

AHA Governance

Resolution 2-24

ARABIAN HORSE  ASSOCIATION
ENGAGE
2024 | CONVENTION | RENO, NV



Current Governance – Current Board

Members Representation – through Delegates

Delegates Rights – Vote for President, Vice President, Secretary and Treasurer for 2-year terms, Regional Directors, Resolutions, Convention Locations

7 Executive Committee

- Elected by delegates
 - President– max 2 - 2-year terms
 - Vice President, Secretary & Treasurer– 2-year term – unlimited terms
 - Immediate Past President – 2-year terms - max 2 terms
- 2 VP appointed by the Purebred Arabian Trust – terms determined by PAT

18 Regional Directors - elected by club delegates

4 Directors appointed by PAT – when PAT seats (*have not been fully seated since 2016*)

Current elected Board of directors 23 of 25 = 92% and PAT appointed 8%

If PAT fully seated would be 23 of 29 elected 79% and PAT appointed 6 of 29 is 21%

Resolution 2-24 - Proposed Board

Proposed 7 - Executive Committee

- Members elect P and VP – 2 consecutive 3-year terms
- Appoint Sec and Treas – 2 consecutive 3-year terms
- Immediate PP – until successor is elected
- Purebred Arabian Trust appoints 2 VP - unlimited 3-year terms

7 - Remainder of Board

- Members elect 3 to Board- 2 consecutive 3-year terms
- Council appoints 3 to Board - 2 consecutive 2-year terms
- PAT appoints 1 to Board – unlimited 3-year terms

Elected Board would be 6 of 14 – 43%

Appointed Board would be 8 of 14 - 57%

PAT percentage is 21%

14,000 AHA members will be governed by a majority vote of 5

3 of which could be PAT appointed

Quorum Majority of Board Present – 8 Majority Vote is 5

Significant change from 8% appointed to 57% appointed

VP – 6 years, P 6 years, PP 6 years – Maximum potential service 18 years – Example - age 50-68

Purebred Arabian Trust controls AHA

Members can vote out one board director annually or officers once every 3 years

Cost to run voting technology \$19,000 annually

Current Board – Proposed Board

Board 25 or 29

- Executive Committee
 - Delegates elect P, VP, Sec, Treas
 - Immediate Past President
 - 2 VP appointed by the PAT
- Remainder of Board
 - 18 regional elected directors
 - 4 directors appointed by PAT

Elected Board of directors 23/25 - 92%

PAT appointed 8%

If PAT fully seated would be 23/29 elected - 79%

PAT appointed 6/29 is 21%

Quorum – Majority of Board – 14 or 16 (if PAT Seats)
vote is 8 or 9 (if PAT seats)

Board – 14

- Executive Committee
 - Members elect P and VP
 - Appoint Sec and Treas
 - Immediate Past President
 - PAT appoints 2 VP.
- Remainder of Board
 - Members elect 3 to Board
 - Council appoints 3 to Board
 - PAT appoints 1 to Board

Elected Board would be 6 of 14 – 43%

Appointed Board would be 8 of 14 - 57%

PAT appointed is 21%

Quorum Majority of Board Present– 8
Vote is 5

Significant change of 8% appointed to 57% appointed

Leadership Size

29 Leadership Positions

Current Structure			
Executive Committee			
President			1
Vice President	Elected by Delegates		1
Treasurer			1
Secretary			1
Past President			1
Vice Presidents At-Large	Appointed by PAT		2
Total Executive Committee			7
Board of Directors			
Regional Directors	Elected by Regions		18
Directors At-Large	Appointed by PAT		4
Total Board			22
Total Executive Committee and Board			29

Without full
PAT - Board=25

Proposed Structure			
Executive Committee			
President	Elected by Membership		1
Vice President	Elected by Membership		1
Treasurer	Appointed by New Board		1
Secretary			1
Past President			1
Vice Presidents At-Large	Appointed by PAT		2
Total Executive Committee			7
Board of Directors			
Members	Elected by Membership		3
Members	Elected by Regional Council		3
Director At-Large	Appointed by PAT		1
Total Board			7
Total Executive Committee and Board			14

PAT has not appointed full 4 Directors since 2016

Regional Director Council – 18 Directors
Administrative Cost of Elections \$19,000 Annually

Actual Changes in 18 Regional Directors Duties & Responsibilities

2-24 Proposed Language

6 Key Concepts - #1

“The 18 regional directors remain intact with similar duties and responsibilities with the new name of Regional Directors Council.”

