

Minutes

IBBA Board of Directors Meeting via Conference Call

Oct 9, 2019

Members present: Bill Davis, Eddy Roberts, Darrel Law, Shiloh Hall, Danny Farris, Allen Goode, Troy Floyd, Mike Weathers, Greg Romans, Vern Suhn.

Motion made by Bill Davis, second by Vern Suhn, to reaffirm approval of the minutes of the August 14, 2019 Board meeting. Motion passed without dissent.

Called for amendments or additions to the agenda. None offered.

Secretary-Treasurer Mike Weathers reported that he had been meeting with D. Wilkes. asked D. Wilkes to review

D. Wilkes reviewed the IBBA income statement through the end of September, noting that the single most significant variable is the revenue from Total Herd Reporting (THR). THR invoices were sent out in August and, therefore, consistent with standard accrual accounting methods, the revenue was booked in August even though the cash was not received. THR invoices totaled roughly \$927 thousand. Wilkes stated that the total THR revenue will be less than the amount invoiced because, in many cases, the invoices were not correct and in virtually every case the invoices were higher than what members will end up paying when all the cow disposal records are completed.

Wilkes reported that, through the month of September, the actual cash received was 86% of the invoice totals for those members who have completed their THR transaction. If this percentage holds through the end of the year, THR revenues would be roughly \$797 thousand. Another \$50 thousand of THR-like fees will be collected for registrations of ET calves whose recipient dams are not on THR. Hence, the annual total for THR and THR-like fees could be approximately \$850 thousand. If the percent yield on the balance of outstanding THR invoices is closer to 82%, which is a reasonable expectation, total THR fees including ET calf fees will be closer to \$810 thousand.

Mr. Weathers raised the question of what to do with the year-end THR receivables. He suggested that they be cleaned up one way or another at the end of 2019 so that the issues do not carry over into 2020.

Mr. Weathers suggested that the intercompany receivables from BPI and GPS, which total nearly \$220 thousand, be cleaned up and paid to IBBA, recognizing that GPS does not have the \$174 thousand that it owes to IBBA. GPS is \$76 thousand short of having enough cash on hand to pay IBBA the intercompany receivable.

Mr. Weathers advised the Board that the World Brangus Congress left over funds were still sitting in a separate account. The plan all along has been to move the funds into the Foundation. Board authorization is needed to do this. The amount is \$12,249.

Mike Weathers made a motion to transfer the balance of the WBC funds to the IBBF. Second by Bill Davis. Motion passed without dissent.

Discussion ensued on the cash reserve at IBBA. Current invested reserves total approximately \$654 thousand, plus the building maintenance account totaling just over \$192 thousand. A previous Board established a minimum reserve threshold of \$1 million. This is not considered feasible in light of the revenue delay due to THR re-scheduling plus the added expenses and lost revenues owing to the software conversion.

A motion was made by Mike Weathers to waive the minimum cash reserve that was established by a previous Board in order to accommodate the current circumstances related to software conversion and changes in timing of revenues. The current Board, in its discretion, will reestablish a reasonable minimum reserve when things have stabilized after the software conversion is complete. Second by Bill Davis. Motion passed without dissent.

Discussion continued on what the minimum reserve should be in the near term while THR revenues are coming in and the total is uncertain.

Mr. Weathers withdrew the previous motion that lacked a specific number. Mr. Davis withdrew the second.

Mr. Weathers moved that the reserve be allowed to go down to \$300,000 if necessary, and that the Board revisit the issue when a reasonably accurate projection of THR revenue is in hand. Second by Shiloh Hall. Motion passed without dissent.

The Board was presented with three parentage cases that had been scored by the staff scorecard for parentage override and all three easily exceeded the minimum score of 0. Staff recommended that these three cases be approved.

Vern Suhn made a motion to approve the three cases. Second by Allen Goode. Motion passed without dissent.

D. Wilkes then presented a parentage case that had previously been rejected, but has been appealed for reconsideration. A donor female was flushed, calves were produced, and frozen embryos are still in storage. Several of the calves have been sold to other seedstock producers. The donor in question cannot be dam-verified because her dam is deceased. The dam of the donor female could have been sampled for DNA prior to her death, which occurred after the parent verification rule was put in place, effective Sept 30, 2016.

