

BOARD OF GOVERNORS MEETING
USDF Annual Convention – Austin, TX
Thursday, December 3, 2009

USDF President, Dr. Samuel J. Barish, called the meeting to order at 8:00 a.m. and noted changes to the agenda.

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

Dr. Barish 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 Denver, CO on December 5, 2008 were posted on the USDF web site in spring 2009. Dr. Barish asked for a motion to approve the minutes. **Paul Cormier MOVED and Sally Davenport SECONDED a motion to approve the minutes of the 2008 USDF Board of Governors meeting. MOTION CARRIED.**

President's Report - Sam Barish

Dr. Barish reviewed the history of USDF during his twenty-one year tenure on the Executive Board, especially USDF's move to the Kentucky Horse Park in Lexington, KY. He expressed satisfaction that the mortgage on the USDF National Education Center is expected to be fully paid in 2011 and USDF has made a good start in funding its Educational Endowment. He noted that USDF and USEF have worked together to streamline competition recognition and electronic results processing and to provide joint competition verification of memberships and horse recordings. USDF recently worked with USEF to develop standards for five, defined levels of competition which will help evaluate competitions in the future and select shows to host qualifying events and championships. Dr. Barish described work undertaken as a result of the latest strategic plan, completed in 2007. Education programs implemented during his tenure were mentioned, in particular the regional adult clinics. Dr. Barish expressed particular satisfaction that administration of the USDF office has improved, with each fiscal year in the black for five consecutive years: 2004-2008. Several important new awards were implemented during his tenure as president, including the Volunteer of the Year, Lifetime Achievement and Breeder of the Year awards.

Highlights in 2009 included the ad hoc committee, formed at the recommendation of the 2008 BOG, to evaluate the membership and fee structure. This committee recommended a new Education Membership for non-competing individuals as well as membership and fee increases. Another highlight is a recommendation from the Ad Hoc Committee on Governance to restructure USDF councils and committees. This proposal would add three members to the EB and greatly improve communication.

Dr. Barish closed by recognizing his family members in attendance at the meeting and Region 1 members who elected him to the position of Region 1 Director in 1987, 1989 and 1992. Elected to the position of vice president in 1996, he served three terms as president, from 2000-2009. He thanked Stephan Hienzsch, Executive Director, for his support and the USDF staff for their tireless work.

Dr. Barish requested a motion to approve the agenda. **Paul Cormier MOVED and Judith Fiorentino SECONDED a motion to approve the agenda. MOTION CARRIED.**

Executive Director's Report - Stephan Hienzsch

Mr. Hienzsch thanked Region Nine, its GMO host clubs and Region 9 Director Bess Reineman for their hospitality, as well as volunteer and financial support for the convention and symposium. Several changes were made this year, including lower package pricing for the convention and symposium. The Salute Gala and Awards Banquet were consolidated into one banquet, and the schedule was changed to avoid conflicts with education sessions and meetings. Two sessions of the Board of Governors were scheduled to allow more time for discussion. The next two USDF conventions will be held on Dec 1-5, 2010 in Jacksonville, FL and November 30- December 4, 2011 in San Diego, CA.

Mr. Hienzsch said that an important 2009 accomplishment has been improved communication with the membership, especially on governance issues. Member e-newsletters have regularly been sent for over one year. In 2009,

governance representatives have received regular communications along with a summary overview and embedded links to specific documents posted on the Web site. It was noted that the timeliness and frequency of communication still needs improvement. More pertinent governance information was sent in 2009 than ever before.

Several staff-driven strategic initiatives that improve services to members and others were highlighted. USDF's online and web-based services have been a particular focus. Improvements have been made to the USDF Web site in response to member feedback. *USDF Connection* magazine is now available online, and in the future will have several enhanced features from the print version.

It was noted that USDF's current fiscal year budget was reduced 20 percent from the previous budget year and staff headcount was reduced by about 18 percent since 2008. During this time period, there has been an increase in USDF activity, not a decrease. Mr. Hienzsch thanked staff, the Executive Board and members for helping to meet the budget expectations this year. The 2010-2011 budget is reduced even more, although member services and benefits have not been reduced. It was stressed that the budget has already been tightened as much as possible without reducing services to members.

