice is an oversight and therefore only the Town can give the notice OR
- b. Either can give the notice and language about the notice going only to the licensee is the error “

5. Per the terms of the current contract the only remedy to allow the association to not hold the event at the HPEC would come through a cancellation of the “NRCHA Stakes”. This is contained in Section 7 under the “Cancellation/Rescheduling” clause. NRCHA would need to provide the HPEC written notice of intent to cancel 180 days prior to the scheduled event date. A cancellation means overall cancellation of said event, NOT moving it to a different venue.

These are the primary points of the existing agreement with HPEC.

We are faced with a difficult decision surrounding this event. The past performance has been lackluster and as we move forward as an association we must strive to have all of our events generate sufficient income to cover the production costs.

We have several options for each of you to consider so the board as a whole may come to resolution and move forward.

- A. Do nothing; proceed with holding the event as planned thru 2014.
- B. Cancel the “NRCHA Stakes”, rename the event or come up with a new concept and move to Vegas giving notice to HPEC of intent

and face no legal issues as per the terms of the contract.

C. Offer some type of “Buyout” or settlement to HPEC to terminate existing contract

D. Take our chances on pulling out of Queen Creek and moving the “NRCHA Stakes” as is, to Southpoint and risk potential litigation.

Todd asked that people from each position – in support of going to Las Vegas and someone to speak in support of staying in Queen Creek.

Staying in Queen Creek – Kathy Gould said it could be a black eye for the NRCHA to move now and terminate an existing contract. She felt it would make the NRCHA look bad to the rest of the industry and possibly impact future contracts. She suggested at the least NRCHA should fulfill obligation for next year then think of moving to Vegas in 2014. She also mentioned the job Tim Lynch had done and how hard he worked to get the sponsorship money from the city as well as his health issues.

John Ward – said “It is a step up – a great move and a great opportunity. I don’t see it as a black eye.”

Bob Avila said he thinks it’s one of the best things we can do. Not an emotional issue – just business.

Jake Telford wanted to know if there’s any kind of commitment from Vegas past one year. And if anyone has asked if they will still be interested if we have to wait a year. Also if we decided to stay in QC would they still give us the same offer in 2014.

Todd Bergen asked was there a chance of multi-year contract at South Point. Paul said they will do as many years as we want to do. They thought do a one-year – then if we wanted a continuation on a year – two year- they’ll do that.

Jake said he is in favor of going to Vegas – but what if we go and they realize how we’re small and they change the rules.

Bob said they want it there because Michael Gaughan loves the reined cow horse.

Dan said one of the big things that kicked our butts in Queen Creek was that we had no local sponsors. He asked would we get more sponsorship for the show. Bob Avila said when they sat with Michael and Steve Stallworth they said NRCHA will not get sponsorships locally. But Michael told him he will not give us any money but will give us the facility. Bob said, “He’s offering things that if we lose money we need to just quit having events, period. Do we need other sponsorships, yes we do but we can deal with that outside the Las Vegas area. “

Paul outlined the South Point offer – stall fee \$100 per stall includes three bags of pre-bedding. Comp all staff rooms. Use of arena for free, no cleanup fee for cattle or arena. \$100 covers all the cost associated with the facility. Group rate is \$45 they’d make sure everyone’s rate would be the same.

Amanda said if she were thinking about business decision for own business – “for me it is an easy decision business-wise, personal- wise it’s not a good decision. She added, “I don’t necessarily mean it means we need to stay in Queen Creek.”

Todd Bergen – what are our options for getting out – it was discussed that there might be some sort of buyout where NRCHA buys out the contract but what that would take no one knows.

Roll call vote –

Keep the NRCHA Stakes at Queen Creek – Kathy Gould,

Move the NRCHA Stakes to Las Vegas - Jim Vangelos , Bill Tointon, Jerry Peters, Dave Allen, Todd Bergen, Amanda Gardiner, Jake Telford, Dan Roeser, John Ward, Jon Roeser, Bob Avila, Sandy Collier, Paul Bailey

Motion: Amanda Gardiner made a motion that Executive committee will negotiate severance with Queen Creek and report back to board. Seconded by Dave Allen.

Passed.

Melissa Nation had an update on the Derby – still several things she’s waiting on – hotels and rental cars – but looks the event came out about \$50K better than we thought.

Motion: Motion was made to adjourn by Kathy Gould. Seconded by Dave Allen.

Adjourned.