

**BBU BOARD OF DIRECTORS MEETING
DRURY PLAZA SAN ANTONIO
JUNE 30, 2017**

President Steve Carpenter called the meeting to order at 8:08 a.m.

Mackie Bounds opened the meeting in prayer.

Vice President Bob Siddons called roll with the following members present:

Steve Carpenter	JC Thompson	Kendall McKenzie
Bob Siddons	Robert Williams	Derek Frenzel
Chris Kauffman	Trey Scherer	Gary Halepeska
Mackie Bounds	Ronnie Teague	Bill Pendergrass
Tony Psencik	James Skelton	Collin Osbourn
Sue Pierson	Dalton Skinner	

Dan A. Gattis and Justin Williams were unable to attend due to previous commitments.

Mackie Bounds made a motion to approve the minutes of the May 23, 2017 conference call meeting as presented. JC Thompson seconded and the motion carried.

FINANCIAL REPORT –

Treasurer Chris Kauffman addressed past issues of financial reports (being delayed and/or incomplete). BBU has recently hired Badger & Badger CPA to replace Small Business Associates as their accountant. Kauffman noted the change has already resulted in better response times and more complete financial reports. He presented the board a Management Report prepared by Badger & Badger and gave a brief summary of the contents.

The May Financial report was also presented and discussed. Collin Osbourn spoke to the DNA income number being higher than projected in the budget, noting it was due to the fact that breeders are taking advantage of this technology. Based on numbers from the May financials and projected numbers for June and July, Kauffman forecasts a net income for the fiscal year end. **James Skelton moved to**

accept the May Financials as presented. Sue Pierson seconded and the motion passed.

Mackie Bounds made a motion to go into executive session. Kendall McKenzie seconded and the motion carried. Guests were excused as well as Osbourn and Pendergrass. Contracts and salaries were discussed by the board in this executive session. **Mackie Bounds moved and Ronnie Teague seconded the motion to return to open session. Guests were invited back into the room and the board meeting continued.**

COMMITTEE REPORTS

Advertising and Public Relations – Chairman JC Thompson reported that nine of the eleven committee members were present during their meeting. Thompson discussed current advertising efforts noting: RFD TV's The American Rancher is self-supporting; The Banner and The Pay Weight publications bring in some profit; Co-Op ads, supported by Satellites and their members, still have room to expand and grow. Communications Coordinator Jeralyn Novak introduced Payton Sultemeier, a high school junior from Fredericksburg who is working on a program promoting the importance of agriculture and protein in our diets and getting that message to local grocery stores. **JC Thompson made a recommendation in the form of a motion from the Advertising and Public Relations Committee that BBU supply Sultemeier a letter of support from the board to help with his pursuit of more support from the Texas Beef Council and possibly from the HEB grocery chain, getting his program initiated. Chris Kauffman and the rest of the board concurred and the motion passed.**

JC addressed the need for a new platform for print ads stating that several proposals have been obtained. The committee liked one from the Grant Company best. **Thompson made a recommendation from the Advertising and Public Relations Committee in the form of a motion that the BBU Executive Vice President continue to negotiate for marketing consultation with the Grant Company for a fresh ad campaign. Sue Pierson seconded and the motion carried.**

Trey Scherer noted the need to review ads set to appear in Breed publications prior to print in order to avoid bad or damaging publicity. **Scherer made a motion to give EVP and staff the ability and the discretion to reject undesirable ads that**

will inhibit the progressive direction of our breed identity and image. Ronnie Teague seconded the motion. Discussion ensued about putting staff (who now sell the ads) in a bad position with their customers. Derek Frenzel suggested an ad screening committee to include the chairs of the Long Range Planning, Breed Improvement and Advertising and Public Relations committees. They suggested that the staff can assign such a panel to consult and help as they see fit, but the responsibility will still be on the staff to produce the right kind of breed publication to send out to potential bull buyers. President Carpenter called for any further discussion and then called for the vote. **The motion passed with one opposed.**

Breed Improvement – Chairman Dr. Robert Williams spoke positively on the new breed registry system being developed noting past experience with the program. Williams also spoke on selection indexes and new traits being looked at and reviewed for possible inclusion to enhance our current indexes including traits such as fertility, feed intake and RFI, etc. The committee also discussed educational opportunities we can utilize to get information out on the use of EPDs, the use of indexes or use of the registry system in terms of Beefmaster cattle whether it be through printed material or videos online. The committee agreed and recommended to NOT move forward with publishing underline EPDs at this time.

