

BBU Board of Directors Meeting

April 26, 2016

Fort Worth, Texas

Call to Order: President Mackie Bounds

Opening Prayer: Ex Officio Steve Emmons

Roll Call: Secretary Dan Gattis. The following members were present with no absentees.

Mackie Bounds	Tom Hood	Ronnie Teague
Steve Carpenter	Bob Siddons	James Skelton
Chris Kauffman	Tony Psencik	Dalton Skinner
Dan Gattis	Sue Pierson	Bill Pendergrass
Steve Emmons	JC Thompson	Collin Osbourn
Jerry A Davis	Steve Dodds	
Clark Jones	Trey Scherer	

Approval of Minutes – Clark Jones moved to accept the minutes from the January 28, 2016, meeting in San Diego and from the March 17, 2016, Conference call meeting as printed. Steve Dodds & Tom Hood seconded the motion and with a vote it passed.

Financial Report: Treasurer Chris Kauffman and CFO Collin Osbourn commented on the financial report and budget to date reports distributed. Kauffman noted that Convention and DNA looked to be ahead of budget but actually had corresponding expenses that cancel them out. We are still ahead of our budget, just not as far as the reports appear to display. Kauffman noted that projections show we should be in the black at the end of the physical year. He also noted that the approved loan to B.E.E.F. has not been drawn on as of the presented financial report. CFO Collin Osbourn addressed the delay in getting financials out and also noted that he agreed with the treasurer on the projected FY end balance being in the black. **Steve Carpenter moved to accept the financial report as given with a second by JC Thompson. The motion carried.**

BBU Membership Committee Report – Collin Osbourn reported that the committee co-chairs, John Pierson and Ryan Walker, met with the President, CFO and Executive Vice-President via conference call and obtained permission to continue to make calls to members who had not renewed by the middle of March. The committee divided the list and made calls to these members offering reduced renewals at the February rate as has been done in the past. They received various responses ranging from intent to renew to retiring due to health/age. Many of the contact numbers were invalid and had not been updated and they

had to leave a voice mail for many others. The committee was also asked to form a benefits package for members with hotels or businesses. Pierson worked on contacting businesses to determine their interest in participating. Many of the hotels thought our group was too small. John asked that suggestions of businesses and especially any contact numbers to follow up on the suggestions, be forwarded to him. The committee has also been asked to follow up on the mentor program for new members including setting up regional new member orientation sessions and seeing how we might recognize members for their participation.

BBU Advertising Committee Report – Jeralyn Novak reported at the request of Chairman Clark Jones. Novak reported that the committee has had two conference call meetings. They have been working on a new logo and website redesign. The committee, through Novak, has also been preparing the annual RFD TV program on the American Rancher and are in the process of setting up interviews for that show. Novak stated she is still taking suggestions for interviews, testimonials and photo/video shoots for the upcoming show. There is still a need for two more advertisers for the upcoming show – running the first week of September with a rerun the second week of November. The committee is also looking to add more facts and data into Beefmaster ads, utilizing carcass data and such. Novak stated the need for new mailing lists for the PayWeight, which goes out twice a year. She noted the need to grow and reach areas that may not otherwise know about Beefmasters. Clark Jones emphasized the testimonial ad development that Novak mentioned stressing that testimonials from those that have used our cattle will speak volumes to the readers of the ads. He also noted the need for more pictures of females taken in various environments that can be used accordingly in regional ads.

International Committee – presented a name change request to include International in our name. Mackie Bounds indicated that the addition of international to our name must be considered carefully because we could end up with similar or the same initials as our competitors. **Bob Siddons moved to table the recommendation from the International Committee at this time and go back to the committee with Beefmaster Breeders Universal as the recommended name change. Jerry A. Davis seconded and the motion passed with a vote.**

Old Business:

B.E.E.F. Endowment Campaign Update – Mackie Bounds reported that the campaign committee met yesterday. This committee is separate from the B.E.E.F. Board. The campaign committee is over the endowment campaign and raising funds for the endowment. It is not yet a public campaign and will not be for a while to come. Bob Siddons agreed with the statements made by Bounds and assured the group that a tremendous committee is being put together. Bill shared that our future is going to wrap around “maternal” and addressed the

need for further research to prove our claims. Research costs money and this endowment will help us move forward in that respect.

Proposed Rules Changes proposed to the board by staff.

