

Minutes
IBBA Board of Directors Meeting
Conference Call
8-12-2020

President Chris Heptinstall called the meeting to order at 7:04 p.m. CDT

Secretary/Treasurer Mike Weathers called roll. The following members were present:
Chris Heptinstall, Mike Weathers, Shiloh Hall, Mary Douglass, Allen Goode, Vern Suhn, Jeremy Jackson, Rob Singleton, Troy Floyd, Darrel Law, Greg Romans and Lee Alford

Board members not in attendance:, Doyle Miller.

Mr. Weathers declared the presence of a quorum.

IBBA Staff present: Darrell Wilkes and Brian Sadovsky.

Mr. Heptinstall called for additions to the agenda. None were offered. **Troy Floyd made a motion to approve the agenda as presented. Mike Weathers seconded. Motion passed without dissent.**

The minutes of the June 10, 2020 meeting were reviewed. **A motion was made by Vern Suhn , seconded by Rob Singleton, to approve the minutes of the June 10, 2020 meeting. The motion passed by voice vote without dissention.**

D. Wilkes presented the July 2020 financial statements. Year to date net income is \$136,366 below budget, mostly due to write offs of aged delinquent accounts, some of which go back to 2018 but mostly from 2019.

Wilkes noted that the total revenue budget for all registrations, which includes all forms of THR, is budgeted at approximately \$922K for the year, excluding write-offs. Write-offs through July total roughly \$79K, with more expected by year's end. In total, it is expected that total registration income in 2020, which includes write-offs from 2019, will be \$100K under budget, or about \$820K.

Transfers have not been invoiced yet.

July financials show DNA at a negative margin of 4.7%. This is a timing issue and will settle out at the 11% margin that is budgeted.

D. Wilkes reviewed the Balance Sheet, noting that cash in the checking account is \$525K. Brian Sadovsky noted that the PPP forgiveness application is ready to send but Frost Bank is not yet accepting those applications. Once filed, if approved for forgiveness, will result in removing the liability of \$109,500 from the balance sheet. Cash from the PPP loan is in the checking account.

Brian Sadovsky reported on the IJBBA accounts, noting that the IJBBA has slightly more than \$18K in receivables, which are included in the total IBBA receivables. This amount exceeds the balance in the Legacy Fund Account, which means that IJBBA has essentially exhausted their available funds held with IBBA. He reported that revenue from NJBS is still coming in and may reverse the underwater situation at least temporarily.

Wilkes stated his plans to connect with IJBBA and get a clear answer on their intent to either take their accounting matter in-house or replenish their account with IBBA and continue to utilize IBBA as their business office.

Mr. Weathers reviewed his projection for year-end, with the following details:

- Assume THR is paid on 38,000 of the 41,885 animals that were invoiced. This is consistent with 2019, and produces revenue of \$798K, which is \$81K below the invoiced amount.
- Net Income through July 31 is \$282K
- Reduction of THR as noted above (\$81K)
- Expenses for August-December of \$95K/month is \$475K
- Catch up on DNA billing, bringing the margin back to normal, represents \$45K p/l adjustment.
- Expect another \$20K in ET calf registrations.
- The initial 2020 net result is -\$208K
- With forgiveness of PPP loan, net result is -\$99K. This should be considered the base case.
- Potential upsides:
 - Transfers \$30 - \$40K
 - Registration of calves from first-calf heifers \$20 - \$30K
- Best case, with upside factors, is about -\$30K, which includes depreciation.

Mr. Suhm inquired about the amount of money represented by transfers that have not yet been billed. Wilkes reported that there are two different kinds of files, which he called Type A and Type B. Type A transfers are simple transfers that are done after the age where all transfers incur transfer fees (24 months for females, 30 months for bulls). From July 1, 2019 through the end of May, that file represents about \$21K in billable transfers. The second type, Type B, are animals that are transferred multiple times before they reach the transfer age cutoff. Show heifers, for instance, may be transferred multiple time before they are 24 months of age, and only the first transfer is free. Type A are straightforward even with the lack of a work order process and integration of regstr with Quickbooks. Type B are more complex and far more time-consuming.

Mr. Weathers suggested that the transfer files should be pulled for current months beginning immediately, and work on the retroactive transfer fees later.

Mr. Jackson questioned whether we should move the retro date to January 1, 2020 because this process is taking longer than expected. Wilkes committed to providing the financial information to allow the Board to make a decision.

Mr. Sadovsky reviewed the 120-day receivables. Discussion ensued about whether or not the system will block transfers from a locked account if a sale management firm orders the transfers, as opposed to a person who attempts to transfer their own cattle within their own account.

Jeremy Jackson moved, Mike Weathers seconded, to create a safeguard in the computer programming that prevents transfers of animals out of locked accounts. Motion passed without dissent.

