

**BBU BOARD MEETING
EMBASSY SUITES SAN ANTONIO INT'L AIRPORT
JULY 17, 2015 – 8:00 A.M.**

President Mackie Bounds called the meeting to order at 8:03 a.m. and welcomed guests in attendance. Steve Emmons opened the meeting in prayer.

Secretary Dan A. Gattis called roll. The full board was present with the following in attendance:

Mackie Bounds	Davin Vaughn	Sue Pierson
Steve Carpenter	Melvin Scherer, Jr.	Tony Psencik
Dan A. Gattis	Jerry A. Davis	J.C. Thompson
Dwight Bertrand	Clark Jones	Bill Pendergrass
Steve Emmons	Tom Hood	Collin Osbourn
Derek Frenzel	Bob Siddons	
Billy Welkener	Chris Kauffman	

Bounds asked for any corrections, additions or deletions to the minutes of the previous meeting. **Dwight Bertrand made a motion to approve the minutes of the April 14, 2015 meeting as submitted. Steve Carpenter seconded and the motion carried.**

Treasurer Dwight Bertrand presented the June financial report stating that BBU is solvent and liquid and in very good shape for the year.

STATE OF BUSINESS – CFO Collin Osbourn reported that July is historically a slow, negative month for BBU which is accounted for in the annual budget. Osbourn noted that BBU will still end in the black for the year if things continue as planned. It has been another good year for the Association. We continue to grow and this allows us to rev up the budget and get a little more aggressive each year, which will be apparent in the 2016 proposed budget being presented today. Osbourn entertained questions. Mackie Bounds recognized Osbourn for the time and efforts given over the past year to BBU finances, including some banking changes have been made and working with the Finance Committee to develop an investment plan that will be presented.

OLD BUSINESS

Committee Reports

Finance and Audit – Treasurer Dwight Bertrand stated the committee, with the help of CFO Osbourn and staff, present a proposed, balanced 2016 budget for board approval. Bertrand asked the board to take a moment to review the proposal. Osbourn noted that the three main income drivers are membership, registrations, and transfers. Recent, new publications (*The Banner and The Pay Weight*) have had great response for ads which allowed us to add a little extra to our income side. Advertising programs help us grow and the more we can grow the more we can do. Collin explained the development of the proposed budget and noted additional funds were included for additional field service staff expenses (salary and vehicle) for about half a year just in case we get the right applicant and decide to hire someone. The success of the association and the key to staying in the positive on the proposed budget depends on the continued, increased revenue from the aforementioned income

drivers – membership, registrations and transfers. Osbourn entertained questions or comments on the proposed 2016 budget. **Dwight Bertrand made a motion that the 2016 budget be accepted as proposed. Billy Welkener seconded. Bounds asked for any further discussion with no reply. Bounds called for the vote and the motion carried.**

Treasurer, Bertrand reported that establishing an investment policy was one of the goals this year. Chris Kauffman addressed the board on the investment policy framework that was drafted. The framework names allowable investments, sets a mechanism for who determines how the investments are done, gives authority to hire a money manager to help direct the best options for excess funds, sets up four separate funds (operating funds, short term excess, long term excess and an endowment) that range in timelines. It basically allows for guidelines to be set up, allows for authority and allows for flexibility so when decisions are made they don't come through a set policy each time but gives guidelines of reporting back, authority and oversight. Osbourn noted this was just a framework to put a policy in place where none was found to exist. This policy will allow us to make decisions to safely put our money to work for us. The committee approved the policy Kauffman drafted. **Dwight Bertrand moved to accept the investment policy as proposed. JC Thompson seconded and with no further discussion the motion carried with a vote.** President Bounds thanked Kauffman and the committee for their great work. Dwight Bertrand stated this concluded his report also thanked his committee for their hard work and dedication.

Presentation by Jerry Glor – as a member of the International Committee for the past five years, Glor has been to Thailand twice. He saw the first Beefmaster AI calf born in Thailand and when he returned a year later he saw the yearling. Thailand Breeders have visited on several occasions purchasing cattle and semen. In appreciation for the help of Beefmaster Breeders United, Glor presented plaques and gifts from Thailand to the Association and some of the officers and International Committee Co-chairs. Bounds thanked Glor for his efforts with the International committee and also commended him on the recent Missouri field day noting more such field days were needed around the country.

