

**BBU BOARD OF DIRECTORS MEETING
FRIDAY JULY 12, 2013
HILTON SAN ANTONIO AIRPORT**

President Steve Emmons called the meeting to order at 8:00 a.m. Secretary Steve Carpenter called roll with the following board members present (100% attendance) along with various guests and staff:

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| Steve Emmons | Larry Meacham | Derek Frenzel |
| Mackie Bounds | David Staggs | Billy Welkener |
| Steve Carpenter | Kito Saenz | Davin Vaughn |
| Dwight Bertrand | Dan A. Gattis | Melvin Scherer |
| Mike Collier | Sheldon McManus | Tommy Perkins |
| Paul Hill | John Pierson | |

Dwight Bertrand led an opening prayer.

Steve Emmons entertained a motion to approve the minutes from the March 22, 2013 meeting. **Dwight Bertrand made a motion to approve the minutes as presented.** Steve Carpenter had a question concerning the Partners for Progress income noted in the minutes. The Partners for Progress Program has actually brought in \$21,000 thus far, not \$100,000 as noted in the minutes. The \$100,000 was the total available for research projects. **Dwight Bertrand amended his motion asking the board to approve the minutes as corrected. With several seconds and a vote the motion carried.**

FINANCIAL REPORT – Dwight Bertrand reported that BBU is operating in the black. The June financial report noted great improvement over the past several years. Bertrand thanked Dr. Perkins and his staff for their efficiency in running the office. **Steve Carpenter moved that the financial report be accepted as presented with a second by Dan Gattis. The motion carried.**

COMMITTEE REPORTS –

FINANCE & AUDIT – Dwight Bertrand thanked the committee members for working together to come up with a balanced budget. Dr. Perkins and Mary Francois worked up a budget to present to the committee that only needed a small amount of tweaking and in a little over an hour the committee had a budget ready to present to the board for approval. **Dwight Bertrand moved that the board accept the FY 2014 budget as presented. Larry Meacham seconded. After a question and discussion on the Beefmaster Cattleman LP line item, the board voted to approve the budget as presented.** Bertrand then spoke of the ongoing concern of knowing how many cows we actually have in our registry. The committee recommended a new level of registration to work on this issue. The new program will be in addition to the traditional registration and Whole Herd Reporting (WHR) options that are already in place. Inventory Based Reporting (IBR) will be a blend of the other two options. Fees for IBR will be based on submission dates. Inventories updated after February 1 will be charged double fees per head. WHR inventories will also be assessed double fees for inventories submitted after their May 1

deadline. Registration fees on traditional registrations were also proposed to increase slightly (\$20 for 0 - 9 month, \$25 for 10 – 14 month, \$35 for 15-18 month, and \$53 for 19 months and older). Bounds noted the new program will not be mandated but will simply present another option for every breeder to be able to choose what works best for them. Emmons added that the program would be reviewed after one year to determine tweaks that may need to be made. The goal is to update and maintain breeder inventories to reflect accurate numbers and thus help the breed gain more opportunities for research projects that are based on reported numbers. Dwight Bertrand moved that the board adopt the IBR schedule as a new BBU registration program option as presented. Mackie Bounds seconded. After discussion, Bertrand withdrew the motion and Bounds withdrew the second to the motion. **Bertrand made a motion to accept the BBU registration program changes proposed by the committee with the following updates:**

- ◆ **IBR inventories submitted after Feb 1, incur an additional \$5 per animal fee**
- ◆ **WHR inventories submitted after May 1, incur an additional \$5 per animal fee**
- ◆ **All animals born in 1995 or before will automatically be removed from the breed registry (upon notification from any breeder such an animal born in 1995 or before can be reactivated at any time)**

Bounds seconded and the motion carried.

ADVERTISING AND PUBLIC RELATIONS - Trey Scherer reported (in Clark Jones absence) that the Committee has incorporated co-operative advertising into the \$50,000 advertising budget currently allotted by BBU. BBU is leveraging their \$50,000 with the advertising dollars of Satellites and Marketing Groups and any others that participate in the co-operative advertisements. BBU is able to double the budgeted amounts with the Co-op ads. As new participants and opportunities are discovered, Scherer stated that the cooperative funds could possibly double even the current projection.

Beefmaster Breeders and their cattle were featured in The American Rancher RFD TV series this past spring. Increased hits on the BBU website and the BBU Facebook page, along with inquiry calls to the office, proved this advertising venue to be successful. The committee's goal for the 2014 FY is to have two or three TV segments. Sponsors will be secured before filming costs are incurred. The committee found that the BBU Staff is doing an excellent job and the added expense of a professional agency to help in production may not be necessary at this time.

