

BOARD OF GOVERNORS MEETING
USDF Annual Convention – Jacksonville, FL
Thursday, December 2, 2010

USDF President, George Williams, called the meeting to order at 1:50 pm.

Janine Malone, Secretary, conducted the delegate roll call for delegates who had not checked in at the voting kiosks. A quorum was declared. A brief delegate orientation was conducted.

Mr. Williams noted changes to the agenda and requested approval of the agenda.

Mr. Williams recognized registered parliamentarian, Kirk Overbey, who will be serving at the BOG meetings on Thursday and Friday.

The minutes of the Board of Governors meeting from the USDF Annual Convention in Austin, Texas, on December 3-4, 2009, were posted on the USDF Web site in spring 2010. Mr Williams asked for approval of the minutes. **Kathy McHugh MOVED and Paul Cormier SECONDED a motion to approve the minutes. MOTION CARRIED.**

President's Report – George Williams

Mr. Williams welcomed everyone to the 2010 Adequan/USDF National Convention and Symposium and thanked hosts, Region 3 and the Northeast Florida Dressage Association. He noted that, in 2010, USDF entered a new chapter in its history. The final mortgage payment of the USDF National Education Center was paid in July of 2010, two years ahead of schedule. The USDF now owns the National Education Center (NEC) building. We stopped paying rent when we moved into our new building in 2006. Even though we continued to pay interest on the mortgage until last July, we have realized a savings of over \$600,000 over the last five years. Mr. Williams congratulated the three who in their respective roles oversaw this project; Stephan Hienzsch, Chuck Smith and Sam Barish, and those who so generously gave to the Capital Campaign.

In 2010, USDF made an effort to further improve transparency and communication. At this convention, there are more open Committee meetings than ever before. The new Committee Structure was put into place early this year, and at this convention, the chairs of the Committees met for the first time ever with the EB. This was followed by our very first Council meetings. USDF is looking forward to adding three At-Large Directors to the Executive Board. The At-Large Directors will represent the three new Councils. The Bylaws proposal presented at this meeting outlines the election process of the At-Large Directors. Committee members would nominate individuals from their Committees and the voting would be done by the Committee members within the Councils. This plan, which Mr. Williams strongly supports, is based on the concept that the Committee members know best who would most ably represent their Committees and he expressed the opinion that this would be an important improvement to the operations of USDF.

New initiatives for 2010 included the Peer to Peer Commission, chaired by Melissa Creswick, and the Instructor Certification Strategic Planning Group, chaired by Kathy Connelly. These are both long term projects and Mr. Williams expects to receive their recommendations next year. He thanked the members of the Commission and the Planning Group for the work they have done thus far.

For many of us the highlight of the year was the World Equestrian Games. The quality of the riders and horses was top notch and it was exciting to see the world's best compete on American soil. The Kentucky Horse Park proved to be a great venue for this type of competition. According to a statement by the Governor of Kentucky, the WEG was the second largest sporting event in the country in 2010. The USDF offices were perhaps not quite at the heart of it, but we were very close. The hospitality suite set up by USDF in its Grand Prix Seminar room was a popular place for spectators. The USDF gave away over 5,000 USDF-branded bottles of water and Mr. Williams expressed thanks to the USDF staff for going above and beyond in making our members and fellow dressage enthusiasts feel so welcome.

The new Education Membership was approved by the BOG one year ago. The concept was to develop a membership category that was geared towards individuals who are not competing, but are still interested in some of the educational opportunities that USDF provides. In the process of developing the Education Membership, staff developed the concept of e-TRAK. E-TRAK was launched in fall 2010 and Executive Director Stephan Hienzsch will describe it in his report. Mr. Williams expressed the opinion that the e-TRAK is an example of wonderful things that can be accomplished when all of us - the Executive Board, the delegates at the BOG, and staff make a cooperative effort to move the USDF forward into the future. Mr. Williams closed by stating that he is looking forward to this meeting, his first as President, and to seeing what we can accomplish together. He thanked everyone present and the sponsors who help to make this meeting possible.