International Committee – Co-chair Dan A. Gattis – has backed up Co-chair Lauren Lyssy on the International Committee. Regional chairs have been assigned and are doing a great job in their various areas. Gary Frenzel and Lorenzo Lasater were absent because they were in Central America. As Glor reported, Thailand has Beefmaster calves on the ground. Doyle Sanders has been working in Europe and is in the process of getting some semen/embryos into Italy which is not easily done. Billy Welkener has been successful working with breeders in Mexico and reported that we have sold a little over one million three hundred thousand dollars to Mexico so far this year. Overall International connections are presenting opportunities to get our cattle into various regions of the world. Keeping up with the supply in demand is getting to be a challenge. Discussion ensued about BBU getting data and revenue from the registry of these animals born as a result of the International Committee efforts. Bill Pendergrass reported that Panama is interested in getting EPDs and will be ready to utilize our registry program to get them. He further stated that Mexico has a large association that is growing and becoming a friendly competitor. We need to build a better relationship with our friends in Mexico and bring them forward with us because they have gone so far as to ask us for help to get them to genetic evaluations. The opportunity is there and we need to capitalize on it. Gattis asked Pendergrass to comment on the Genetics and Semen Combine that was approved by the board earlier this year. It provides an opportunity for our breeders to consign semen that fits minimum standards to be sold and shipped

internationally. Currently there are two members that have bulls that meet the criteria. Information on the program is available on the BBU website and in *The Cowman*. Anyone interested in marketing their genetics internationally is encouraged to check into it.

Advertising and Public Relations – Chair Clark Jones commended the work of staff member Jeralyn Novak in relation to the success of the advertising programs of BBU. Jones reported that the co-op ad program continues to grow as does working through social media (with about 2900 facebook followers). Novak reported goals for the coming year include:

- Continuing the common focal message of cross-breeding and maternal heterosis
- Developing more articles and getting them in into even more publications
- Expanding the co-op ad program specifically into Florida, Georgia and Oklahoma
- Expanding co-op ads past just the state cattle magazines – i.e. into Alumni magazines for Universities
- Work on developing a new logo – which leads to refreshing the website and updating the literature we have as well
- Focusing ads on a regional aspect – utilizing quotes, testimonies and photos from the area the ad will be printed in

Jones asked for any feedback, questions or suggestions. He noted that every breeder can help build the image we are trying to portray by talking up relevant economic issues such as docility, calving ease and longevity, things that make our cattle stand out. Novak stated that testimonies from willing, satisfied customers buying Beefmasters are the best tool for promoting the breed.

Time and slots are running out for the Fall RFD segment. Collin Osbourn is coordinating the spots and interested breeders were advised to contact him to check availability.

Breed Improvement – Co-chair JC Thompson reported that the committee has met three times jointly with the Long Range Planning Committee working on some common areas such as maternal and terminal indices that Dr. Spangler is working on. We should have more information available on that this fall.

The committees voted unanimously to **recommend to the board that BBU Require all NEW AI sires and donor females to be HD Genotyped beginning January 1, 2016**, in order to speed up our Genotyping process and speed along our competitiveness in the bull market in particular. DNA typing is already required, this will just change the test that is required. Billy Welkener suggested we communicate with the breeding services to get any Beefmaster AI sire typed that comes in to be collected. Roger Fuller indicated that not all sires that come into the breeding services are owned by members, so we should clarify that in the correspondence to them. **JC Thompson made the recommendation a motion with a second by Davin Vaughn. Bounds called for discussion or questions.. The motion passed with a vote.**

By-Laws – Chairman Bill Carr reported that Central States had made a request to amend their by-laws to change the number of directors for the satellite from twelve to nine. The process to amend satellite by-laws is lengthy and cumbersome. The original intent of that process was to try to keep the satellites as much on equal footing as possible. The process involves a proposed amendment being passed by the satellite board, then it goes to the BBU By-Laws committee for approval and if it gets passed there it goes to the BBU board for their approval and then it goes to each of the satellites to be approved by their membership at their general membership meeting. The By-Laws committee revised the Central

States by-law proposed amendment somewhat to make it an option for any of the satellites who wanted to do so to reduce their board to nine instead of twelve. It has gone back to the BBU Board who approved it and should be before the satellite memberships to approve the change.