Trey handed out a proposal for possible media services that BBU staff can provide to breeders to help market their cattle for an affordable fee. BBU will offer templates for print ads, a sales catalog creation option (printing will be outsourced - BBU provides data for the catalog), video and photo production services, producing brochures in house and web marketing options (e-blasts). Website development and maintenance may be a future option. They asked the board to accept the presented package and consider it as an option to allow the staff to offer these media and communication services. **Billy Welkener moved that the Board accept the committee's proposal to allow staff to offer media and communication services as presented. John Pierson and Steve Carpenter seconded the motion and the motion carried.**

BY LAWS - Bill Carr reported that the sole charge of the committee was to make the Junior Committee or the Junior Program a standing committee. The committee has existed for many years now at the pleasure of each President. Carr noted that the immediate concern was where and just what are the parameters of this committee. In late May Carr received a one page document that the board approved at the March meeting titled Structure, Purpose and Duties of JBBA Adult Committee that provided the information needed to be able to review and then incorporate it into the BBU By-Laws as a standing committee. The purpose is to give advice and guidance to the Junior Beefmaster Breeders Association Board of Directors and to assist with JBBA sanctioned shows throughout the year along with other duties. To make this committee a standing committee is simply a matter of putting it in the by-laws, its name and a brief reference to it describing its scope of activities. The committee recommended it to be added to the current list of committees in the by-laws as follows: Junior Beefmaster Breeders Association (JBBA) Adult Committee - This committee shall provide advice, guidance and assistance in reference to the BBU JBBA Program in compliance with the structure purpose and duties established from time to time by the BBU Board of Directors.

Dwight Bertrand moved that the wording and the recommendation made by the by-laws committee, concerning the JBBA Adult Committee, be accepted by the board for presentation and approval at the 2013 Annual General Membership Meeting. Sheldon Mc Manus seconded and the motion carried.

COMMERCIAL MARKETING - Gary Halepeska reported the committee discussed the need to focus on commercial advertising in all future ad campaigns. Existing ads could be expanded to include one line bullet points on the commercial aspect. Simple, short one-liners were recommended and discussed.

Halepeska stated that the committee also discussed recipient females and encourages the use of Beefmaster influenced females, such as E6 or even Purebreds, for recipis when at all possible.

Halepeska asked the board to consider a recommendation from the committee that a Certified and inspected E6 female equal a first cross female in the upgrading program. The committee also discussed reasons commercial cattlemen don't like Beefmaster bulls. Color was a major factor. The committee asked the board and the breeders to consider color of an animal to obtain more uniformity in order to be more appealing to the commercial cattleman. Mackie Bounds encouraged breeders to consider color factor and stressed the need to listen to the customer to be able to sell our cattle.

Mike Collier made a motion to accept the Commercial Marketing Committee's recommendation to make a Certified Inspected E6 to equal a First Cross Female. Larry Meacham seconded and the motion carried.

Bill Carr announced an event to focus on some commercial cattlemen and prospective new breeders. There will be an educational and discussion session with speakers concerning the cattle industry in general and Beefmaster specific. There will also be display pens of Beefmaster crossed heifers and steers for attendees to view actual results of Beefmasters crossed with specific breeds. This is planned in conjunction with Carr's Fall sale.

CONVENTION - Cindy Emmons thanked all of the partners helping to pull the wagon for the “Beefmasters United in Cowtown” Convention, taking place in Fort Worth, Texas, October 31 - November 2, 2013. More partners are needed. Cindy gave an update on the schedule of events planned. Events include a Bull Riding Contest, Herd Bull Alley, wagon rides, President’s Reception and B.E.E.F. Gala, JBBA Heifer Show, a chuck wagon lunch and more. The awards banquet will be held after the sale this year. The vendors will be available on Thursday and Friday. The registration fee will be \$195 per person.

Marie Welkener reported and made a proposal for the 2015 Convention to be held in Galveston. Marie and Dave Loftin visited Moody Gardens and San Luis resort. San Luis Resort was not available for the dates needed. Moody Gardens was recommended as the sight for the 2015 Convention. **Mackie Bounds moved that the board accept Moody Gardens in Galveston as the location for the 2015 BBU Convention for the dates October 29 - 31, as recommended by the committee. John Pierson seconded and the motion carried.**

Dave Loftin indicated that Branson would be available for the 2016 or 2017 Convention. Mackie Bounds recommended a letter be sent to all of the Satellites concerning proposals for future convention locations before a decision is made beyond 2015.