Executive Director's Report - Stephan Hienzsch

Mr. Hienzsch reported on the history of the Education Membership and e-TRAK, which started with the Strategic Plan several years ago. A goal of the Strategic Plan was for USDF to be the "go to" organization for all things Dressage. It was planned to include outreach to potential new members. The plan included the restructuring of the organization, the Education Membership and the e-TRAK concept. During the World Equestrian Games, visitors to the USDF National Education Center were able to preview the e-TRAK program online. Mr. Hienzsch explained that it is a membership benefit for PMs, GMs and EMs, and it is available through the members-only section of the USDF Web site. E-TRAK is a benefit that GMOs can market to their members and an upcoming initiative is the development of marketing materials for GMOs to market e-TRAK as a GMO membership benefit.

The Education Membership is a good value with a twelve-month fee of \$35 for adults and \$10 for youth. Education members receive the online issue of *USDF Connection*, discounts to USDF events, unlimited online access to articles and videos on such things as equine health care and training, and other member benefits and discounts

The 2011 USDF convention will be held in San Diego, California, at the Town and Country Resort. The symposium will be at the Del Mar show grounds. In 2012, the convention will be held in New Orleans at the Sheraton Hotel, which is located near the French Quarter and Canal St.

United States Equestrian Federation Report – David O'Connor

USEF President, David O'Connor, reported that USEF is in a great place financially due to its staff and volunteer efforts to contain expenses so that no program cuts had to be made. He noted that while USEF's regulatory responsibilities are not always popular, they are an important part of the organization's responsibilities. Mr. O'Connor said that USEF is currently in the process of relocating its drug testing department from Ithaca, New York, to Lexington, Kentucky, a move that will reduce net expenses in the long term. He explained that USEF is about the unity of horse sports. It has a grant program to help small shows stay afloat during the tough economy and has spent \$180,000 in the past few years on grants to shows.

For the first time, the World Equestrian Games was held outside Europe and was held in Kentucky in 2010. A short video presentation of WEG was shown. Mr. O'Connor noted that this WEG involved the largest airlift of horses in history. The event was a large success from the competitor and spectator viewpoint and it will not have a negative financial impact on the USEF. The event left a great legacy for the sport regarding facilities built at the KHP and in-house video capabilities developed by USEF to publicize the event. USEF developed the USA Network for the WEG and it was first used at the Festival of Champions in Gladstone in summer 2010. During the WEG, 33,000 hours of video were downloaded by viewers. Through the USA Network, USEF has a new ability to reach new people through web views of equestrian events.

USEF currently has approximately 89,000 members. Mr. O'Connor noted that, as with other organizations, the organization has lost some members due to the economy, but he said members will come back as the economy improves. He noted that horses are a \$112 billion industry in the US, and the industry is divided into three segments: one-third racing, one-third recreation and one-third competition. In order for equestrian competition to grow, we need to be able to attract new spectators, and the USA Network will help us toward that goal.

Executive Board Nominations and Nominating Committee Report – Miki Christophersen, Chair

Ms. Christophersen announced the candidates for the position of Vice-President: Janet Foy, Peter Rothschild and Beth Jenkins. Janine Malone has been nominated for the position of Secretary. Lisa Schmidt has been nominated for Region 1 Director. Holly Hilliard, Kimberly Taylor and Gary Stegman have been nominated for the position of

Region 3 Director. Ms. Christophersen noted that one other candidate has withdrawn her nomination from the Region 3 ballot. For the Region 5 Director position, Heather Petersen has been nominated. Terry Wilson has been nominated for the position of Region 7 Director. Bess Reineman has been nominated for the position of Region 9 Director. After each candidate's name was announced, Ms. Christophersen asked three times for additional nominations from the floor. No additional nominations were received for any position.

Ms. Christophersen announced that the final request for nominations will be made during the BOG meeting on Friday. The election will take place during the Friday session of the BOG, immediately after the candidates give speeches for contested officer positions.

Executive Board Acknowledgements – George Williams, President

Mr. Williams recognized members of the EB.

Treasurer's Report – Steven Schubert, Treasurer

Mr. Schubert expressed appreciation for staff and volunteer support during his first year as Treasurer. He drew attention to the report dated March 31, 2009, on the Statement of Financial position for the 2009-2010 fiscal year, and reported that on the revenue side, USDF finished with actual revenue of \$3,535,910 and with a variance of \$89,150 below budget. On the expense side, the actual expenses were \$3,439,996 with a positive variance to budget of \$458,914. USDF showed an operating profit of \$95,914 for the 2009-2010 fiscal year. Mr. Schubert explained that USDF had net income including investments and depreciation of \$845,342 and net assets of \$6,862,214.