Appreciation was expressed to The Dressage Foundation (TDF) for its support of several USDF programs, and funding for GMOs. Mr. Hienzsch expressed his gratitude to Dr. Barish for providing guidance and leadership to him and the USDF staff for the last seven years.

Special Presentation – George Williams and Miki Christophersen

Ms. Christophersen and Mr. Williams recognized and thanked Dr. Barish for his twenty-two years of service to USDF as an elected volunteer. Each spoke of the history of Dr. Barish's involvement with USDF and examples were given of his leadership and dedication to USDF. He was credited for making several difficult decisions during his tenure as president, including the development of the National Education Center (NEC). Dr. Barish was presented with a plaque and photograph of the NEC.

Treasurer's Report - Barbara Tuohino Funk

Ms. Tuohino Funk reported that USDF is in a good financial position. She noted that the Treasurer's report, statement of financial position and budget are available. The proposed 2009-2010 budget was posted on the USDF Web site in early November for review by the membership. The statements of USDF's financial position for the fiscal year, ending on March 31, 2009, were also posted, in addition to the statement of activities for the twelve months ending March 31, 2009. She noted that funds within USDF's investment portfolio have shown a gain of 18-24 percent in the last quarterly investment report.

Paul Cormier MOVED and Sally Davenport SECONDED a motion to approve the treasurer's report. MOTION CARRIED.

Dr. Barish announced that Ms. Tuohino Funk is retiring as treasurer at the end of 2009 and acknowledged her commitment to USDF. He noted her biannual trips to the USDF headquarters in order to work with staff to produce timely and detailed reports, and a detailed budget. Ms. Tuohino Funk expressed her appreciation to the USDF staff for their help and support during her tenure.

Nominating Council Report and Regional Director Nominations - Miki Christophersen, chair

Ms. Christophersen announced that in 2010, USDF will hold elections for the positions of secretary and vice president. Nominations will be accepted until June 1, 2010. She explained that no election would be held in 2011.

Ms. Christophersen announced the candidates for officer position. George Williams was announced as a candidate for president. Robert Higgins was announced as a candidate for treasurer. After each candidate's name was announced, Ms. Christophersen asked three times for additional nominations from the floor. No additional nominations were received for the office of president. Kate O'Connor nominated Steven Schubert as a candidate for treasurer.

The following candidates were announced for regional director positions: Region 2 candidates Susan Posner and Ken Levy; Region 4 candidate, Barbara Zukowski; Region 6 candidate, Donna Longacre; and Region 8 candidate, Fern Feldman. After each candidate's name was announced, Ms. Christophersen asked three times for additional

nominations. No additional nominations were received for Regions 2, 6 and 8 Director positions. Lloyd Landkamer was nominated by Joyce Hardesty as a candidate for Region 4 Director.

It was announced that the election will take place during the Friday session of the BOG. Candidates for the position of treasurer will give speeches prior to the election on Friday.

USEF report – John Long

Mr. Long reported on developments at the recent FEI General Assembly, on possible USEF restructuring and gave a progress report on the World Equestrian Games (WEG). He reported new statutes were proposed for the FEI that would have greatly restructured and reduced size of the FEI Bureau. The new statutes did not pass. USEF president, David O'Connor, remains greatly influential as the chair of FEI Group IV and a member of the FEI Board. As a result of the horse doping issues at the Olympic Games in Hong Kong, two commissions were appointed by the FEI to review and recommend changes to achieve "clean sport" regarding anti-doping issues. Several of the recommendations would have mandated implausible medication restrictions and requirements for all equestrian sports in all national federations. USEF worked to achieve changes to the language which would allow the current USEF drugs and medication rules to continue. The proposed "progressive list" of approved medications was explained and reasons given for the subsequent delay in implementing new rules that would allow very limited NSAID use in FEI competitions. Mr. Long announced that US "O" judge Anne Gribbons was elected to the FEI Dressage Technical Committee.

Mr. Long reported that the USEF Planning Committee is considering ways to restructure the USEF Board of Directors. Regarding the World Equestrian Games, Mr. Long noted that approximately 40 percent of budgeted ticket sales have been met. The sponsorship budget is \$23 million, with only about \$6 million yet to raise. Several test events for WEG have already been conducted. The Dressage and Show Jumping test events will be held around the Rolex event in April. Mr. Long answered questions about the ticket pricing and lodging options available, and provided information on volunteer applications and ground transportation.

