

Dear NCHA Director,

This letter is a request for you to participate in a planning session conference call to assist the NCHA Executive Committee in our 2011 budgeting process.

The Conference Call for Region 1 Directors will take place at 4:30 p.m. MST (3:30 p.m. PST, 5:30 p.m. CST) on Wednesday November 17, 2010. You may join the call by dialing 1-800-220-9875 and using the conference call code 40080495.

(Note: If calling from Canada please dial 1-800-221-8656 and use the same call code)

The call will last one hour. Please try to call in five to ten minutes early in order to help facilitate getting everyone on the call in a timely manner.

We will be conducting one of these Regional Director conference call meetings for each of the eight NCHA regions over the next few weeks. Participating on the call will also be the three NCHA officers (NCHA President Chris Benedict; NCHA President-elect Keith Deaville and NCHA Vice President Ernie Beutenmiller, Jr.) as well as your region's Executive Committee member Dennie Dunn and NCHA Executive Director Jeff Hooper and our CFO & Treasurer Rick Ivey.

The NCHA Finance Committee and Executive Committee have been working over the past months to make sure that the Association provides the services and benefits that the membership values the most, while also managing expenses in these tough economic times. The NCHA is far from being immune to the "real world" economy, and the Executive Committee feels this is the perfect time to seek the input from ALL of our 221 National Directors in evaluating the current services and awards provided to NCHA affiliate organizations and weekend show activities.

We know many of you have made financial adjustments in your personal businesses in the past several years due to the general economic environment. In 2010 the NCHA experienced a seven percent (7%) decline in overall revenue as compared to 2009, primarily due to a decrease in show entries both at the limited age event and weekend level, as well as a decrease in *Chatter* advertising sales to owners and breeders. We did a very good job of managing our overall expenses in 2010, spending significantly less in 2010 than in 2009 *without impacting any member services or awards*, but we need to take a serious look at the challenges we face in managing these revenues as we go forward to fund member services.

As a national organization with strong regional and local affiliates, it is extremely important that we all work together to give our members the best "bang for their buck," providing first class shows and services. At the same time, we need to make sure that the expenses associated with each of the activities of the NCHA can be justified, and that those expenses are the "highest and best use" of the revenue the Association receives via show fees, membership dues, revenue from sponsors and advertisers and other sources.

At the Executive Committee meeting held November 8, 2010, the Executive Committee made adjustments to the office/cattle charges at the Triple Crown events to be more in line with covering those expenses, while still having these fees be the lowest of all major limited age events across the country. It is important to note that 100% of the added money for the NCHA Triple Crown events comes from sponsorship specific to those shows, Triple Crown ticket sales, stallion subscription fees for the Super Stakes and other sources specific to those events. NONE of the added money for the Triple Crown comes from membership dues, *Chatter* advertising revenue, weekend show 6% fees or other sources not directly linked to the Triple Crown.

We have enclosed information on the revenue and expenses associated with Weekend Show activities administered by the NCHA. These figures have been evaluated by the Executive Committee and Finance Committee and these two committees are confident that these expenses are accurate and representative of the actual costs of providing these awards and services. The NCHA is run as a very lean and efficient organization, and we are confident that we are providing the current level of services in a professional and cost-efficient manner. With this in mind, you can see that the expense of providing the current level of awards and services exceeds the revenue associated with these activities, and this has been the case for numerous years.

With that in mind, we need your assistance in helping to keep the Weekend Show activities of the NCHA strong, growing and financially self-sustaining. ***No one expects, nor has the budget ever been designed, to make weekend show activities and the affiliate organizations that put on weekend shows “subsidize” limited age event shows. In the same vein, there is not enough slack in the limited age events revenue to continue to cover the needs of the weekend events. We need to work together and evaluate how the weekend activities of the NCHA can be financially self-supporting.***

Some questions you might consider before our conference call meeting would include, but not necessarily be limited to:

- Is it time to adjust the Weekend Show 6% approval fee, which was last changed (from 5%) in the mid-1980's. Should the fee be raised, but in turn more services be provided to Weekend cutters and Affiliates?
- Is \$1,000 in earnings the appropriate amount for a member to receive an Achievement Buckle?
- Are the year-end “Top 15” buckles that NCHA provides (a total of 180 buckles at a combined cost of \$89,100 per year) the right amount, and are they valued and appreciated by the recipients?
- Is “NCHA Weekend” working in your area, or how can it be improved. Is the \$75,000 in expenses currently incurred by the Association (\$3,000 per area for 25 areas) the best use of these funds?
- Are the Grassroots Cutting Clinics valuable and appreciated?
- Are the trophies and other cash year-end awards that NCHA provides to Affiliates (a total of \$144,387 per year) the right amount, and are they valued and appreciated by the recipients?

We greatly appreciate your willingness to help evaluate these activities so that we can offer the best services to our members, and have an overall fee structure that is as conservative as possible, while still covering the expenses of the awards and services provided.

Your participation in this conference call as a Director is extremely important so that we receive the appropriate input from which to make appropriate decisions.

We look forward to visiting with you on the conference call.

Sincerely,

Chris Benedict	Keith Deaville	Ernie Beutenmiller, Jr.	Jeff Hooper
NCHA President	NCHA President-Elect	NCHA Vice President	NCHA Executive Director