By-Laws - Chairman Bill Carr stated that the By-Laws Committee met and waited to review any recommendations and motions that other committees planned to make to the board. None were received.

Carr noted that in executive session on October 22, 2016, the BBU Board had voted to retitle Collin Osbourn's position to Chief Operating Officer (COO), but the By Laws and his employee contract read "Chief Financial Officer". The By Laws designate the Executive Vice President as the COO and the vote to title a second employee as COO is in conflict with the By-Laws. Chairman Carr suggested three options for the board to consider in order to rectify the situation:

1. Rescind the board action and make no change
2. Change the title in some other way

3. Delete the language from the by-laws designating the Executive Vice President as COO and then further amend the By Laws to describe the second position as COO.

President Carpenter recommended rescinding the board action at this time.

Mackie Bounds made a motion to rescind the board action of the October 22, 2016, meeting that changed Collin Osbourn's title from Chief Financial Officer to Chief Operating Officer and go back to the title of Chief Financial Officer as given in the By Laws and the employee contract. Kendall McKenzie seconded the motion and it carried.

Commercial Marketing – Chairman Lorenzo Lasater reported the committee had met in two different conference calls along with one in person meeting yesterday. The committee is now divided into five regions, each with vice chairs. Each of the regions are encouraged to hold a field day and a feeder calf or commercial replacement female sale. Neogen spoke to the group about possibly developing a commercial replacement heifer chip that would give commercial customers a DNA test to run on their heifers (steers) to give them the benefit of an EPD base, sire identification and other performance traits to sort on. **Lasater made a committee recommendation to the board to allow staff to proceed in conversations with Neogen to develop the replacement heifer chip and call it the Igenity Beefmaster Test. Kendall McKenzie made this a motion. JC Thompson seconded the motion and it carried.**

Convention Committee – Chairwoman Marie Welkener reported to the board on the 2017 Convention to be held at Moody Gardens in Galveston, Texas, October 26-28. After researching the cost of meals and such the committee recommended the registration fee for the convention be set at \$250 per person. **JC Thompson made a motion to set the 2017 BBU Convention registration fee at \$250 per person. Sue Pierson seconded the motion and it passed.**

Welkener continued her report informing the board that the convention will offer entertainment, a dance and various educational programs. A group of International guests are also expected to attend. Marie challenged each board member to consider selling at least one ad for the Convention Guide by targeting feed stores, banks, vets and other places where they spend their own money.

Finance and Audit – Treasurer Chris Kauffman presented the board with the 2018 proposed budget noting line increases and how they were derived. No fee increases were proposed at this time. Rush fees and expectations were discussed. **Kauffman made the recommendation from the committee in the form of a motion that the board approve the 2018 Budget. Robert Williams seconded and the budget was passed with none opposed.**

International Committee – Bill Pendergrass, in the absence of chairman Dan Gattis, reported that there is a wide market for our genetics internationally. Pendergrass attributed this to our members and committee vice chairs' efforts. Billy Welkener resigned his vice chair position and recommended Ray Walther replace him in this position. **JC Thompson moved that the vacancy of the Mexico Vice-chairs seat on the International Committee, left by Welkener's resignation, be filled by Ray Walther. James Skelton seconded and the motion carried.**

Bill announced that the USLGE funding may not be available next year. We have made our requests as always and will wait to see what happens. New markets are opening up in Vietnam, Argentina, Central America, South Africa and Australia (Droughtmaster). Texas Department of Agriculture is active in Argentina and that is a magnifier effect for us there.

Pendergrass reported on GIT (Go International Team). The dues go to pay the \$5000 fee that BBU pays to USLGE to be able to request funds and bring in the International buyers spending the money for our genetics.

Australia will be sending a delegation to our convention in October in hopes to learn more about each other and talk with us on furthering a relationship. Bill feels that we need to be ready to reciprocate with a delegation to their event next May.

Turkish guests will be in for the Beef Cattle Short Course and Doyle Sanders will take them around to Beefmaster ranches. Missouri is hosting some Panamanian guests in the near future. All breeders are encouraged to touch base with their own state departments of agriculture to explore funding for and hosting International guests.