USEF High Performance Dressage report – George Williams

Mr. Williams reported that three U.S. riders participated in the FEI World Cup held in Las Vegas on April 16-18, 2009. Steffan Peters and Ravel won both the Grand Prix and Grand Prix Freestyle. In 2009, a search committee was formed to select a new high performance dressage technical advisor, coach and chef d'equipe. Eleven applications were received and the Eligible Athletes recommended Anne Gribbons for the position. The USEF is still in contract negotiations with Anne. Gil Merrick resigned in September as Managing Director of Dressage. Jenny van Wieren, Assistant Director, is currently in charge and USEF is interviewing applicants for the Managing Director position. USEF grants were awarded to Catherine Haddad on Cadillac and Steffan Peters riding Ravel to compete at the CHIO in Aachen, where Steffan and Ravel won the Grand Prix, Grand Prix Special and Grand Prix Freestyle. The USEF National Championships faced unusually bad weather with several competitions cancelled. The Grand Prix champion was Leslie Morse riding Tip Top II and the Intermediaire I Championship was won by Katherine Bateson-Chandler riding Jane Forbes Clark's Dea II. Developing rider clinics are scheduled for FL and CA, and elite rider clinics have been held in FL and CA with Kyra Kyrklund. Kassandra Barteau riding Reymeister was selected to represent the U.S. in Germany for the FEI Young Rider World Cup. Finally, Mr. Williams announced that Anne Gribbons was recently appointed to the FEI Dressage Committee.

Regional Director Acknowledgement – Sam Barish, president

Dr. Barish recognized all members of the Executive Board. In particular, he acknowledged retiring regional directors, Sue Hughes (Region 2) and Sarah Patrick (Region 4), each of whom received a commemorative plaque.

Ad Hoc Committee to Evaluate the Membership and Fee Structure Report – Ken Levy

Mr. Levy explained that this ad hoc committee was appointed as the result of a recommendation from the 2008 BOG. Members from each region were appointed to the committee, with Mr. Levy as chair. The committee was tasked to bring forward a recommendation to the 2009 BOG on a new membership and fee structure. He noted the full recommendation was posted on the Web site for questions and comments. The proposal for dues and fee increases included a recommendation for a new Education membership. The proposed Education membership will be addressed during the next BOG session, since it will involve bylaws changes. Mr. Levy noted that the ad hoc committee's recommendations for fee increases were adjusted downward by the EB. He explained that only the proposed dues increases will be voted by the BOG, as responsibility for fee changes is under authority of the EB.

Mr. Levy carefully explained that the BOG must decide whether to adopt dues increases to balance the budget or cut expenses from the 2010-2011 budget to adjust for the reduction in budgeted income. He advised that growth in membership will result in additional revenue going forward.

Mr. Levy presented slides to illustrate the rate of dues increases in recent years. Under consideration is an increase to Participating Membership (PM), Group Membership (GM), Family and Jr/YR dues. It was noted that USDF membership has declined in the last two years. Two versions of the budget have been prepared; one is offset by the proposed dues increase.

Ken Levy MOVED and Kathy McCuen SECONDED a motion that the current dues for Participating Members (PMs) of \$62 be increased to \$75, effective December 1, 2010. MOTION CARRIED.

Ken Levy MOVED and Paul Cormier SECONDED a motion that the current Group Member (GM) dues of \$17 be increased to \$20, effective December 1, 2010. Several people expressed concern that fee increase will result in fewer USDF members. Peter Rothschild noted that, in 2008, information was presented to delegates on the cost of servicing each level of membership. In particular, regarding the cost of *USDF Connection*, he expressed concern that the cost per unit will increase if membership numbers drop. A question was asked if the ad hoc committee considered refunding the GM portion of the PM dues, or if \$20 of the amount could be considered a donation. Mr. Levy replied that he can only present what the committee approved and cannot recommend any changes. In response to a question from Caroline Tice, Mr. Hienzsch replied that the cost of *USDF Connection* is partially subsidized by member dues. The cost to publish the magazine is \$483,000. The shortfall between advertising revenue and cost is approximately \$93,000. The total shortfall between revenue and expense for publication is approximately \$83,000. Mr. Hienzsch added that advertising revenue has declined for USDF as it has throughout the economy. The new budget forecasts a reduction in ad revenue.