Carr stated that President Bounds this year wanted things proposed by other committees to come through the by-laws committee to assure no by-laws would be violated. No proposals came through the by-laws committee at their meeting on Thursday. The committee discussed some general issues, contemplating things that may arise but nothing specific. Carr noted that dependent upon what is done about sale rules, there may be a need to make some by-law amendments.

Commercial Marketing – Co-Chair Gary Halepeska reported a good meeting with good discussion. Gary reported plans to have a meeting with some commercial breeders in order to get feedback and discussion on why they have discounted Beefmaster cattle in the past. Melvin Scherer, Jr. is organizing the meeting.

The committee tossed around ideas for making semen available to our commercial breeders and it appears that will continue to be breeder driven with no BBU management. Committee member Dalton Lowery shared how he has put together a program including promoting semen sales and information on AI methods and procedures and has been successful with it.

The committee discussed continuing education for our breeders on subjects such as EPDs and other genetic evaluations. Seminars and possibly webinars (in the future) will be the best way to present the information to benefit the most viewers. The object is to help breeders understand the data available and make informed decisions that are best for their cattle operation.

Another topic covered was the commercial appeal of our cattle to commercial cattlemen. Listening to the customer is a must and then educating our breeders on what commercial cattlemen are looking for is important. Reintroducing use of the Beefmaster eartag was suggested to make it easy to identify our cattle at the sale barns again.

The committee reviewed proposed rule changes to the upgrading program. Additional language to allow for the exchange of a Premium E6 certificate for a first cross certificate was added to the existing upgrading rules stating that: ***additionally animals that are premium certified, inspected E6 cattle can exchange the Premium E6 certificate for a first cross certificate whether it is out of a Beefmaster dam or a Beefmaster sire.*** The Premium E6 Certificate must be surrendered and the appropriate application and fees for the first cross certificate must be submitted. The upgrading rules do not change except to allow the exchange. **Clark Jones made a motion to approve the additional wording to the Upgrading Program rules allowing for the exchange of Premium Certified, Inspected E6 Certificates for First Cross Certificates. Sue Pierson seconded and the motion carried.**

As a commercial marketing promotion, Bill Carr shared that after his October 24, 2015, purebred sale he plans to have a sale of Beefmaster cross cattle. There is, however, a need for Beefmaster crosses to sell. Some tentative commitments have been made but Carr would like to have about 50 to 100 head to sell. Friday evening prior to the sales, there will be a discussion of these Beefmaster cross cattle.

Convention – Chairperson Marie Welkener reported that the upcoming Convention will be held at Moody Gardens Hotel and Convention Center in Galveston, Texas. Live Oak BBA is sponsoring the convention this year. They are selling tickets for a Kawasaki Mule to raise money for the convention. This year the registration fee will be \$225. South 40 will host a “Fun Auction” that will be held Friday evening at the President’s Reception. Select people will be auctioned off to be “help for a day”.

Participants include: Bill Pendergrass, Collin Osbourn, Matt Woolfolk, EC Larkin, Charlie Wood, Anthony Mihalski, Bruce Robbins, Mike Green, Gerald Bowie, and Jim Banner.

One of the sessions offered at the convention will be "The Love Connection". A panel of six to eight cattlemen, two who love and use Beefmaster bulls and four to six who do not use Beefmaster bulls, will discuss their breeding programs and why they do or do not use Beefmasters in it. Attendees will get to hear the discussion, ask questions and hopefully leave with a better understanding what the market is demanding.

Gary P. Nunn will be the entertainment Friday evening. Marie reported that a convention guide will replace the pocket agenda this year. The guide will contain ads which will run \$500 for a full page, \$300 for a half page and \$200 for a quarter page. Ads should be from businesses members do business with. Bounds challenged the board to lead out in selling the ads. The committee is still looking for sponsors. There will be a small tradeshow.