Commercial Upgrading – the concern is with so many genetic defects floating around in the industry, this program has no filter on it. We would like to see testing for genetic defects at some stage before it upgrades to a purebred offspring. Discussion ensued about testing prior to the second cross. By that stage someone has invested a lot of time and may be upset to find out they could go no further. Should the program be discontinued? Was there still enough interest to keep it going? Those already in the program would be grandfathered in to continue to a purebred if the program was discontinued, but genetic testing will be required at the applicable stage. Bounds asked the Breed Improvement Committee to take the discussion and proposed rule changes from this meeting and formulate a recommendation for the Board to vote on in July.

Advancers – Remove section E Whole Herd Reporting is not required for participation but weaning weight would be required. **James Skelton moved to accept the rule changes as amended with weaning weights being required, Sue Pierson seconded, with four opposed (Steve Emmons, JC Thompson, Tom Hood) – motion passed.**

AI Registrations – Change date to August 1, 2016, **Trey Scherer moved to accept the rules as printed, Clark Jones seconded, motion passed with a show of hands.**

ET Registrations – Change date to August 1, 2016, **Trey Scherer moved to accept rules as printed, JC Thompson second, motion passed with a show of hands.**

New Requirements for AI Sires and ET Donor Dams – As of August 1, 2016, new donors must be parent verified AND Genotyped. It was misunderstood that they have to request parent verification when they are Genotyped. They are separate tests but can be done with one sample if requested.

New Business:

***The Beefmaster Cowman* contract information** – E.C. Larkin reported that January 1979 was the first issue of *The Beefmaster Cowman* and how the membership grew from that point, thus the distribution of the publication also grew. The agreement was that if the publication lost money, the publishers lost money. If the publication made money, the publisher made money. The burden was never on BBU. Larkin noted that the subscription rate charged to BBU per breeder has not increased over the years. Advertising is the way the publication makes money. Distribution to foreign members costs a minimum of \$5 each to mail. Larkin gave the history of the publication and noted that they would be willing to continue a contract under the same subscription prices and conditions. Bounds indicated that other Associations don't publish monthly and asked Larkin his opinion on this possibility. Larkin indicated this was an option but noted that advertisers will be affected. They will need to have their ads ready in

advance to make sure their events/sales are announced and advertised prior to the scheduled date. Bounds also asked if having sale catalogs included in *The Beefmaster Cowman* could be considered. Larkin indicated on a few occasions it has happened and could again if the catalog comes to them print ready. The President's Council Sale is published in the October issue each year and they have always built that catalog. They just don't have the time needed to build catalogs for other sales. Bounds thanked E.C. for the presentation and indicated the Board would consider the contract option in executive session.

BBU Office Relocation – Collin Osbourn reported that the office has been in the same location for many years with a substantial rent being paid. Consideration was given to looking at office locations for sale or building an office. The lease we are in now is through 2019, but there is a onetime chance to opt out of the lease after the 66th month. It would require giving a six month notice. We are awaiting the reply for the management office on exactly when that 66th month is (we calculate November 2016). We have a realtor looking for locations to rent or lease in the Boerne area that would fit our needs and budget. **Steve Emmons made a motion to give notice to the current leasing office to opt out of the lease, Jerry A. Davis seconded and the motion passed. Bounds appointed a committee of three to oversee and work with staff and report to the Board on the relocation process: Bob Siddons, J.C. Thompson and Chris Kauffman.**

BBU Logo Redesign – Jeralyn Novak shared the reasoning behind the redesign of the BBU logo – to make it apparent it is a logo for a cattle association and to incorporate the word Beefmaster into the design. Novak shared a recommendation for the new logo. The recommendation was well received. **Clark Jones moved to accept the recommended logo design concept and to move forward with the contingency to the name change. James Skelton seconded and the motion carried.**

BBU Website Redesign – Jerlyn Novak reported on redesign of the website noting it is a work in progress at this time. The design will be mobile friendly and will also offer a member section and a separate commercial/public section. Bounds asked Chairman Jones to appoint a three person committee to work with Jeralyn on the website redesign.

Registration Amnesty Period - JC Thompson made a motion that for a period of a 60 day window beginning September 1, 2016, thru October 31, 2016, we offer an amnesty registration fee of \$25 for registration of animals 15 months and older. Ronnie Teague seconded and the motion passed.

Mexico JBBA – Bob Siddons moved to send \$500 to support the formation of a Junior program in the Mexico Beefmaster Association. James Skelton seconded and the motion

carried. Bounds intended to speak to the JBBA Adult Committee and have them consider doing the same.

