

**BBU BOARD OF DIRECTORS MEETING
JANUARY 24, 2019 – 8:30 A.M.
EMBASSY SUITES NORTHWEST
SAN ANTONIO, TX**

President Bob Siddons called the meeting to order at 8:30 a.m.

Vice President JC Thompson opened the meeting in prayer.

Secretary Dan Gattis called roll with all current board members (as follows) in attendance.

Kendall McKenzie

Dr Jim Colvin

Bob Siddons

Justin Williams

Jerry Thomas

JC Thompson

Derek Frenzel

Trey Scherer

Chris Kauffman

Gary Halepeska

James Skelton

Dan Gattis

Sue Pierson

Brian Melloan

Steve Carpenter

Larry Lairmore

Tony Psencik

Collin Osbourn

Minutes from the October meeting and subsequent conference call were approved via email in December.

President Siddons announced that the board will go into a special, brief executive session to allow Darrell Glaser to address the board before he has to leave to take care of other obligations. Siddons asked Collin Osbourn and Clark Jones to remain in this executive session, stating that Clark Jones is the official parliamentarian. **James Skelton made a motion to move into executive session. Justin Williams seconded and the motion carried.**

Dan Gattis made a motion that the meeting return to open session. Justin Williams seconded. The motion passed and open session resumed.

Financial Report – Chris Kauffman and Collin Osbourn -

Osbourn stated that the December financials had been received early but only two days prior to the board meeting and were included in the packet presented to the board. December was a good month with renewals beginning to trickle in. Registrations and transfers were up as well as embryo transfers and AI certificates. December was a good month. Collin thanked SEBBA for a great job on convention noting we still have outstanding funds that haven't come in to us yet. So there will still be a small bump in the convention income. Osbourn stated that DNA expense reconciliations of invoices received during a period of staff turnover will be seen as an adjustment in January expenses. Historically the end of the year (November and December) show losses for us depending on the year and how convention went. Comparatively, we are still ahead of December reports from previous years. Chris Kauffman stated that generally when he looks at the financials he focuses on budget versus actual year to date. He covered some of the line items on the budget versus actual report, emphasizing as Osbourn had, the differences in

amounts and the explanations for it. Kauffman also addressed the increase of the accounting fees, noting the auditing firm BDO has increased their fees and they were also requested to be present at the general membership meeting which resulted in additional fees. Kauffman is currently in touch with and researching three other firms attempting to lower audit expenses for the next fiscal year. Chris entertained and answered questions on the financial report. Siddons entertained a motion to approve the December financials. **James Skelton made a motion to accept the December financials as presented. Gary Halepeska and several others seconded and the motion passed.**

B.E.E.F. ENDOWMENT CAMPAIGN UPDATE – BOB SIDDONS

Siddons stated that the campaign is at \$1.5 million right now and sees the \$2 million goal as attainable possibly by the end of the year. This will put B.E.E.F. in a position over the next ten years to offer education and research grants and to pay their note in full to BBU. Siddons wanted to put to rest any concerns over repayment of the B.E.E.F. note.

The B.E.E.F. Board has increased their number of directors from six to twelve and has the ability also to nominate four at large directors, one of which being added each year to stagger their terms. B.E.E.F. will put forth nominees for officers later this year and the election will be presented to the BBU Board for approval at the convention board meeting if not before. Siddons noted that he and Mackie Bounds will meet soon to rejuvenate the endowment campaign and strive to reach the \$2 million goal before the end of this year.

REGISTRY SYSTEM UPDATE – COLLIN OSBOURN

Osborn reported that the staff and members are becoming more familiar with the system, but it is a slow process. We are constantly finding things that we can tweak to make it more user friendly. The biggest challenge to this point has been registering embryo calves and recording embryos. This is still a work in progress.

More information is getting put out via E-News and E-blasts such as membership renewals online, IBR and WHR inventories online. We are trying to take advantage of this system we have invested in.

Billing is still an issue and anyone who has questions on billing is encouraged to contact the BBU office for review and explanation or adjustment of any questionable billing.