The convention committee recommends the 2017 BBU Convention be held in Texas and the South Texas BBA have accepted the opportunity to sponsor it. There is no location secured to date but they are working on it.

Ethics Committee – Chair Mike Collier was not present but shared with Bounds the committee has not had to meet on any issues.

Executive Sales - Co-Chairs Tony Psencik and Steve Dodds reported on the sale guidelines that the committee has been working to develop. Input from the President's council and meetings with others involved and affected by the guidelines have been held. The committee drafted Sale Guidelines to present to the board for approval, but the guidelines won't be implemented until the By-Laws committee is able to review them to see if any by-law amendments are required. Psencik began reading through the Sale Guidelines (attached) line by line.

As always, field staff will still remove "X" animals from the sale and from the breed.

Jerry Davis made a motion to accept the sale guidelines as submitted. Melvin Scherer, Jr. seconded. Bounds called for any further discussion. Barney Lowery asked when the guidelines will go into effect since sales are already scheduled. Bounds indicated that will depend on the response from the By-Laws committee. The office will set a date and notify members as soon as possible once everything is in order.
The motion carried.

Tony Psencik shared the committee's desire to raise the standard and the quality of the animals at the President's Council Sale. It should be the best animals at that sale. The committee felt the sales managers working with their customer bases would be the best way to get this done. The number of lots was discussed but not set because the focus is to get better quality whether it is for 20, 40 or 60 lots. The committee also discussed utilizing video sales, which would open up opportunities for more locations. Bounds named a task force to look at not just the video aspect but the President's Council Sale overall. The task force will consist of Tony Psencik, Steve Dodds, EC Larkin, Charlie Wood, Anthony Mihalski, Mike Green and Bruce Robbins. Vaughn suggested having the President's Council Sale separate from the BBU Convention in a central location, still hosted by the Satellite hosting the convention but at a separate time. Bounds encouraged anyone with ideas to speak to one of the task force members to have it considered.

JBBA Adult Committee – Steve Carpenter reported in the absence of Co-Chair Allison Wagner Wells. 2015 saw JBBA as the largest breed or second largest breed at the Major Stock Shows this year. The new publication *The Banner* was passed out at the major shows and you could walk through the barn seeing parents, ag-teachers, county agents and youth looking through the pages. Juniors are one of our best forms of advertisement at these shows across the country. The 2015 National show in Bryan College Station, Texas next week will be the largest to date with 400 heifers, 129 bred & owned heifers, 52 bred & owned bulls, 9 E6/Advancer heifers from five different states and 186 Junior members showing. The Junior Board raised over Thirty thousand dollars in sponsorship. This year an Ultrasound Carcass Scan class was added with 49 animals signed up. Cattle in motion will have a livestream of the show for those who cannot attend.

The 2016 Nationals will be held in West Monroe, Louisiana with the show facility being secured at no charge. 2017 Nationals contracts are being finalized and will take place in Wichita Falls, Texas and will be at a minimal charge.

The new format for the 2015 AI program was a great success and JBBA thanks the breeders that nominated the ten bulls.

Allison thanked the staff, BBU Board, and BBU members for their continued support and investment in the future of the breed, JBBA.

Steve Emmons stated that attending JBBA Nationals will give you a chance to see what AI in the Beefmaster breed can do. Carpenter also commented on the need to attend at least one National Show to get a grasp of the dedication and determination of the kids involved.

Membership Committee – Co-chairs David Loftin and John Pierson reported the committee had charges set before them by President Bounds and as soon as the committee was confirmed, a teleconference meeting was held. The committee made calls to members who had not renewed in February. The reminder call offered a March renewal at a February rate. Loftin reported on a member in Florida, Alvin Cleveland, who finally had to retire and sell his cattle at 94 years of age. Bounds asked to give this man an honorary membership for the rest of his life.