INTERNATIONAL – Doyle Sanders shared that his co-chair, Lorenzo Lasater, is currently in South Africa attending events he has missed for the past several years due to BBU board obligations. Sanders reported the budgeted funds from USLGE were late this year due to the farm bill not being passed by the house and Senate. Funds were released this year but there are concerns about what may happen with this program in the future. Despite the delay, we were able to get some funds from USLGE to help get our guests from Mexico to the Houston sales. BBU received a \$37,000 budget from USLGE. The budget didn’t include all in the list of target countries requested but did include South Africa, Australia, Thailand, Costa Rica, Nicaragua, Panama, Mexico and Brazil. In several of these countries we have allocated the funds for advertisements (Lorenzo is working on) rather than actual visits. Mexico is our largest budgeted country. Billy Welkener has been managing the Mexico reverse trade missions and has been working on a success story. USLGE has requested success stories be submitted by participants to help insure continuation of the program. The late award this year meant we missed out on some opportunities. Several international guests will be attending the Beef Cattle Short Course in August with some attending Ranch tours (lined up by Frenzel) afterward. Sanders noted the committee is hoping to see some improvements in the International side of the BBU website to include tracking on the number of International hits made to the site. This information will be used to expand the list of target countries in future funding requests. Though not currently on the funded list, Sanders and Lasater are considering making a trip to Moscow on their own to see if there are any opportunities for Beefmasters in that country. A sub-committee made up of Doyle Sanders, Gary Frenzel, Bill Skoruppa, Trey Scherer and Lorenzo Lasater was formed for the purpose of searching out new target countries and prioritizing them for future opportunities. Budget requests for USLGE are submitted well in advance and this committee will ensure BBU is ready to make specific funding requests in a timely manner.

JBBA PROGRAM COMMITTEE – Allison Wagner Wells updated the Board on the upcoming 2013 JBBA National Convention and Shows. Allison thanked all National sponsors noting that \$25,000 in sponsor money had been raised this year. The event takes place in Bryan College Station again this year with 343 heifer show entries, 110 Bred and Owned show entries, 31 bull entries, 4 Advancer entries and 5 steer entries. Out of 160 Juniors registered for the event, 35 are first time attendees. Educational events this year include a Mini 706 Course and a Showmanship Clinic. Everyone is invited to attend. Allison announced that sponsorship opportunities are still available including but not limited to banner ads for the live internet broadcast of the show.

A goal of the committee for the past several years has been to improve Election Procedures to ensure valid committed candidates for the JBBA Board. The JBBA Board approved a new election procedure and asks for the BBU Board's approval to implement it. The election process will be broken into three parts with varying percentages given to each: Interview/Application will make up 45% – Speech will make up 20% – Ballot (popular vote) 35%.

Mackie Bounds made a motion to approve the proposed JBBA election changes as presented. Dan Gattis seconded and the motion passed with a vote by the board.

LONG RANGE PLANNING – Steve Carpenter reported a good attendance for the recent committee meeting. Carpenter stated that the Partners for Progress Program, started last year has been successful. The program thus far has brought in \$21,000 to B.E.E.F. for research. Many breeders still are not aware of the program and the committee suggested a letter be written by Dr. Perkins and the staff to be included in registrations mailed out on a daily basis.

Carpenter shared that the Commercial Cattleman's Survey that was approved last year has been delayed and will be going out shortly. The Committee added one more question to the survey concerning bull selection and the quality of replacement females. The results will hopefully be available at the October meeting.

The committee also discussed adding additional EPDs as data becomes available and has appointed a sub-committee made up of Mike Collier, Gary Frenzel and Dr. Perkins to come with recommendations for the development of future EPDs as the committee sees the availability of data to do that. New EPDs could involve a fertility index which would include heifer pregnancy rate and calving ease. Longevity is another area suggested.

ETHICS – Lawrence Lyssy was at a family wedding. Dr. Perkins reported that the Ethics Committee did not have any issues or concerns to present at this time.

MEMBERSHIP – Dave Loftin shared that the committee made calls to non renewals again this year and was able to offer a board approved reduced renewal rate to encourage members to renew. The reduced renewal rate and calls from the committee resulted in 98 renewals being sent in. Last year's calls resulted in 68 renewals. The committee met 5 times this year, 4 via teleconference. The number of new memberships is growing and thus membership numbers are up from last year.

The committee discussed the impact the Upgrading Program can have in attracting new members and asked the board to consider new brochures and advertisements promoting the program. Mackie Bounds stated that advertising is essential to the growth of any business. He suggested that the Advertising and Public Relations Committee have been empowered to make decisions to develop materials and ads always considering what is best for the breed and with that same directive, they will consider this recommendation.