Proposed does the following

- The Region elects Directors to serve on the Council – **not** on the AHA Board of Directors
- Council meets *once* annually and elects its own Presiding Officer and Secretary
- Regional management duties and activities remain – regional show and event management
- May veto the AHA Board who has vetoed the AHA Delegates

Proposed removes the following

- Fiduciary duty to AHA
- Decisions on Board elected positions
- AHA Board duties and deliberations regarding AHA business
- Geographical representation on Board
- Member participation to elect regional directors directly to Board
- No action on liaison to committees
- Regional Council not enumerated in Bylaws

Board Selections of Elected Commissions & Committees

2-24 Proposed Language

6 Key Concepts - #2

“There are no changes to the structure of Committees, Commissions and Delegates.”

Board of Directors elect the following -

Futurity Commission
Distance Commission
Education/Evaluation Commission
Sweepstakes Commission
Sport Horse National Show Commission

US National Show Commission

Youth & Mid Summer National Show Commission

3 Members of Market Development & Promotion Committee

3 Members of Registration Commission

All 4 Members of the Sweepstakes Trust

With majority of those present – could be very few doing the electing of these committees and commissions – take only 8 of 14 and that is with all 14 present. Of those 14 - 21% are PAT appointed and overall 57% appointed

Quorum of 14 is 8 - Can do business with 8 votes – and a majority is just 5.

Nominating Committee – Becomes Qualifications Committee

2-24 Proposed Language

6 Key Concepts - #2

“There are no changes to the structure of Committees, Commissions and Delegates.”

- Elected under the current description
- Would need to be elected under new criteria in the next term
- Very specific and different deliverables in proposal
- Committee is to develop application – where is the oversight and approval of the application
- This group does the vetting – challenge when someone is not moved forward
- Recruitment process to this committee is not established
- This committee remains elected by the Board of Convention and would be nominated by the Council rather than the board.

AHA Concerns with 2-24 Board Representation to Council

Proposed Representation

Council chooses 3 to represent on Board –after November Convention

Concerns

- Unknown to each other –Knowledge, Skills, and Abilities
 - Potential lack of geographical representation
 - Potential lack of Arabian experience, passion and compassion
 - Potential lack of Canadian representation
-
- Board Directors are elected by their regions per their region bylaws for 2-year terms with obligations to their regions and to AHA.
 - Board Directors are the chair of their regional board of delegates during their term as chair.
 - Proposal does not have a role for a vice chair position of the region or to serve in the Director's absence.

AHA Concerns with 2-24 Requisite Business Experience

2-24 Proposed Language

6 Key Concepts - #3

“The new Board members will be elected based on their requisite business experience combined with their knowledge of the Arabian horse industry. They shall be laser- focused on the strategic plan of AHA and charged with reversing the downward trends within our industry.”

Competency Model for Executive Officers – 2013

Competency Model for Regional Directors - 2024

Officer Elections - Current



- Electing people to positions with a specific job and term
- Officers – 2-year terms
- Candidates submit resumes and applications utilizing competency model – posted online
- Treasurer – serves on 13 committees and commissions

Competency Model – Officers

Business acumen – applies knowledge of management and financial concepts to achieve success	Collaboration – partners with others to accomplish goals	Developing others – coaches and guides others to support their performance and growth
Innovation – develops or facilitates the development of new ideas, products, programs or solutions that provide for opportunities for growth	Inspiring and motivating others – inspires passion and enthusiasm in others to engage and excel	Integrity and ethics – leads in accordance with the highest ethical, legal and social standards
Results orientation – focuses on desired results and sees goals through to completion	Stakeholder management – champions the interests of various stakeholders in a balanced manner (owners, breeders, trainers, judges, youth, volunteers, staff, donors, external)	Strategic visioning – defines and articulates the purpose, direction and future of the organization for all stakeholders

Competency Model – Regional Directors

Ambassadorship – promotes organization through personal actions and spokesperson role	Communication – delivers clear, effective oral and written communication; takes responsibility for understanding others through active listening	Conflict management – manages and resolves concerns or disagreements in a fair and respectful manner
Decision – making – makes timely, informed decisions to create optimal outcomes	Delegating – appropriately assigns responsibility and authority to others, providing support and direction	Diplomacy – navigates formal and informal networks, relationships and cultural norms to achieve results
Influence and persuasion – shapes the actions, behaviors or opinions of others in service of the organization	Prioritizing – assesses importance of issues and tasks to take action	Team development – builds highly effective and collaborative teams