JBBA Adult Committee – Co-chairman Casey Ballard invited everyone to the 33rd JBBA show and Convention to be held in Wichita Falls, Texas July 16 – 22, 2017. Ballard noted that 550 head will be shown this year and 260 are registered for the

convention. JBBA purchased and used the ShoWorks program for online Nationals registration and show entries his year. ShoWorks will take the information entered and build the catalog/program for the event also. Casey shared that each JBBA Adult Committee member will be assigned a contest to oversee this year. The JBBA Board has also been called on for help and input to get them more involved in THEIR Junior Nationals. Ballard thanked Collin for his help in getting things together for the event.

Juniors are heavily involved in the AI program with 229 of 658 animals registered by JBBA members were results of AI. A few years ago, JBBA Nationals incorporated the Ultrasound Carcass Contest and this year there are 60 head that will be scanned in this contest. Juniors are doing a great job of utilizing the programs that BBU offers.

Ballard stated that the JBBA Adult committee recommends to the board that BBU hire a JBBA staff person with full JBBA responsibility. Possibly an ex Ag Teacher would fit to oversee this program. Mackie Bounds asked about the funding for that staff member. Ballard noted that dependent on the responsibilities of the staff member, JBBA would be willing to at least partially fund the position. President Carpenter noted that the chairs of this committee are volunteers and have more than other committee chairs to deal with. Thus, this committee chair is one of the hardest to fill each year. Bounds expressed that JBBA being ready to help fund such a position is instrumental in the consideration of the idea.

Membership Committee – Dave Loftin reported for absent Chairman Ryan Walker) that the membership committee had discussed simplifying paperwork for new members. Beyond encouraging new members to utilize Pro Services, the committee recommended to the board producing and distributing (via hard copy and/or online) a new member handbook with an online tutorial available to walk new members through the paperwork involved in registrations, transfers, AI certificates, etc. No board action was required at this time.

Executive Sales Committee – Chairman Tony Psencik reported that this past year the committee has been trying to come up with a new name and a new definition of the committee purpose and goals. Some areas of discussion included promoting/holding field days and defining rush fees and when it is warranted.

Collin Osbourn indicated the current determination for a rush fees is when the turnaround time in the office (typically 7-10 days) is beyond the breeder's need to have the work done. JC Thompson addressed the rush fees being charged and when they are warranted and further indicated rush fees have become a new revenue stream for BBU and are penalizing the very breeders who support BBU programs such as Whole Herd, IBR, etc. **Thompson moved that we abolish the rush fee and go back to appreciating the membership for the contributions they make however small or large adding to the success of BBU and encourage instead of discouraging the registration process.** Discussion ensued. President Carpenter called for a second on the motion. **The motion died due to lack of a second.** Carpenter suggested if there is still an issue once the new system is put into place the board should revisit the topic then.

Long Range Planning Committee – Chairman Trey Scherer spoke on the reconfiguration of the committee. President Carpenter put the chairs of all committees on the Long Range Planning Committee. The reasoning behind the restructure was that any long range plans need to be addressed and carried out by the standing committees to assure success and implementation. The Long Range Planning Committee met early on the first day of meetings in order to equip each chair with long range plans and topics to incorporate into their agendas and address at their meeting.

Trey noted that as a breed we have to do a better job of identifying ourselves and improving our image. In that respect, the Breed focus for the next several years should be efficiency – specifically maternal efficiency. Each committee was asked to help implement and achieve this goal in the following ways:

- Breed Improvement – need to focus on ideas that will improve and/or promote efficiency – maternal efficiency
- Advertising – need to continue to be sure ads we are producing are in the correct image and identity we are trying to promote – and make sure ads promote more positive images such as solid colored cattle in regionally relevant areas
- Commercial Marketing – the heifer replacement chip they recommended to the board is right in line with the long range focus

- Membership – make the programs and data entry more user friendly and economically relevant. Find ways to help breeders to participate in the data entry thus streamlining it and making it easier and more efficient for breeders and staff. The new software program will move us in that direction. Growing the next generation and educating them in these areas.
- International – Promote BBU focus in our International visits talking about our move towards maternal efficiency and getting them thinking in that direction also
- Finance & Audit – Looking at revenue generating programs and the support of B.E.E.F.
- Ethics – Keep a watchful eye on areas within the breed that may have some ethical concerns which could affect our image
- JBBA Adult – Continue to look at how JBBA is affecting our identity and image. Better educate the juniors about the demands of their commercial customer. Educated properly this group can promote our identity and image better than most adult breeders, especially through the use of social media.
- Convention – Insure the seminars and events surrounding convention relate to our focus be it efficiency or improving our image and identity.
- By-Laws – being sure any new programs and/or changes are in compliance with our by-laws. Notifying the board of any conflicts found in proposed changes and recommending courses of action to resolve such.