EXECUTIVE SALES – JC Thompson reported that 8 of 9 members were present for their meeting. The committee discussed and recommends to the board replacing all current BBU Sales and Conditions in place due to liability issues. There was discussion on the subject. A proposed replacement Sale Terms and Conditions was recommended along with a new fee schedule and structure with it.

Mackie Bounds made a motion to the board to recognize the recommendation from the committee but table it at this point in time and allow our Executive Vice President to bring our attorney into the picture and set up a meeting as soon as possible with our attorney so the board and members can ask questions to be able to do what is right for the Association and for the staff and board. We want to stay in business and reducing risk is necessary to do so. **Dwight Bertrand seconded the motion. The motion carried.** Discussion on plans for the attorney call and meeting followed.

BREED IMPROVEMENT – Derek Frenzel updated the board on the upcoming 706 Program and encouraged the board to attend the event on September 17 – 18, 2013. Frenzel reported on The Five Steer Challenge. A subcommittee of Derek Frenzel, Dr. Perkins, Chris Koffskey, Melvin Scherer and Dan Gattis was appointed to work on the program. Frenzel stated that they hoped to have it ready to go in about 30 – 45 days. The committee also discussed the proposed changes in approved sales and came up with the same ideas as the Executive Sales Committee presented.

Assessment of the Upgrading Program was the next topic for discussion. Some thought the breed would have more credibility without the program. Derek found that in 2013 only 101 upgrading cattle were registered and in 2012 only 155. The committee made no recommendations on this program.

Frenzel had asked for three issues that involve Beefmasters in the commercial industry. Color was the number one issue. Paul Hill commented that even though paints bring less money in some areas, he has not found that to be true in the southeast where he lives.

NOMINATING COMMITTEE – Mike Collier noted the vast representation now included on the nominating committee. The committee consists of a representative from each of the nine satellites, the three immediate past presidents of BBU and the current president. The committee nominated the following slate of candidates to be presented to the General Membership for approval at the Annual Membership Meeting in November.

Officers

Secretary – Steve Carpenter – Tecumseh, OK

Treasurer – Dwight Bertrand – Elton, LA

Directors for a term Expiring 2016:

Bob Siddons – Tilden, Texas

Jerry Davis – Canton, Texas

Clark Jones – Savannah, TN

Tom Hood – Tahlequah, OK

Director – Unexpired Term

Kito Saenz – San Isidro, Texas

OLD BUSINESS

SOUTH 40 COMMITTEE – **Trey Scherer** reported the first meeting was held yesterday. Several conference calls were held prior to that to get the officers in place and to set the guidelines need to move on from a task force to a committee. The South 40 Board was officially elected at the meeting. The following were elected: Trey Collier – Chair; Justin Williams – Vice Chair; Justin Rhodes – Secretary; Lauren Lyssy Treasurer and five at large board positions were appointed by the Chair. Appointed were Allison Wagner Wells, Rayna Skaggs, William Dismang, Dr. Erin Brown and Alex Gonzalez. The committee finalized and ratified their operating guidelines. Sub-committees were formed to include Membership, Education, Communication and Fund Raising. Each person that is not an officer will be in charge of a subcommittee with two of them on Education, which will involve events such as webinars as well as seminars and field days. The first big event will be in Memphis at the BBU Convention where they plan to host the B.E.E.F. Gala.

The purpose is to get the social network of young people a more active voice in membership and make it a group that people want to be involved in. Some ideas suggested to get more people involved were a San Antonio Stock Show rodeo night, a golf tournament, skeet shoot, family weekend. The group will have a facebook page and some communications through email contacts.

JBBA Nationals will be the first big recruitment event. You do not have to be a member of BBU to be a member of South 40. Non members will pay \$25 to be a member of South 40. Ideally non BBU members will join South 40 for \$25 and get so involved that they then join BBU. The hope is to get some industry people in at ground zero and possibly they will sponsor some events. Jason Bates announced that a substantial sponsor had been secured to help in the first year.

Mackie Bounds noted that the group moved from a task force much sooner than expected due to great leadership.

NEW BUSINESS

B.E.E.F. – Roger Fuller reminded everyone that B.E.E.F. is a stand alone corporation, a 501 C3, with one member that is BBU. Assets went up \$46,000 which is a great increase. The Partners for Progress has added to the funds in the amount of \$21,000. Other funds came from Gifting. Fuller recognized The Beefmaster Cowman for their contributions of a page of space each month for B.E.E.F. to be able to communicate with the membership. There are six B.E.E.F. Districts three in Texas, East, Central and West. Every year 2 of those Districts come up for re-election. This year is the election for the Western and Eastern Districts. Nomination packages went out in the mail and should be returned by the end of July. Ballots will go out in a second mailing and elected directors will be announced in October.