2-24 – Amendatory Resolutions

2-24 Proposed Language

Agreed

6 Key Concepts

Membership
Check -In

#4

“The Board should have, *in rare situations*, the ability to modify Resolutions that threaten the welfare of the horse, the best interests of our members, the integrity of the sport, or implementation of the strategic plan. The Regional Council can veto such a modification with a majority vote.”

USEF will allow Presidential Modifications - no guarantees, must be special circumstance and special hardship – USEF CEO

2-24 – Amendatory Resolutions

Proposal: Written in disapprove language – not logically consistent - should be ratification

1. Delegates pass resolution – depends on effective date of the Resolution – standard 12/31/following year or extraordinary 12/31/current year
2. Board may amend or replace resolution within 30 days –potentially dealing with reso that isn't effective yet
3. Board sends letter to council explaining why amended or replaced resolution.
4. Council may object within 30 days with written certification – if no objection then goes forward as Board amended or replaced. If Council majority (9) object- then reso remains as the delegates left it

Concerns

- Council can disapprove Board decisions on resolution without having a Board Fiduciary responsibility to AHA
- Concern of doing this without a meeting
- United States Equestrian Federation and Equestrian Canada implications
- What power does the Executive Committee have in this order of disapproving

Risk of who has ultimate authority - Opens possibility of legal disputes

Proposed 2-24 –Timing Issue

- Officers elected in 2024- must serve through 2026
- 2023 Elected Regional/Board Directors – will serve through 2025
- 2024 Elected Regional/Board Directors – will serve through 2026.
- 2025 Elected Regional/Board Directors – will serve through 2027.

- 2026 Elected Regional Directors – would only serve on Regional Council
 - No access to Board training
 - No access or responsibility to Board fiduciary duty

- Unintended Consequences
 - Lack of people willing to serve on the Board
 - Lack of regional information and perspective on the Board for veto responsibilities
 - Lack of AHA Board information for decision making by Council Directors

- Regional Bylaws will most likely all be in conflict as they elect a Director to serve on the AHA Board of Directors – Regions will have to amend their bylaws to say serve on Council.

AHA Concerns with 2-24 Executive Committee Responsibility

- Current Executive Committee – is responsible to entire Board of Directors – 7 reporting to 25
- Proposed Board – 7 reporting to 7
- Proposed Board – 4 of 7 appointed
- Has enumerated powers to act following the business policies to govern AHA
- Position on EC is either by delegate (current) or membership (proposed) and appointed

2-24 –Parliamentary Issue – Majority or Plurality

Current rules – Majority

- Person or any other measure must receive majority of vote. If more than 2 in race there is a run-off until there are 2 and one receives majority vote to win.
- Example: 7000 votes submitted
 - 3000 for A – 43%
 - 2500 for B – 36%
 - 1500 for C – 21%
 - A and B run off so one will receive majority of votes.

Proposed - Plurality

- Most votes wins – no run-offs
- Example: 7000 votes submitted
 - 3000 for A - 43%
 - 2500 for B – 36%
 - 1500 for C – 21%
 - A wins with 3000 votes only 43% of members wanting this choice

AHA Concerns with 2-24 –Delegate Rights

Current Delegate Rights

- Vote for Officers – P, VP, S and T
- Vote on all Resolutions
- Vote on Convention location

Proposed Delegate Rights

- Lose voting right for Officers as delegates - as member P and VP do vote
 - Total loss for voting for Secretary and Treasurer
- Lose representation including geographic representation including Canada
- Lose rights of the Delegates – may be overturned post Convention
- Lose right to nominate candidates to office from the floor

AHA Concerns with 2-24 –Regional Director Rights & Responsibilities

The Duty of Care and Duty of Loyalty – common terms for standards that guide directors.