Mr. Schubert reported on USDF investments. USDF has five funds: the General Fund, National Education Center Maintenance Fund, Educational Endowment Fund, Ruth Arvanette Grant Fund and National Championships Fund. He reported that most USDF investments are in bond funds, and that the Investments Committee is meeting at least quarterly with investment advisors to ensure USDF funds are wisely invested.

Lisa Gorretta MOVED and Barbara Cadwell SECONDED a motion to allocate the \$2 National Championship portion of the \$10 Regional Championship qualifying fee to the 2011-2012 operating budget. A question was raised as to why the motion was needed. Mr. Hienzsch explained the history of this issue and that, for the last two years, the BOG has designated the National Championship portion of the Regional Championships qualifying fee to the operating budget. This motion was made so that the current practice is continued. The 2011-2012 budget under consideration at this meeting has allocated the National Championship portion of the fee to the operating budget. **Sarah Jane Martin MOVED and Molly Fine SECONDED a motion to table the motion.** There was no discussion. **MOTION CARRIED.**

USEF High Performance Dressage Report – Jim Wolf

Mr. Wolf reported on the High Performance and FEI Affiliates Working Groups within USEF. He noted that Eva Salomon is now USEF Managing Director for Dressage and that Jenny Van Wieren was promoted to Director of High Performance for Dressage. Mr. Wolf listed the recipients of high performance dressage grants in 2010, and the success of the high performance dressage championships and WEG Dressage Selection Trials held at Gladstone. Tina Konyot on Calecto V was Grand Prix Champion and Todd Flettrich on Otto was Reserve Champion. Cesar Parra won the Intermediaire I Championship and Kassie Barteau was Reserve Champion. Dressage team Chef d'Equipe Anne Gribbons did a great job preparing a relatively new squad for the WEG and the US was very pleased to place fourth as a team and to have Steffen Peters on Ravel win two individual medals.

During 2010, Debbie McDonald and Guenter Seidel taught clinics for developing riders, and both Kyra Kyrklund and Steffen Peters held clinics for elite riders. Observation clinics were also held with Debbie McDonald in 2010. Meagan Davis will represent the US at FEI Young Rider World Cup in December. Mr. Wolf noted that pipeline programs such as the Brentina Cup feed high performance programs and are very effective. Planning is underway for US participation in the Pan American Games to be held in Guadalajara, Mexico in October 2011. Mr. Wolf is also working on plans for US participation in the 2012 Olympic Games, and is pleased that Equestrian will be held in the heart of Olympics on a Royal Heritage site in Greenwich. Jim talked about the logistics for the 2012 games to be held on this historic site. 2011 HP dressage plans include developing clinics, tours, and participation in the Pan Am Games, with safety of horses and athletes in mind. The Olympic Games will be held near the end of July 2012.

Presentation of Proposed 2011-2012 Budget – Steven Schubert, Treasurer

Mr. Schubert presented the budget and explained that investments have not been used to balance the budget. The budgeted revenue is \$3,763,656, the budgeted expense is \$3,880,906 with an anticipated loss of \$117,250. Including depreciation/amortization (\$182,000) and taking out investment income (\$64,750), there is a balanced budget. It was confirmed that the revised draft budget under review by the BOG includes sponsorship that was recently renewed, and is updated from the version posted a few weeks ago on the Web site. Mr. Hienzsch answered several questions and noted that the difference in the development budget from the 2010-2011 fiscal year to the 2011-2012 budget fiscal year is due to completion of a statue at the NEC that was completely funded by a private donation. The 2010-2011 budget also included expenses related to the 2010 hospitality services provided by USDF at the WEG. Neither expense is needed going forward. Also, differences in some committee budgets are due to committee restructuring. Some committees were eliminated, so those line items have no expenses in the new budget. Mr. Hienzsch further explained that the Young Rider Graduate Program is held every other year so there is a greater expense every other year.

Gardy Bloemers asked how sponsorship is included in the budget. Mr. Hienzsch explained how sponsorship and advertising revenue is included under each program or budget category that benefits from the sponsorship. There is no separate line item for sponsorship. In the 2010-2011 budget, over \$300,000 was received in advertising revenue. USDF had just signed several three to five year sponsorship contracts just before the economy declined. Several of those sponsorships are up for renewal in the coming weeks, and this can be a difficult situation in a bad economy.

Paula Briney reviewed the history of taking the \$2 portion of the Regional Championships fee to help fund USDF's operating expenses in order to avoid dropping programs or further increasing fees. There were no objections to bringing the motion off the table regarding use of the \$2 National Championship portion of the Regional Championships fee.