Several delegates expressed the opinion that many members are both PMs and GMs and any partial refunds of dues will result in a significant shortfall in the future. Others expressed the opinion that GMO membership dues are a good value. The total number of GMO members is 24,604. The number of GMs who aren't also PMs is 14,513. Concern was expressed that several GMOs would lose their Eventing members. Chuck Smith noted that a \$3 dues increase is not a big expense and USDF faces challenges such as the potential loss of employees if this dues increase is not approved. Peggy Klump called the question. **MOTION CARRIED.**

Ken Levy MOVED and Paul Cormier SECONDED a motion that, effective December 2010, Family Membership dues will be increased from \$8 to \$10. MOTION CARRIED.

Ken Levy MOVED and Rachel Ehrlich SECONDED a motion that, effective December 2010, Business Member dues will be increased from \$175 to \$200. MOTION CARRIED.

Ken Levy MOVED and Paul Cormier SECONDED a motion that, effective December 2010, USDF Participating Member five-year dues will be increased from \$250 to \$300. MOTION CARRIED.

Ken Levy MOVED and Rachel Ehrlich SECONDED a motion that, effective December 2010, USDF Participating Life Member dues will be increased from \$1000 to \$1500. It was explained that USDF currently has approximately 500 Life Members. Delegates discussed recommendations that the category be discontinued or that the dues be increased to \$2000. It was explained that the revenue realized in the first fiscal year of implementing the dues increases is not the full value, since the change will take effect during the middle of a fiscal year.

Anna Lucy Keller MOVED and Paula Briney SECONDED an amendment to the motion to strike the increase of \$1500 and change the amount to \$2000 for the increase proposed for Participating Life Member dues. Jennifer Moyné called the question. A show of hands was unclear in determining the vote, so a roll call vote was necessary. Peter Rothschild MOVED to suspend the rules to allow business to continue during the voting. Mr. Overbey stated that business cannot continue during the roll call vote. In the roll call vote, 581 delegates voted approval, 1065 were opposed and 31 abstained. **MOTION DEFEATED** to amend the original motion. The original motion was restated: **MOTION CARRIED.**

Ken Levy MOVED and Paul Cormier SECONDED a motion that, effective December 2010, USDF Youth Participating Member dues will be increased from \$35 to \$60. Gaye McCabe MOVED, on behalf of the Youth Council, and Charlotte Trentelman SECONDED an amendment to the motion to reduce the Youth Participating Member dues increase from \$60 to \$50. This would result in a \$24,000 reduction in revenue for a full fiscal year. Peggy Klump noted that Youth Members receive the same awards benefits as do adult members. Several members expressed their support or opposition for the increase to \$60. Danielle Lee called the question. **MOTION DEFEATED.** The original motion was restated: **MOTION CARRIED.**

Proposed 2010-2011 Budget and Q&A on the Proposed Budget – Stephan Hienzsch

Mr. Hienzsch explained that the new fiscal year begins on April 1, 2010 and ends on March 31, 2011. The budget has been trimmed as much as possible and assumes minimal inflationary increases and a stable membership and competition. Sponsor revenue has been budgeted at the current all time high level. Merchandise sales are budgeted to increase because of anticipated WEG sales. Mr. Hienzsch explained that one of the biggest risks is maintaining ad revenue. While USDF is trying to shift to online product availability, members still want a printed product. At the current time, USDF must maintain the cost of printing as well as developing online products. He noted that the USDF staff has not had a pay increase since April 1, 2008 and a pay increase is not in the new budget. Staff will not have budgeted salary increases before April 2011. He further explained that there is very little margin for error in the proposed budget as almost all reserves have been removed and there is a lot of cash flow risk. The proposed budget anticipates that both revenue and expenses will remain slightly down in the next year and will remain at status quo from the previous year.

Paul Cormier MOVED and Gaye McCabe SECONDED a motion to adjourn the meeting. MOTION CARRIED.

The Board of Governors meeting was adjourned at 6:10 pm.

Respectfully submitted,

Janine W. Malone
USDF Secretary