Current regional Director Rights & Responsibilities

- Vote for Officers – P, VP, S and T
- Vote on all Resolutions
- Vote on Convention location
- Vote on all AHA business including annual budget, elections to Commissions & power to employ Executive Director with fiduciary duty to AHA
- Vice Chair may serve in Regional Director absence
- Represent their members
- Liaison to assigned committee, commission, board, panel
- Chair regional board of delegates

Proposed Director Rights

- Lose voting right for Officers at Convention
 - As members vote for P and VP
 - No vote for Secretary and Treasurer
- Lose representation including geographic representation including Canada
- Lose rights as voting delegate – may be overturned post Convention
- Lose right to nominate candidates to office from the floor
- Lose voting on AHA business at Board meetings
- Vice Chair has no right to serve in AHA business
- No action on committee liaison positions
- Serve on Council
- Participate in selecting 3 of 18 to serve on Board

AHA: ASSOCIATION OR CORPORATION

Association

promote well-being of members and work toward common goals

Made up of businesses that share a mission and brand

Three bottom lines – mission, member value, money

Many hierarchies and profit centers offer continuing education course to help

Members maintain their right to practice their profession

Volunteer Contribution to AHA is over \$3 million in 2024



Purpose

Structure

Bottom Lines

Complexity

Training

Corporation

Make profit and long-term value for their stakeholders

Single organizations

Single bottom line – profit

None

Focus on compliance training to reduce risk and protect the company



2 Governance Studies – Required per Merger

Management Advisors – 2003

- Associations are businesses
- Non-profit is tax status not business philosophy
- Volunteers – expertise, knowledge, wisdom
- Chief employee – carries out aim and desire of Board
- **Trend to move implementation from volunteers to staff**
- **Create CEO and CFO**
- Maintain Executive Committee, Board and Delegates
- Modify Committees
 - Create Budget & Finance
 - Breeders Committee
 - Recreational Rider
 - Ongoing legal & magazine
 - Retire planning committee
 - Merge Youth Board & Activities

Charney Report 2006-2007

- **Reduce Board Size**
- Run like a business and staffed accordingly
- Authority to implement strategic plan in timely fashion
- Adopt Business Policies to Govern AHA
- CEO performance monitored against policy and strategic outcomes
- President is not managing or volunteer CEO
- **Create CFO position**
- Regular communications delivered to membership
- The Board cannot fear the delegates or Convention

Merger Lessons Learned

**Delegates need to read the documents
understand them and vote**

Merger – PAT Funded Promotion for MDP Projects

MERGER

Convention 2002

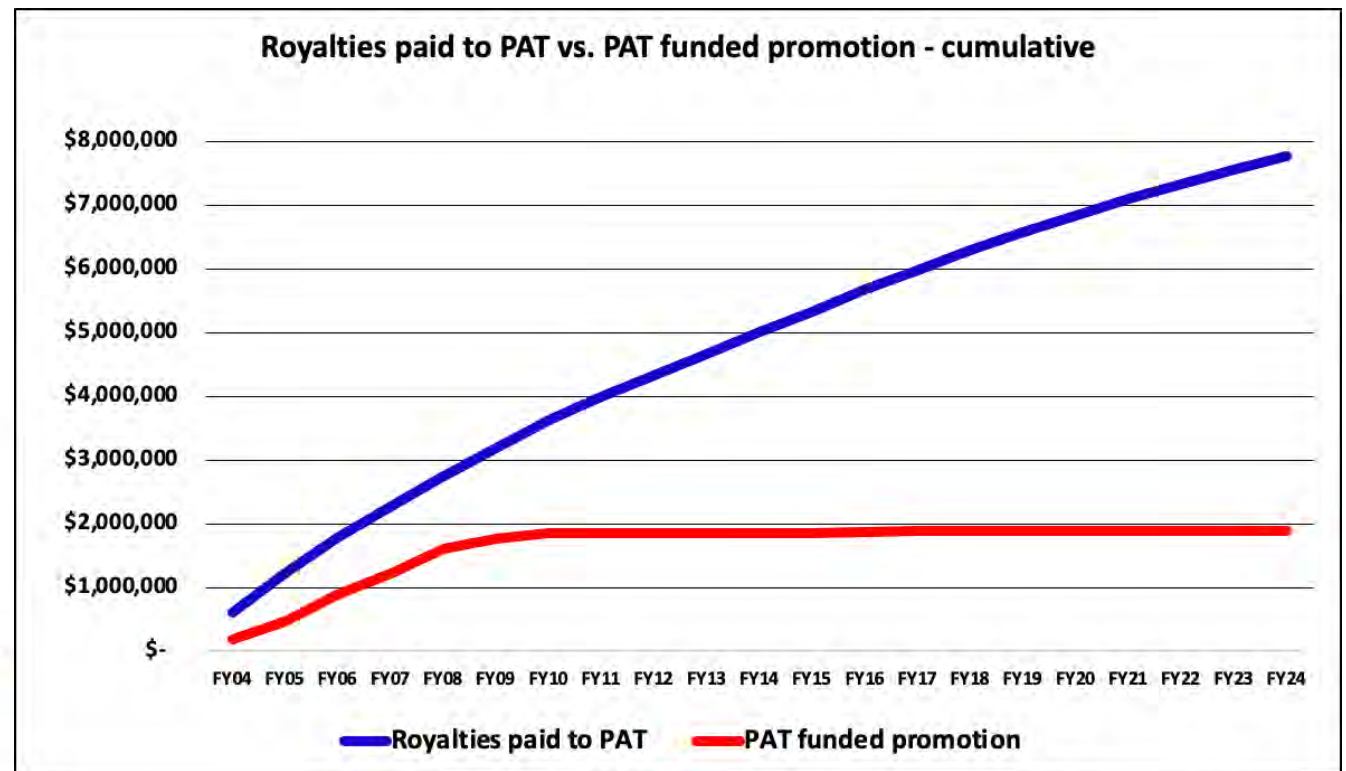
- Voted "in concept"