Animals being DNA'd must have a record number (C or P) prior to submitting DNA samples. Completing DNA submissions with a record number allows the forms to be prepopulated when scanning the barcodes. The next step is to try to automate it coming back out of the lab so we don't have to hand enter all of those. It does take time and communication between the labs and the programmer to make that happen.

WHR and IBR inventory reports were updated in the headers to represent the year and the specific program being updated. The membership list to send out membership cards had to be updated. We are constantly working with our programmer to make changes and updates needed to be more efficient but his response time varies depending on the urgency of requests he has before him.

2019 CONVENTION UPDATE – COLLIN OSBOURN

The 2019 Convention will be at the Wyndham San Antonio Riverwalk. Live Oak Beefmaster Breeders Association has agreed to be the host. Marie Welkener will be the Convention Committee Chair. The sale cattle will have to be offsite. The location and specifics of the sale are still to be determined.

The board has expressed interest in returning to Fort Worth and the Stockyards for the 2020 Convention. The convention planners have been talking to the new hotel in the area and the Hyatt we stayed at before getting quotes and proposals. Osbourn stated that he had just received quotes of room rates. The Hyatt we used previously have room rates of \$159 weekday and \$209 to \$229 weekend. The new hotel rates were \$209 to \$229 any day. The planners are going back to try to negotiate for lower room rates. The planners asked if we would consider backing up a day, getting off of the weekend for better rates. We are still looking for a host group for the 2020 convention.

TEXAS A&M PROJECT – COLLIN OSBOURN

The timing of this meeting didn't allow a Texas A&M representative to be available to address the board. When asked about possibly holding our spring board meeting at their facility and having them address the board then, the A&M staff were open to the idea. They are all on board with moving forward with Beefmaster Genetics with the target date being next spring. The quality of cattle they have at their availability right now isn't what they want it to be and it has put them behind a little bit. This fall they stated putting in Red Angus embryos. The board was given a packet to review of parameters that A&M gave the Red Angus Association. The parameters for Beefmasters will be different because they are coming to Beefmasters for their maternal abilities. We need some of our very best genetics to go through the program. Genetic donations would be made to B.E.E.F. and B.E.E.F. would make the donation to the university. The university is also interested in recipient donations. A&M is making updates to their facilities and is excited and committed to becoming THE research facility within the Beef Industry and especially in the south.

Discussion ensued about other research projects and plans. Collin stated we are still in talks with Noble Research Institute but we need good genetics and it will be about a year before they will be able to incorporate Beefmasters into their program.

RED ANGUS ARTICLE – COLLIN OSBOURN

The Red Angus Association published an article in November or December about phasing out select beef. Osbourn presented copies of the article that insinuated select grade beef may be going away and spoke to how that specifically may impact Beefmasters. We should start looking at our carcass characteristics across the board (from REA to IMF) and start putting a plan in motion to increase/improve those. Many of our breeders have recognized this and have already made strides to start heading that direction. Collin stated the need for a dedicated effort to get everyone as a whole to start inquiring, planning and seeing what they need to do to head in that direction. There are ways that we can improve our carcass quality and carcass

characteristics and still maintain our heterosis and indicus influence and everything else that makes us a Beefmaster. The group discussed the article and shared some thoughts and ideas and challenges involved.

UPCOMING EVENTS – COLLIN OSBOURN

NCBA will take place in New Orleans, Louisiana next week. Four different producers will share booth space with us there. Several state conventions are planned as well and we welcome all interested in sharing booth space to get with the office well in advance so we can get you the information needed to participate.

TSCRA will take place in Fort Worth March 28 – 30, 2019.

BIF – Beef Improvement Federation meetings will take place in Brookings, South Dakota June 19 – 22, 2019. The educational meetings include a lot of relevant information. Anyone interested in attending should contact the office soon.

BBU summer committee and board meetings will take place June 26 – 28, 2019, at the Embassy Suites Northwest in San Antonio, Texas.

The BBU Spring Board meeting will most likely take place at A&M sometime in April. The date and time will be determined after we coordinate it with A&M personnel.

