

Minutes
IBBA Board Meeting
IBBA Office, San Antonio, TX
Dec 11, 2019

President Eddy Roberts called the meeting to order at 7:40 A.M. CST.

Secretary-Treasurer Mike Weathers called roll.

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

Motion made by Danny Farris, seconded by Bill Davis, to accept updated agenda. Motion passed without dissent.

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

President Roberts acknowledged the presence of Mark Cowan, Chairman of the Breed Improvement Committee. Chairman Cowan reported that the committee met in San Antonio from Monday, December 9 at noon until Tuesday, December 10 at noon. Cowan summarized the discussions held by the full Breed Improvement Committee and the Ad Hoc Committee dealing with percent Bos indicus.

The Breed Improvement Committee made the following recommendations, including the recommendations from the Ad Hoc Committee on Bos Indicus Percentage:

- Improve percentile rank chart for non-parents by limiting the birth years of animals represented in the table to the most recent 3 years.
- Remove actual weights and measures from publicly-available records to prevent third-party “scraping” of IBBA’s database. Members will still be able to view all of their own data but cannot see the data of cattle belonging to others. Breeders can share their weight and measurement data with other breeders as they desire, but it would be protected from database scraping.
- From the Bos Indicus Percentage Ad Hoc Committee, it is recommended that:
 - IBBA continue registering Brangus based on pedigree estimate of percent Angus and Bos Indicus, thus recognizing two methods of breeding up to Brangus: 1) utilizing registered Angus and Brahman animals and Certified $\frac{1}{4}$, $\frac{1}{2}$ and $\frac{3}{4}$ animals to produce animals with a pedigree estimate of $\frac{5}{8}$ Angus and $\frac{3}{8}$ Brahman, and 2) double top-cross with registered Brangus animals on registered Ultrablack or Ultrared animals to achieve the R or RR prefixes denoting Brangus and Red Brangus, respectively.
 - IBBA facilitate access to and process orders for the percent indicus test and provide space in the database to store the information, which would be available only to the owner of the animals.
 - Members are free to use the percentage data as they see fit in their breeding and marketing plans and IBBA may use it for research purposes.

- The Bos Indicus Percentage Ad Hoc Committee requested direction from the Board as to whether it should continue analyzing a “third way” of producing registered Brangus and Ultra cattle utilizing DNA-based breed composition tools.
- The Bos Indicus Percentage Ad Hoc Committee recommended that the association seek legal council to determine whether the liability of members and/or the association has been increased by the availability of the DNA test for breed composition, and further recommends that the association make clear in literature and other publicly-available documents that the 3/8 5/8 breed composition of Brangus is and always has been a theoretical estimate.
- Other action items from the Breed Improvement Committee (BIC) were reported as follows:
 - The Breed Improvement Committee has formed a subcommittee comprised of Joy Reznicek, Brad Wright and Grady Green to review the issue of utilizing A.I. certificates.
 - Recommend that IBBA approve a percentage of the funding needed to complete the project of Dr. Raluca Mateescu, Genomics of Meat Quality in Brangus. The amount was not specified by the Breed Improvement Committee. Rather, the Board was asked to determine an appropriate amount.
 - BIC has a marbling score subcommittee chaired by Danny Farris. Tracy Holbert also serves on this subcommittee. IBBA desires to move from an IMF EPD to a Marbling EPD. The subcommittee is charged with determining the amount and structure of carcass data needed to make this transition.
 - BIC also recommended that the indexes be expressed only in terms of percentile rank rather than the index values because the index values are currently expressed in standard deviation units which is a complex concept to explain and to be understood by members and commercial bull customers.
 - IBBA has access to feed efficiency data, currently housed at TAMU. The dataset is large enough to begin incorporating the information into EPD computations. Over 2,000 records are available but need to be organized to match up PHNs with registration numbers and get the raw data incorporated into the new database. The desire to create any sort of efficiency index depends upon getting feed efficiency data incorporated into IBBA’s genetic evaluation.

Chris Heptinstall moved, Bill Davis seconded, to follow the BIC recommendation to improve the percentile rank tables by limiting non-parent animals used to form the table to those born within the past three years. Motion passed without dissent.

Bill Davis moved, Lee Alford seconded, to adopt the BIC recommendation to limit public access to individual weight and measurement data to prevent database scraping; such data will be available only to members viewing their own cattle. Motion passed without dissent.

Allen Goode moved, Bill Davis seconded, to adopt the BIC recommendation with regard to percentage Bos indicus which would involve: 1) continuing to register cattle according to pedigree estimate of breed composition; 2) continue to create Brangus and Ultra cattle produced in established ways involving the use of registered Brangus, Angus and Brahman cattle, including Certified animals of ¼, ½ and ¾ Angus/Indicus composition, and top-crossing Brangus on Registered Ultra cattle to breed up to Brangus. Motion passed without dissent.

Bill Davis moved, Vern Suhn seconded, to present the fertility and terminal indexes on the basis of breed rank rather than the actual index values until the indexes can be expressed in terms other than standard deviation units. The motion passed without dissent.