Merger (April 2003)

- Composition of the MDP and RC: 1/3 of each
- Royalties: 1/3 of PB
- FY 22 data available on the website

Royalty Payments and Assurance Letters

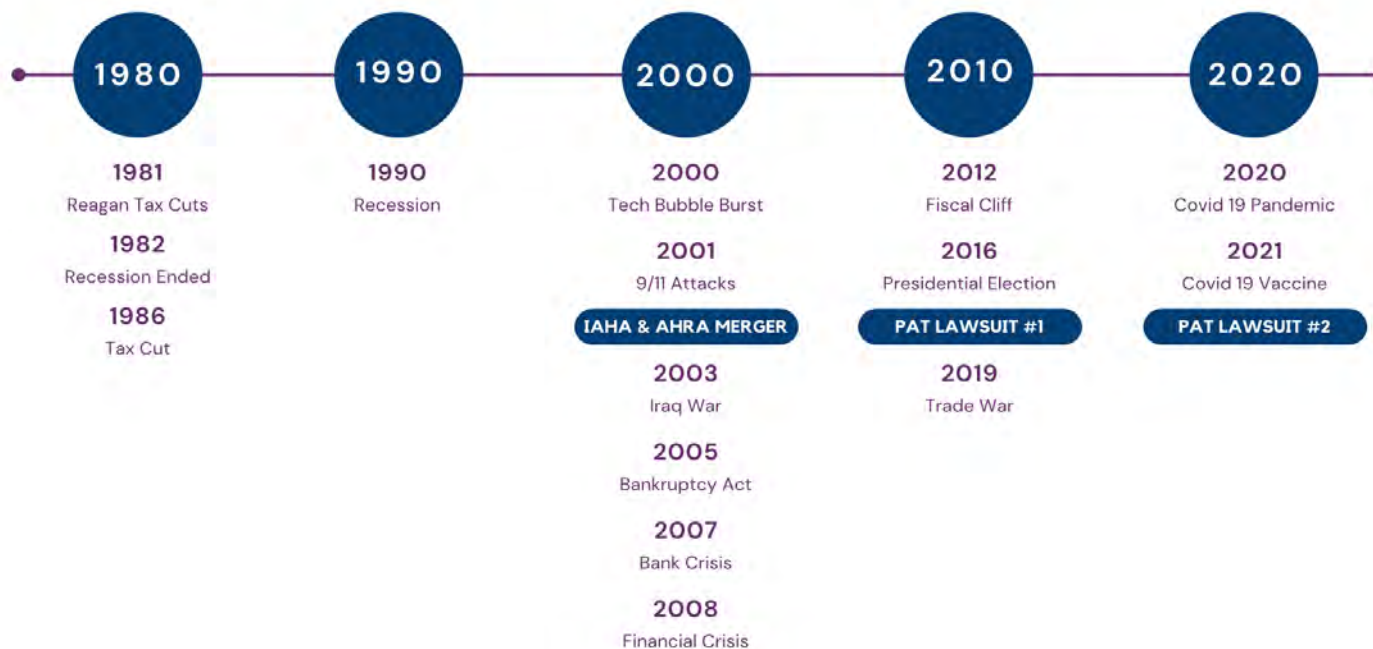
- Issued quarterly and annually



Economic Impacts on Discretionary Spending

MAJOR EVENTS - US & CANADA

Bureau of Economic Analysis - US GDP By Year since 1929



Decision Making Matrix

Convention

- Articles of Incorporation
- Bylaw Amendments
- Convention Locations
- Resolutions
- Officers
- Not Registry