One of the charges given by the President was to come up with a viable mentoring program with some sustainability. The committee drew up a mentoring program (attached) to recommend to the board. Loftin read through the BBU Mentoring Program proposal. **Loftin made a motion to accept the mentoring program as proposed. Clark Jones seconded the motion. Bounds asked for questions or discussion. Discussion ensued about getting the new member lists to the satellites. The motion carried with a vote.**

The second charge was a membership drive. The committee came up with a contest for satellites and marketing groups to have a drawing at their sales to purchase a BBU membership for non-member buyers (at least five) at their sales. The group that turns in the most new members (in percentage relationship to the members or the group) in a year (October 1, 2015 thru September 30, 2016) will get a staff member at their next sale at no charge. **Sue Pierson made a motion to accept the proposed membership contest for Satellites and Marketing Groups. JC Thompson seconded and with a little more discussion, the motion carried.**

The next charge was to find ways to recruit commercial cattlemen into BBU. The committee came back to the upgrading program. The committee would like to update the literature on the upgrading program. Bounds deferred to the advertising chair Clark Jones. Jones indicated that future ad plans include images

of crossbred Beefmasters and feel they can work something up for upgrading program literature at that time.

The next task was to try to recruit businesses and corporations into associate members of BBU. Dave contacted Joe Megason with Mix 30 and got a positive response.

John Pierson reported on the task of a membership discount program. Pierson made a contact that will give us a membership discount card where BBU will also get a percentage of the sales made.

Pierson reported that the average BBU membership is about seven years. The committee came up with an idea to recognize members with longevity of ten, twenty or thirty years or more. The committee is open to suggestions and will work further on a recognition idea to present.

Long Range Planning – Co-chair Justin Williams reported that the committee supports the recommendation from the Breed Improvement Committee to Genotype all AI sires and donor dams beginning in January 2016. The committee further asks the board to consider and possibly implement in the future a policy to have all Beefmaster sires genotyped by January 2020.

The committee has been working to restructure BBU awards. Every award is on a point system basis. Nominations can come from satellites or any member in good standing. Any award (except the new member of the year) can be awarded to a past recipient again after seven years. The committee will be asking for board approval on these within the next month. Bounds asked the committee to get the board something within the next fourteen days so they can be implemented for 2016.

South 40 – Co chair Trey Scherer reported that the South 40 had a good meeting. The group looks forward to heading up the fun auction at the BBU Convention this year and promises a very entertaining event.

South 40 will be lining up some educational videos to post on the website for availability to viewers at their leisure. Jason and Lauren Lyssy will develop a calendar of potential topics and are open to suggestions.

The committee is still trying to grow and it seems the conference call meetings work best for most of the group.

Nominating Committee – Chair Steve Emmons reported that the nominating committee had a good meeting with several good candidates submitted. The committee announced the following slate to be presented to the general membership at the meeting October 20, 2015:

Secretary – Dan A. Gattis – Hutto, TX
Treasurer – Chris Kauffman – Searcy, AR

Directors Term Expiring 2018
Trey Scherer – Brenham, TX
Gary Frenzel – Temple, TX
Ronnie Teague – Ramer, TN
Dalton Skinner – Katy, TX

The committee recommended Steve Dodds be considered to fill the unexpired director's term that may be left after the elections. No board action was required.

NEW BUSINESS

B.E.E.F. – President Davin Vaughn reported on the progress of the Endowment project. BBU/B.E.E.F. would need to raise \$210,000 over eighteen months (or \$105,000 over nine months times 2) to begin the endowment. Vaughn visited with Brandt about the funds and he agreed to set up a payment schedule for BBU starting low and progressing to higher payments which is reverse of what he usually does. Discussion ensued concerning the campaign, available funds and the contract obligations. Bounds asked for a motion of support for B.E.E.F. to move forward with this. Bounds stated that if we do move forward, the B.E.E.F. leadership and the leadership of the BBU Board along with staff will sit down and come up with a funding mechanism and then return to the BBU Board for the final approval. **Dwight Bertrand made a motion of support for B.E.E.F. to move forward with the endowment plans. Sue Pierson seconded the motion. The motion of support carried with none opposed.**