Discussion ensued on the subject of whether it is appropriate for IBBA by-laws to specifically state that Brangus cattle are $3/8 \times 5/8$ in breed composition when, in reality, no breeder can guarantee a perfect random sample of genetic material with each independent segregation of chromosomes and, therefore, cannot guarantee that an animal which is $3/8 \times 5/8$ based on pedigree is precisely 37.5% and 62.5% based on actual DNA composition.

Vern Suhn moved, Shiloh Hall seconded, to seek legal counsel on the question of whether the current language in the by-laws creates unintended liability and, further, to table the question of whether to remove the $3/8 \times 5/8$ nomenclature from the by-laws and from all other promotional materials pending legal counsel and further Board action. Further, to table additional work by the Indicus Percentage Ad Hoc Committee regarding the question of whether to establish an acceptable range of breed composition which would qualify as Brangus and, thus, allow whatever matings are mathematically consistent with the range. The motion passed without dissent.

Discussion ensued on the question of financially supporting the research work of Raluca Mateescu. Any funding would appropriately come from the International Brangus Breeders Foundation (IBBF). Currently, the officer roster for IBBF is not current and, thus, until that is done, the IBBF is not in a position to make a decision or a commitment.

D. Wilkes was directed to secure the legal documents establishing the IBBF and to prepare to officially update the IBBF officer roster so that the IBBF is in position to make a decision on any disbursement of research funding.

D. Wilkes reviewed the discussion and action items from the joint meeting of the Long Term Planning Committee and the Board of Directors. Three action items were presented:

- 1) To organize and update the Foundation to allow for more aggressive fundraising and to have a formal structure for decision-making on project funding requests.
- 2) To form a Research Committee comprised of the Chairperson from each standing committee, with the notion that the Research Committee would consider all research proposals and make subsequent recommendations to the IBBA Board and IBBF Board regarding funding.
- 3) To amend the Long Term Planning Committee recommendations on Board electoral district restructuring as follows; 4 from Texas; 3 from the West Region, which includes the states from Oklahoma north through North Dakota, and everything west of that corridor; and 4 from the East Region which includes all states east of the Oklahoma – to - North Dakota corridor; 2 at-large members which can come from any Region, with the proviso that no Region shall have more than 5 seated Board Members at any time.

Vern Suhn moved, with a second by Bill Davis, to approve the Long Term Plan including; 1) increased emphasis on the Foundation for effective fundraising, 2) appointment of a Research Committee, and 3) amending the Board electoral re-districting to include 4 Directors from Texas, 3 from the Western

Region, 4 from the Eastern Region, and 2 at-large, with the restriction that no region may have more than 5 Directors serving simultaneously. The motion passed without dissent.

Mike Weathers presented the financial statements for Genetic Performance Solutions (GPS), which is essentially functioning as a shell company since IBBA is the only customer for GPS presently. GPS has an operating loss year-to-date of approximately \$100,000. GPS has approximately \$115,000 cash on hand. IBBA is carrying an intercompany receivable from GPS for approximately \$183,000. This has occurred because IBBA allocates certain salary costs to GPS but does not invoice GPS for reimbursement of the salary costs. Hence, the costs simply accumulate as an IBBA intercompany receivable and a GPS intercompany payable. There is clearly a need to clean this situation up by settling the intercompany accounts, moving most of the GPS cash into IBBA, and absorbing the GPS operating loss by reversing expenses from GPS to IBBA.

Mr. Weathers reported that the Finance Committee recommends making GPS a dormant company, to settle all intercompany payables and receivables, cancel D & O insurance, and leave a minimal balance of cash in the GPS account. Discussion ensued.

Mike Weathers moved, seconded by Shiloh Hall, to clean up the GPS books by settling the intercompany payables, canceling the D&O insurance, reversing expenses sufficient to cover the operating loss in 2019, and leave at least \$25,000 in the GPS checking account. The motion passed without dissent.

Mr. Weathers introduced the topic of BPI (Brangus Publications, Inc.). BPI has had issues with aged receivables, mostly due to insufficient communication between IBBA and Melanie Fuller, who sells the advertising for BPI and handles communications with those having aged payables to BPI. Mr. Weathers has been working with IBBA accounting and Melanie to create a standard report that will be provided to Melanie so she has current information on accounts that are still outstanding. Some accounts are very old and will need to be written off.

Bill Davis moved, seconded by Chris Heptinstall, to clean up the aged receivables and to maintain a disciplined reporting and communication process between IBBA and Melanie Fuller to stay current on receivables. This will result in a write-off of approximately \$3,000 in very old receivables. The motion passed without dissent.

Mr. Weathers reported that the balance remaining in the World Brangus Congress (WBC) account will be moved to the IBBF per earlier decisions by the Board.

The IBBF has a \$1,400 receivable dating back to a pledge that was made but not filled, and is nearly 5 years old.

Mike Weathers moved, Shiloh Hall seconded, to write off the \$1,400 receivable in IBBF. The motion passed without dissent.