Nearly every other animal in the 3-generation pedigree is parent-verified, suggesting a high level of precision in the breeder's records. Six of the eight great-grandparents are parent-verified; one is only sire-verified. All four grandparents are parent-verified. The donor in question is sire-verified.

Discussion ensued on any reasonable restrictions that may be placed on this animal and her progeny considering that she (the donor) cannot be dam-verified. There is precedent for limiting the parentage override to those progeny that are either living or are frozen embryos presently on hand, and refusing to consider any future flushes for parentage override.

Vern Suhn moved that the current living calves from the donor, plus the frozen embryos, be allowed to be registered only if they are tested for all known genetic defects and that all progeny from the donor in question must be parent-verified in order to be registered. The motion was seconded by Danny Farris. The motion passed without dissent.

D. Wilkes presented the staff recommendation that IBBA hold a Brangus Summit June 7-9, 2020 in Orlando, FL. The BIF convention is in Orlando June 9-12, with the 9th being an administrative day. BIF will not be upset if we schedule on top of that day. This may encourage more Brangus breeders to stay for the BIF convention.

Before deciding on the time and venue for the Brangus Summit, discussion ensued on the need for a separate annual membership meeting for the primary purpose of verifying the Board election. The by laws require that this be done before April 1 of each year.

President Roberts questioned the timing for the next Board meeting, and questioned if it would be feasible to have the Long Term Planning Committee meet with the Board for time.

Following discussion, it was moved and seconded by Mr. Goode and Mr. Weathers, respectively, to hold a joint meeting of the Board and the Long Term Planning Committee December 10-11 in San Antonio; to schedule the annual membership meeting for March 6 or 7, 2020 in Houston, and to schedule the Brangus Summit for June 7-9, 2020 in Orlando, FL. The motion carried without dissent.

The next agenda item regarded the IBBA list rental policy. D. Wilkes suggested that discussion on this topic could easily be postponed. Allen Goode moved to table discussion of the list rental policy. Second by Mike Weathers. Motion carried without dissent.

Mr. Goode opened discussion on the topic of Ultra calves showing at the side of Brangus dams. Previously the Show Committee voted to allow this and the Board voted at it's 6-12-2019 meeting to uphold the Show Committee position to allow Ultra calves to show at the side of a Brangus cow. Since then, the process by which the Show Committee voted to take its position has been challenged on parliamentary grounds and, ultimately, the motion passed by the Show Committee that allows an Ultra calf to show at the side of a Brangus cow was rescinded. It was then suggested that the Board should rescind its motion that upheld the previous Show Committee position since the Show Committee's position was improperly derived due to alleged parliamentary procedure violations.

Discussion ensued, where concerns were expressed about this position changing back and forth endlessly depending on who is present to vote at Show Committee meetings. Meanwhile, new information has become available on the indicus/taurus content of Brangus cattle based on DNA analysis which clearly shows that Brangus and UltraBrangus overlap in terms of DNA content. Some Ultra have a higher proportion of indicus DNA than some Brangus.

Mr. Suhn moved and Mr. Davis seconded a motion to retain the Board's current position on the issue of Ultra calves showing at the side of Brangus cows while the Show Committee considers the new information provided by DNA analysis.

Discussion of the motion included expression of concern that the Show Committee may view the Board as taking sides when the true preference of the Board is that the Show Committee resolve the issue amicably, possibly aided by the new DNA information. In consideration of this, Mr. Suhn rescinded his motion, and Mr. Davis rescinded his second.

D. Wilkes updated the Board on the situation with the Braunvieh Association, which is one of two customers of GPS. Braunvieh has entered into an agreement with another registration service provider at IBBA's urging and is struggling to pay the fee to GPS and to the other service provider simultaneously

during the several month transition. Wilkes suggested lowering the monthly fee from \$2200 to \$1100 to help Braunvieh make the transition.

Mr. Weathers moved, with a second by Mr. Hall, to reduce the fee for Braunvieh on the condition that their transition will be completed in a timely manner. The motion passed without dissent.

A motion to adjourn was made by Mr. Weathers, seconded by Mr. Davis. Motion passed without dissent.

The meeting adjourned at 9:36 p.m. CDT.

I, Darrell L. Wilkes, certify that these minutes were approved by the Board of Directors meeting in San Antonio, TX on December 11, 2019.