Davin Vaughn reported on a proposal made by E. W. Brandt and Associates. Ed Brandt specializes in development and strategic planning for 501 C3 Corporations. The proposal was to help develop a strategic plan and implementation in order to build an endowment for the foundation. The plan is a cost of about \$100 thousand in cost. Vaughn has had several significant pledges to help out with the plan, but more money will need to be secured for the start up costs before moving forward. Mackie Bounds spoke on his experience with Foundations and strategic planners and particularly with Mr. Brandt.

EVP REPORT – Dr. Perkins

Staff – Dr. Perkins took a moment to publicly thank his staff for their hard work and told the board how much he appreciated them.

Software Update – We have not transitioned into GPS software due to their EVP resigning. We are currently month to month with Australia and our fees went up a little bit and that is reflected in the financials.

RFD TV Show – Perkins graphed the number of hits to the website since January and noted increases after Jeralyn Stephens' work on social media and after the airing of our RFD TV Show. Dr. Perkins thanked all involved in the RFD TV show and noted it was money well spent by the sponsors. Perkins also thanked Jason for his hard work on the project.

Research Projects – Dr. Perkins reported on The University of Missouri project. That project involved whole genome sequencing of ten high profile BBU bulls. Four breeds were involved and we were the only eared breed. Results from this project should get us into and mentioned in bigger, larger research projects moving forward.

An offshoot of that research was a project with a commercial operation in Missouri. 200 commercial cows were bred to those same ten bulls. The producer retains ownership of his calves through harvest phase and will collect the growth data, the carcass data and will retain replacement females to put back into the herd. He is ready to breed another set of cows this fall. At the rate of about 200 to 300 head in about 3 years we will have the 1000 to 1200 records that we need in a controlled environment with 10 bulls that we

know everything about. Perkins thanked the owners of the 10 bulls as well as B.E.E.F. supporters who made the research project possible.

Researchers asked for our USDA Meat Animal Research Center 50K data that we have developed for about 10 years now on 53 bulls to use for imputation of DNA parent verification from an STR microsatellite (old technology) into the SNPs (new technology). This will drive down the cost of DNA tests for parentage. Perkins noted that the accuracy is 92% and needs to be validated before we jump into this one.

706 Program – Dr. Perkins emphasized the need for participants in this free, educational event. 30 -45 participants are needed but only 15 breeders are currently signed up. Board members were encouraged to attend. Beefmasters are being used in this event. Central Texas is working with their group to help meet the minimum 30 attendees.

Recognition Certificate – Dr. Perkins would like to consider sending a special letter to members of 20 years or longer inviting them to the Convention and giving them a certificate of recognition at the Convention as a gesture of appreciation. **Mackie Bounds made a motion that Dr. Perkins send a letter to members of 20 years or longer, inviting them to the convention and honoring those who come with an appropriate Recognition Certificate. Dwight Bertrand seconded and the motion carried.** Dwight Bertrand suggested that a list of 20 year members be scrolled as other award recipients have been in the past.

Registration Trends – Dr. Perkins presented a graph of registration trends for the past years noting the increase and thanking the Board and guest members for making that happen. He encouraged continued support of the programs. It is helping us move forward.

Future – Dr. Perkins commented on the job offer made to him by another Association. He told the board he had not accepted the job and will remain with BBU at this time.

PRESIDENT'S REPORT

Steve Emmons likened the Association to a rolling train that is fueled by participation in our programs, sponsorship in the ads, RFD TV, etc. The membership is helping to fuel the train and keeping it going. Perkins stated, “We have the right cattle we just need to get the data to prove it to the industry.” Emmons desires to hear Beefmasters added into the list of breeds mentioned at the Beef Cattle Short Course or the Ag Extension Programs, etc. Emmons wanted feedback on a goal for the breed. Perkins sees the goal as Commercial Cattle Industry. “Until we become relevant in the commercial industry and provide them what they say they want, we are not going to be relevant in extension meetings, FFA meetings, or any other meetings.” Perkins stated the “The commercial industry indicates what they are looking for and they drive what bulls are being purchased. If we listen to what they are telling us they will use our product because we have traits they can use in the commercial industry.” Trey Scherer said “Our goal is to be the number one selling eared breed bull in the country.” Mackie Bounds noted that building and planning toward our goal will be what gets us there.

Dwight Bertrand made a motion that the meeting go into executive session. John Pierson seconded and the motion carried.

The open session reconvened at 1:40 and adjourned at 1:45 with a unanimous motion and second by all.