Mr. Weathers referred to the 10-31-19 IBBA Balance Sheet and commented that the numbers presented on the balance sheet for the money market accounts and CD with UBS now tie correctly to the UBS statements for the first time in a couple years. The intercompany balances will be cleared up by year end.

Mr. Weathers referenced the IJBBA Legacy Fund entry of \$102,478 and noted that this is different from the amount that the auditors provided for this item based on the 2018 audit which was \$80,100. The IJBBA books and IBBA's accounting of IJBBA do not match the audit. This discrepancy will be resolved in the 2019 audit.

Regarding the income statement, the key issue is the THR unpaid balance of approximately \$318,000. It is likely some of this will not be collected, but based on current experience with THR invoices, it is expected that at least 85% will be collected. Mr. Weathers estimated that the year-end net income would be approximately -\$100,000, derived as follows:

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|-------------------------------|--------------------------|
| Net income through 10-30-19 | \$374,000 |
| DNA payable not yet booked | -\$115,000 |
| GPS expense transfer to IBBA | -\$92,000 |
| Two months of expenses | -\$220,000 to -\$240,000 |
| THR write down | -\$40,000 |
| Projected Year End Net Income | -\$93,000 to -\$113,000 |

D. Wilkes presented the 2020 budget which is proposed by staff and the Finance Committee. Revenue projections are similar to 2019 with the exception of \$85,000 anticipated income from the 2020 Brangus Summit, which is offset in the budget by \$85,000 in expense, plus \$95,000 in NJBS revenue (which was not budgeted in 2019), but is also offset by \$95,000 in IJBBA expenses. These two items add to \$180,000 of additional revenue vs. 2019 compared to a total increase in budgeted revenue of \$191,000. Hence, these two items explain most of the difference.

Regarding budgeted expense, Wilkes noted a significant difference between the 2019 budget and the 2020 budget for staff salaries of approximately \$120,000. This is a result of charging all GPS salaries directly to IBBA in 2020 rather than charging a portion of them to GPS and then carrying an intercompany payable on the GPS balance sheet (and an intercompany receivable on the IBBA balance sheet).

Shiloh Hall moved, second by Allen Goode, to approve the budget as presented. The motion passed without dissent.

IBBA staff then presented updates on their areas of responsibility.

Andrew Sicotte, Product Manager and Director of Information and Technology, presented the plan to migrate the DNA data from the old Portal system to **regstr**. Now that Braunvieh and Longhorn are no longer GPS customers and no longer need access to the old Portal system, IBBA can reduce the cost of hosting the system which currently costs more than \$30,000 per year. Now that the Portal system is only being used by IBBA, public access is no longer required. A series of micro-servers have been used to make clones of the Portal software and database (at a one-time cost of \$90 per server), which will expedite the migration of DNA data from Portal to **regstr**, which is the first step in making DNA information readily available to members. This is a top priority.

Macee Prause, Director of Genomics and Research, reported that DNA test volume in 2019 is very similar to 2018 – down very slightly. Macee reported that Tissue Sampling Units (TSU) are being encouraged vs. blood cards, which complicates sample storage because of the need for refrigeration. Neogen has improved their lab information system which allows daily checking on sample and testing status.

Lori Edwards, Member Services and Marketing Coordinator, reported on the plans for the Summit meeting in June 2020. The draft agenda for meeting times and events was presented. We are seeking a keynote speaker to open the conference on Monday morning, June 8, which will be the primary business meeting for the members. Committee meetings will occur Monday afternoon, June 8. A plated formal dinner will be held Monday evening. Tuesday will include educational programs and committee reports.

Jessie England, Director of Registry, Media and BPI Co-Editor, reported on the functions of **regstr** and highlighted areas that are prioritized for improvement. She reported that the sire directory is being put together with plans to send it to members packaged with the February 2020 Frontline magazine. She reported that updating the website was a long-overdue project that is rising on the priority list.

Justine Voss, Director of Accounting and Finance, reported on the status of the integration of **regstr** with QuickBooks OnLine, which is not yet done. Invoicing is mostly a manual process and certain billable activities, such as transfers, will be far under budget due to limitations with the database and being able to query the system for billable activities that historically have been part of the Work Order process which is not yet built in **regstr**. She reported that open THR invoices total approximately \$318,000 and presented projections on the percentage of the open invoices that would eventually be paid.

The Board then considered a resolution to appoint Darrell Wilkes as the primary account contact for the Fidelity Simple IRA plan that IBBA has for staff. Dr. Perkins is currently listed as the primary contact.

Mike Weathers moved, seconded by Greg Romans, to appoint Darrell Wilkes as the primary account contact for the Fidelity Simple IRA account. Motion passed without dissent.

D. Wilkes presented the proposal for office hours during the Christmas holiday. In consideration of the amount of evening, weekend and other overtime work that the staff has put in during the past year, Wilkes requested permission to close the office December 24 through Jan 1. There were no objections.

Bill Davis moved, Danny Farris seconded, to adjourn the meeting. The motion passed without objection.

The meeting adjourned at 3:18 p.m.

These minutes were approved at a meeting of the Board on 2-12-2020.