Convention Update – Mackie Bounds reported on the progress of the upcoming Branson Convention planning. Dave Loftin and Rhonda Wallen met with Mackie, Bill and Collin via conference call to discuss the budget and plans thus far. Bounds noted that there will once again be opportunities for sponsorship and encouraged those present to consider being a convention sponsor. The 2017 Convention will be back in Texas and in 2018 SEBBA has been approached as possible sponsors. SEBBA is researching dates and hotel availability for a Nashville convention before committing to sponsor in 2018. In 2019 the Convention will be back in Texas and Bounds is hoping that North Texas will consider hosting it. The goal is to have the Convention planned three to four years out in order to have more options on the dates and locations we desire.

Membership name changes – Collin presented the board with a couple of requests for name changes on memberships that have already made the allowed one-time change. Bounds will ask the membership committee to take these requests to the By-laws committee.

EVP Report: Bill Pendergrass

Genomic Enhanced EPDs – The very next run of the sire summary (in May) will have genomic enhanced EPDs for those animals that have been genotyped and were in the data set that was used for EPD computation. Dr. Spangler at the University of Nebraska, after analyzing our database, told us that we needed 400 HD genotypes to be able to compute genomic enhanced EPDs. We now have over 700 HD genotypes. Pendergrass commended the breeders for not only reaching but exceeding the number needed in about six months. Those animals with genomic enhanced EPDs will be denoted with a logo of **Beefmaster Genomics {DNA helix symbol}** on their certificate and on the records.

Terminal Index – Last January we voted to move ahead with the development of terminal and maternal indexes. The development of the terminal indexes is complete. We got the formula from the University of Nebraska last month, however that formula for the terminal index is a PHD Thesis project for one of their students and he has not presented and defended that thesis project yet. We cannot publish the information at this point in time. Pendergrass indicated that the formula is a yield grade driven equation that will complement our cattle. The maternal index should be developed and available by the Fall Sire Summary run.

Mexican Beefmaster Association – Mexico's Federal Government now requires DNA parent verification prior to registration of cattle in the country. This mandate has led the Mexican Beefmaster Association's EVP to ask Bill for a list of all of the bulls we have with parentage markers. When they buy our animals and go back to Mexico and parent verify them and they don't match because they use STRs and we use SNPs, a completely different platform, they

feel they have been cheated. Bill feels that because we use the same lab the Mexican Association does, they eventually may ask us to share our parentage markers with them. That would not cost us anything, but technically, the breeder that paid for the tests own those markers. This could, however, be a bargaining chip for us in the future. The performance data in their registry of animals sired by our bulls could help us further our development of genomic enhanced EPDs. The sharing of their performance data could benefit us and them in the future. Bounds indicated that we will require data from them in order to release data to them. It will not be a one sided agreement.

New Field Representative – Lance Bauer has been hired to start in July. He is an A & M graduate finishing up his PHD. He comes from the industry with a lot of knowledge, but also will tell you aspects he can stand to grow in. The younger guys are more adept on the computer and Matt took to the program ProServices is using quickly. Lance will be the same way. There will now be two territories. The dividing line will be I45 from Galveston up to Dallas and I35 to Oklahoma. Oklahoma and I45 east and north will be Matt's. Everything west of I45 is Lance. Sometimes you may have the other guy for an event or two depending on the schedule and ProService visits will not be divided by territory but by the availability of the representatives.

BBU Transfer Demographics – Pendergrass reported that bull transfers are up. Our bulls are still in demand and selling for more. Even our registered females are worth more. We have tremendous growth potential moving forward. Bill provided statistics for transfers, specifically to non-member bull buyers, and expanded on the number of replacement bulls that would be needed in the core areas represented in the transfer research he did. Pendergrass explained that the increase in female transfers and worth is directly related to the bull demand. Bounds stated that with the demand for our bulls, there is opportunity to help our fellow breeders and it is important to do so at this time rather than fight each other for customers. We need to attain more than 1.3 percent of the market share. Pendergrass stated that we are moving in the right direction but noted that our percentage is skewed somewhat because of animals being sold but never transferred. He stressed the need to transfer.

ProServices – includes two visits a year that can include classification if desired. The representative will enroll your herd in a really good record keeping program, will do the data entry, submit the records and register the cattle. The breeder is responsible for all fees that apply, collecting the weights and reviewing the data before submission. There are 32 interested breeders to date.

Registry Program – Pendergrass reported that the registry programmer will be in the office the next few days and there is still some work to do before we make the switch.

President's Report: Mackie Bounds extended appreciation to all of the volunteers on the committees as well as the BBU Staff. Bounds went on to stress the importance of the Long Range Planning Committee and noted that there are individuals with visions and ideas for the

breed on this committee. They will be encouraging and working through all of the other committees to be sure we are all headed toward the same visions and ideas that will better the breed.

Executive Session - Steve Emmons moved to go into executive session. Tony Psencik seconded and the motion carried. The meeting adjourned from Executive Session.