Scherer brought a few resolutions from the committee for the board to consider.

The Long Range Planning Committee moved that the BBU Board pass a resolution that the breed and its committees focus on system efficiency as it relates to maternal growth and carcass characteristics. (No second required from a committee motion.) The motion passed.

The Long Range Planning Committee moved that the BBU Board pass a resolution to prioritize the advertising and promotion of solid colored cattle as regionally relevant as preferred by the commercial cattle industry. (No second required from a committee motion.) Motion passed.

B.E.E.F. – President Dave Loftin thanked The Beefmaster Cowman for their continued support. Five Scholarships have been granted and B.E.E.F. has funded just over \$90,000 for research. Loftin noted that programs such as Partners for Progress, stock donations and various cash contributions have helped fund these projects and scholarships. Loftin shared B.E.E.F.'s plans to auction a heifer at the convention in October (donated by Dr. Jim Colvin). An Investment Committee (for future planning) and an advisory committee (to review grant requests) are being formed. The B.E.E.F. board of directors will be expanding and B.E.E.F. by laws will be revised in order to increase representation on the foundation board of directors to address things in the future.

Mackie Bounds reported on the Endowment Campaign noting that money is starting to come in. We need to hire that Investment Committee Dave mentioned; an outside firm to start investing the money to generate funds that can be put up for projects that will benefit this breed. Bounds challenged any board member that hasn't invested in the Endowment yet, to make that commitment prior to the 2017 BBU Convention. Bob Siddons noted that the "founders" opportunity will end at the convention. The Endowment will provide funding and open avenues for research projects in the future that will make a difference in the future of the Beefmaster Breed. Ed Brandt addressed the board on the Endowment and investing in it. The Endowment is permanent. The interest on the Endowment fund is what will fund the projects. It will be successful. Bounds shared a quote from Bill Carr's description of the Endowment: "The best means to achieve the things in the long run that will provide a continuing source of adequate funding for some lengthy projects. The propriety and rationale of a breed association establishing such a fund to conduct and publicize favorable research is as sound as are the six essentials as a cattle breeding philosophy."

EVP REPORT

Bill Pendergrass updated the board on how B.E.E.F. is already at work. Bill spoke of an invitation from the Noble Research Institute (NRI) to the Long Range Planning, the BBU Board of Directors and the B.E.E.F. Campaign Committee to Ardmore, Oklahoma for an education/facilitation session. NRI is the largest privately funded ag research facility in the United States. They have been charged with making ranchers more efficient.

Pendergrass updated the board on the research project underway right now involving cattle at University of Arkansas at Monticello and Flying B Ranch. He reported on the use of the Grow Safe system and explained in detail the outline of the projects.

Roaring Springs Ranch, a commercial ranch in Oregon, asked us to partner with them on a parentage project. They have approximately 2000 Beefmaster sired steers and have sire identified carcass data records that will help us develop carcass trait EPDs. The manager at Roaring Springs Ranch is a geneticist and has asked BBU to house, analyze store and manage that carcass and performance data. They have asked for this to be a five year continuing project.

Nominating Committee – Chairman Mackie Bounds presented the following slate of nominees for the Officers and Board of Directors for 2018

Dan A. Gattis – Hutto, TX – SECRETARY
Chris Kauffman – Searcy, AR – TREASURER

DIRECTORS FOR THREE YEAR TERM EXPIRING 2020

Sue Pierson – Vacaville, CA
Jerry Thomas – Henderson, TN
Dr. Jim Colvin – Seguin, TX
Larry Lairmore – Foreman, AR

President Steve Carpenter spoke on the influence of the Noble Research Institute in the industry and their interest in Beefmaster research after many years of being excluded.

Carpenter also noted the need for a satellite to host the 2019 and 2020 convention.

JC Thompson made a motion to move into executive session. **Chris Kauffman** seconded. The motion carried. Carpenter asked **Mike Collier**, chairman of the **Ethics Committee**, to remain in the Executive session.

The Board meeting did not reconvene after executive session.