The tabled motion reads as follows:

Lisa Gorretta MOVED and Barbara Cadwell SECONDED a motion to allocate the \$2 National Championship portion of the \$10 Regional Championship qualifying fee to the 2011-2012 operating budget. Elisabeth Lewis MOVED and Michelle Vaughn SECONDED an amendment to the motion that the \$2 would go towards funding competitor programs. MOTION FAILED. The original MOTION CARRIED.

The budget [listed below] will be voted in tomorrow morning's BOG session.

Presentation of GMO and Regional VOY Awards – George Williams & Lisa Gorretta – Presenting Sponsor The Paddock Saddlery

Mr. Williams announced several awards recipients and presentations were made by USDF staff and sponsors.

The Board of Governors meeting was adjourned at 5:05pm.

Respectfully submitted,

Janine W. Malone
USDF Secretary

2011-2012 Proposed Budget

	Budget			Preliminary	Preliminary	Preliminary
	Revenue	Expense	Net Profit	Revenue	Expense	Net Profit
	2010-2011	2010-2011	2010-2011	2011-2012	2011-2012	2011-2012
	4/1/10-3/31/11	4/1/10-3/31/11	4/1/10-3/31/11	4/1/11-3/31/12	4/1/11-3/31/12	4/1/11-3/31/12
Adult Clinics	37,500	46,458	(8,958)	35,750	45,537	(9,787)
Adult Programs Committee	0	8,021	(8,021)	0	8,034	(8,034)
Annual Convention	102,750	154,401	(51,651)	92,200	134,275	(42,075)
Audit Committee	0	4,306	(4,306)	0	4,455	(4,455)
Bylaws	0	3,970	(3,970)	0	4,122	(4,122)
Competition/Awards	154,275	199,387	(45,112)	181,675	205,190	(23,515)
Development	70,800	53,142	17,658	30,800	22,362	8,438
Education & Sport Programs	0	71,658	(71,658)	15,000	77,111	(62,111)
Executive Board	0	76,932	(76,932)	0	86,130	(86,130)
FEI Jr/Yng Rider & Yth Clinics	35,500	40,752	(5,252)	28,054	39,987	(11,933)
FEI Jr/Yng Rider Committee	33,200	48,473	(15,273)	33,000	49,553	(16,553)
Freestyle Committee	0	3,732	(3,732)	0	3,920	(3,920)
General Office	74,350	1,360,461	(1,286,111)	69,350	1,394,536	(1,325,186)
GMO Committee	700	5,712	(5,012)	700	5,985	(5,285)
Historical Recognition /HOF	0	42,607	(42,607)	0	30,562	(30,562)
Instructor / Trainer	24,580	40,839	(16,259)	24,580	43,787	(19,207)
Judge Education	3,850	34,645	(30,795)	650	28,555	(27,905)
Marketing	20,000	192,139	(172,139)	15,500	177,165	(161,665)
Membership	2,012,395	309,159	1,703,236	2,111,860	312,094	1,799,766
Merchandise	149,000	149,687	(687)	120,000	114,266	5,734
Nominating	0	19,007	(19,007)	0	18,313	(18,313)
Para Equestrian Dressage	0	3,609	(3,609)	0	0	0
Publications	483,831	566,557	(82,726)	421,867	557,742	(135,875)
Regional Championships	283,900	238,816	45,084	288,180	244,655	43,525
Sport Horse	54,715	51,417	3,298	54,715	54,916	(201)
Symposium	119,450	95,549	23,901	106,000	100,924	5,076
Technical Delegates	1,000	5,352	(4,352)	2,500	5,682	(3,182)
Trainer's Conference	45,000	37,534	7,466	35,000	31,843	3,157
University	3,400	10,703	(7,303)	3,400	11,172	(7,772)
Youth Programs Committee	4,000	35,033	(31,033)	4,000	34,395	(30,395)
Young Rider Graduate	0	0	0	24,125	23,638	487
Capital Expenditures	0	39,988	(39,988)	0	10,000	(10,000)
Investments	73,850	0	73,850	64,750	0	64,750
Total Profit/(Loss)	3,788,046	3,950,046	(162,000)	3,763,656	3,880,906	(117,250)
Depreciation/Amortization			162,000			182,000
Investment Income						(64,750)
Remaining Budget overage/(shortfall)			\$0			\$0