EVP REPORT – COLLIN OSBOURN

Collin Osbourn compared numbers on membership, WHR, IBR, registrations and transfers for the past three calendar years, speaking to and explaining some of the fluctuations in those numbers. Collin addressed field service travel expenses and how to offset those expenses. The board was presented a spreadsheet of income and expenses used to formulate the budget presented for 2019. The 2019 budget was not based on recent fee increases but on the fees in place at the time the budget was presented. Osbourn went through the various line items explaining the income/expenses, what feeds into each and what affect it usually has on the budget. The new fee increases will impact the budget in the second half of the fiscal year and we should see a pretty good year if everything continues as we expect it to. When asked about cutting expenses further, Collin noted that looking at and utilizing better scheduling of field service visits (a discussion the office has already had) and also taking advantage of the technology afforded us with the new registry system and getting our members in line with it will certainly help. Increasing membership and registration numbers is crucial to our budget. As we become more recognized in the beef industry, we will increase in those areas. South Texas is an area where we can be a little more available and accommodating and grow. Small things like using social media for marketing will offer “advertising” without increasing the advertising budget. President Siddons thanked Collin for the analysis and stated that knowing exactly where our revenue and our expenses fall help us get more control of them by being more efficient.

PRESIDENT'S REPORT – BOB SIDDONS

President Siddons stated that now that the committee appointments have been made, it is time to charge those committees with our objectives and get them started on the right foot. Siddons went through his visions and charges for some of the committees.

Advertising and Public Relations is packed with young talent that understand social media and how it works. It's a great advertising avenue with no cost when you know how to use it. Siddons noted he would like to see our co-op ads expand and see more satellites come on board to help share advertising expense in the various areas of the country.

Breed Improvement Committee will be tasked with looking into finding data to develop several new EPDs we are working towards – heifer pregnancy, stayability, mature cow weights, udder and teat, docility, efficiency – all of these strengthen our \$M. Siddons would also like the committee to get more involved in our research projects.

Commercial Marketing will look into getting more field days and educational seminars hosted, scheduled and on our calendar in various areas of the country. They will also look for areas, possibilities and opportunities to have more commercial female E6 Sales. The committee will also discuss and brainstorm to come up with ideas to better market and sell our commercial bulls.

Finance and Audit will work to help BBU return to profitability with an annual net gain. They will continue to look into reducing the audit expenses to help reach that goal.

JBBA Adult Committee will work on finding ways for JBBA to end their year without a loss - breaking even. Growing JBBA membership to 1000 members is another challenge for this committee.

Membership Committee is loaded with young talent as well in hopes that their social media skills will help to grow our membership and keep them more informed and involved. We need to push each satellite to grow their membership as well.

Long Range Planning will have carcass improvement as their number one charge. Scanning our cattle is the key. The group will discuss ways to encourage Satellites and groups to hold a scanning day where breeders can come together and have cattle scanned. Siddons has a new vision for Pro Services. A vision where the field reps will not just do paperwork but will educate, teach and help breeders make the choices that will improve their operations.

The board took a short break before moving into executive session. **James Skelton made a motion to move into executive session. Justin Williams seconded. The motion passed and the meeting continued in executive session.**

Kendall McKenzie made a motion to come out of executive session. Sue Pierson seconded. Motion carried.

Kendall McKenzie moved that the current contract with the Executive Vice President (Collin Osbourn) not be renewed with a second by Sue Pierson.

Kendall McKenzie made a motion that a new contract be written and executed with the Executive Vice President before the April 2019 board meeting. Jerry Thomas seconded the motion and it was approved.

Kendall McKenzie moved to amend the policy of BBU by adding that all contracts for employment of the Executive Vice President must be reviewed and approved by the Board of Directors of BBU. Larry Lairmore seconded the motion and it carried with a unanimous voice vote.

President Siddons appointed the following committee to revise the Executive Vice President's Contract.

JC Thompson – Chair

Clark Jones

Chris Kauffman

Dan A Gattis

Kendall McKenzie

Larry Lairmore

Justin Williams moved to adjourn the board meeting seconded by Dan Gattis. All agreed and the meeting adjourned.