Board of Directors

- Annual Budget
- Committee/Commission recommended Motions
- Selection of 13 Commissions
- Employ Executive Director

Rule Changes – PPTX – USEF and Equestrian Canada Processes explained

Executive Committee

- Empowered between BOD meetings
- Limited by policy directives approved by the BOD
- May postpone or cancel Convention

Commissions, Committees, Boards, Panels

- If applicable submit annual operating budget
- Submit reports to Board
- Submit motions to Board
- If applicable participate in contract negotiations and contract vetting team
- Identify issues of concern to bring forward
- Adhere to Code of Ethics and Sportsmanship Conduct
- Work with other committees to carry out projects
- Mentor future leaders to participate and lead

Enterprise Committees – Tier A

Elected by Convention

- Commissioner's Review Panel
- Ethical Practice Review Board
- Judges & Stewards Selection Committee
- Nominating Committee
- Probable Cause Panel

Appointed by the President

- Agenda & Resolutions
- Annual Convention Planning
- Budget & Finance (1PAT, 1 Sweeps)
- Bylaws Committee
- Competition Advisory Committee (set requirements)
- Local Level Committee
- National Shows Directorate (most by virtue of other roles)
- Resolution 5-90 Committee
- USEF Arabian Division
- Ad Hoc Committees

Elected by Board of Directors

- Futurity Commission
- Distance Commission
- Education/Eval Commission
- Internal Audit Committee
- Sweepstakes Commission
- Sport Horse National Show Commission
- US National Show Commission
- Youth & Mid Summer National Show Commission
- 3 of Market Development & Promotion Committee – HA reps
- 3 of Registration Commission – HA reps
- Sweepstakes Trust

Purebred Arabian Trust Appointments

- 3 of Market Development & Promotion Committee – Purebred reps
- 6 of Racing Committee (Arabian Jockey Club Executive Committee)
- 3 of Registration Committee – Purebred reps
- 1 of Budget & Finance Committee

Elected by Licensed Judges & Stewards

- Judges & Stewards Steering Committee

Elected by Youth Association Members

- AHYA Board

Appointed by the Arabian Horse Foundation

- Foundation Board

Enterprise Committees – Tier B

Any member may serve on Tier B

Chairs and Vice Chairs – selected by the President

2-Year terms – max 2 years – the Executive Committee may override this limitation

- Amateur Committee
- Awards Committee
- Breeding In-Hand Committee
- Distance Riding Committee
- Dressage/Western Dressage Committee
- Equine Welfare Committee
- Equitation/Showmanship Committee
- Hunter/Jumper Committee
- Membership Committee
- Professional Horsemen Committee
- Sport Horse Committee
- Working Western Committee
- Youth Committee

Other Related Committees & Entities

- Purebred Arabian Trust
- Arabian Horse Foundation
- Arabian Hunter Pleasure Association
- Arabian English Pleasure Association
- Arabian Western Pleasure Association
- Breeder's Pays
- Arabian Jockey Club
- Arabian Horsemen's Distress Fund
- Arabian Professional & Amateur Horsemen's Association
- Arabian Promotional Fund
- Arabian Horse Owners Foundation
- We Love Arabian Horses

- Credentials Work Force
- Investment Advisory Group
- Show Process Improvements Task Force
- Convention Vetting team
- Contract Review Team
- Governance Task Force

Procedures for Voting Meeting

- Proponent will have the floor first
- All members registered for Convention and in good standing may speak for 2 minutes – only twice.
- Follow Roberts Rules
- Sharon Richards is the timer and red card will be held at 15 seconds - Mics will be cut at 2 minutes
- Sergeant at Arms will be stationed at mics and throughout the meeting space.

What drives Growth – Governance or our Members



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