President's Report – Mackie Bounds informed the board of the need to hire a professional grant writer. Someone who will research what grants are available and then write the application for those funds. Bounds will sit down with staff and look into the costs involved and then come back to the board for approval. The satellites can also apply for grants from B.E.E.F. **Clark Jones made a motion to move forward with the process of hiring a grant writer to expedite the plan as soon as possible. Bob Siddons seconded. With no more discussion, the motion carried with a vote.**

Bounds reported that the Association is in great shape and has the greatest staff we have ever had. He stressed the importance of going out and recruiting breeders to be able to meet the supply in demand for our cattle. Everyone has contributed to the success of the Association today. We have a united message. The committees were commended for their hard work this year. Our Executive officers have stood behind the committees and even disagreed sometimes, too. That is why we have a board and change leadership from time to time. It brings new life to the Association.

It is a great time to be the BBU President. Mackie thanked everyone for their support, for the times they have said yes and even for the times they said no and supported their view. It is with respect for each other that we work together to find solutions.

EVP Report – Bill Pendergrass – Before the clean-up of older cows there were 610,968 females in our database. Today ILR2 shows 195,561 females that are 2 years of age or older with activity. In 2014 there were 13,715 of those and we are at 9009 WHR. In rough terms we have 20 – 22 thousand active females. LGS will give better numbers. Vaughn indicated there is about 175,000 females in the system with no activity, so either we need to do a lot of clean up or we are not registering enough of our cattle. Now is the time to maximize your program. Half way thru 2015 we are looking better. How do we move forward?

We are switching to Livestock Genetic Solutions with John Genho. We will run the registry programs concurrently and a shift of accounting protocol will be necessary but hopefully it will be a fairly smooth transition for breeders. Please note: the change in the genetic evaluation processing from ABRI to LGS will cause some change in our numbers. The target date for the Fall Sire Summary to be run is October 1 thru the LGS system. Bill previewed screens from the LGS registry system for the board and guests. Pendergrass thanked B.E.E.F. for making it possible for us to close the gap on our competitor by funding genotyping. He reported that to date we have 116 bulls that have already been genotyped on a 50K platform done by USDA or the University of Missouri (project funded by B.E.E.F.). We have received and

submitted 28 samples from the first letters that were sent out. We have another 27 that have committed to send in samples. We have another inventory of semen on 46 bulls sitting at Elgin that we will use for samples. That makes about 230 samples out of the 400 we need to get things moving. We have a shot at getting data from a breeder that is a geneticist and has done his own genotyping. The actions of the board to require AI sires and donor dams to be genotyped starting in January will help expedite this process by adding more data, not to mention the plan being considered that would require genotyping for every BBU sire in 2020.

Pendergrass spoke on the index development, specifically on the terminal (drawn from carcass data) and maternal (drawn from ww, milk, scrotal, bw, yw and IMF) indices we will implement. Bill also stated there is a difference in the ultrasound EPDs we use and the true Carcass trait EPDs. Beefmaster as a breed is being excluded from carcass adjustment tables (published by USDA) because we have only ultrasound EPDs. We are working to build a carcass data base that will get us included.

Bill commented on the data we are collecting (teat and udder size) but are not using and challenged the committees to consider them going forward.

Bill shared that the USDA federally graded carcasses the last week of January 2015, and we broke 70 percent choice. He further shared that we are blessed to have bull tests sites in various regions collecting feed efficiency data. We own the field in maternal heterosis and we don't have enough cows to take care of the market area that is there. It is time to grow and invest in your operation and to grow your cow herd. It is time to invest in new and better sires beginning with Artificial insemination as a starting point and moving on to genotyped sires from there. We need to invest in better management. The better our members manage their cattle the more opportunities they have. We have great potential for the forward thinking.

Dwight Bertrand made a motion to go into executive session. Jerry Davis seconded. The motion passed and non-board members were excused as the meeting moved into executive session.

After a brief executive session the meeting reconvened. **JC Thompson made a motion to approve the decisions made in the executive session. There were several seconds and with a vote the motion carried.**

A motion was made and seconded to adjourn and the meeting adjourned.