D. Wilkes reported on BPI, noting that the September issue of Frontline will be the largest Frontline magazine produced. Melanie Fuller was able to sell nearly 40 pages of advertising. This allowed expansion of the mailing list and still will accomplish the goal of breaking even on the Frontline magazine.

Mike Weathers questioned whether the audit for 2020 had been put out for bids. Wilkes reported that it has not, but will be considered.

Mike Weathers suggested that, moving forward, we need to think about eliminating as many transactions as possible, including transfers, and simply adding incrementally to THR fees and stop trying to collect small amounts where the transaction cost may exceed the face value of the invoice.

Mr. Jackson reviewed the status of his policy review project. The following policies were discussed, with decisions as follows:

Policy on Director Absences. The wording of the policy is internally conflicting. **Mike Weathers moved, Allen Goode seconded, to re-write the policy to make clear that a Board member who misses two consecutive meetings will be warned either by letter or call by the President, and that a third consecutive absence will result in dismissal from the Board. Motion passed without dissent.**

Policy on Breeder Stories. Mr. Jackson opined that the policy is hard to enforce and monitor. **Mike Weathers moved, Vern Suhm seconded, to strike this policy from the manual. Motion passed without dissent.**

Policy on Past Due Accounts. **Mike Weathers moved, second by Lee Alford, to deal with past due accounts by locking accounts at 90-days past due, members receiving a phone call from the EVP or the Controller at 75-days past due, all accounts over 120-days will be shared with the Board on a monthly basis, no longer deal on a cash-only basis with past due accounts, and any IBBA board member with an account past due 180-days will be brought before the Board for removal. The motion passed without dissent.**

Policy on review of EVP. **Tabled and assigned to an ad hoc committee to be chaired by Mike Weathers.**

Policy on Mailing Lists. **Tabled to allow further consideration on pricing and limitations.**

Policy on Fall Meeting Location. **Motion was made by Allen Goode, seconded by Troy Floyd, to delete the policy and deal with this as it best fits the current situation, year to year. Motion passed without dissent.**

Policy on Membership Dues. **Motion was made by Mary Douglass , seconded by Allen Goode, to reaffirm this policy with the proviso that all members be advised when they receive their dues invoice that their account will be locked on January 15 if their dues have not been paid. Motion passed without dissent.**

Policy on cattle containment at the Futurity and NJBS. **Motion was made by Mike Weathers . seconded by Allen Goode, to delete this policy and allow the show managers and show committees to make reasonable rules on a show by show basis. Motion passed without dissent.**

Policy on Brangus Summit. **Motion was made by Mary Douglass, seconded by Mike Weathers, to delete this policy. Motion passed without dissent.**

Policy on Strategic Planning. **Mike Weathers moved, seconded by Allen Goode, to delete this policy and rely on the Long Term Planning function. Motion passed without dissent.**

Dr. Wilkes presented 6 cases for parentage override, all of which scored at a level that have been approved in all previous cases.

A lengthy discussion ensued about the parent verification policy. Some believe that the September 1, 2016 effective date for requiring parent verification for donor dams and A.I. sires was poorly communicated and that the “grandfather date” of September 1, 2016 be extended until July 1, 2021. Cases continue to be presented to the Board for parentage override even though the policy has been in effect for 4 years. Others expressed opinion that the rule has been in place long enough that members should know about it and that no matter when a “grandfather date” is set, there will be breeders, including new members, who do not become aware of the rule until they have already purchased a donor or have even already flushed a non-parent-verified donor and have ET calves on the ground that cannot be registered.

It was pointed out in discussion that one of the major risks of parentage override is the possibility that a parent of a non-parent-verified animal in a pedigree is incorrect and that a deleterious genetic condition could unknowingly be perpetuated into the population even while the affected pedigrees imply that potential carrier status is not warranted.

Jeremy Jackson moved, seconded by Mary Douglass, that any parentage override applications must include testing for all major genetic conditions, which may change over time. Motion passed without dissent.

Mike Weathers moved, seconded by Mary Douglass, to approve the 6 parentage override cases presented. Motion passed without dissent.

D. Wilkes provided an update on the Global Brangus Genetic Database. USLGE is anxious to have IBBA move forward to work with the two Mexico Brangus associations and South Africa. USLGE has approved moving IBBA's 2020 USLGE approved funding of \$15,000 away from trade missions and toward this project. USLGE also allocated another \$15,000 toward this project. Neogen will be asked to do the vast majority of this work.

D. Wilkes updated the Board on the status of registr. He stated that the basic core of the program has been rebuilt and that the key features will be added at a faster pace moving forward.

Ms. Douglass questioned whether the association should commission a cost/benefit study as to whether to continue building registr or look for an outside contractor.

Ms. Douglass moved to set up an ad hoc committee to pursue a cost/benefit analysis of the current approach of building out registr.

Jeremy Jackson stated that significant improvements must be obvious by the end of December or the Board should consider a comprehensive cost/benefit analysis to determine whether to continue building the system or outsourcing it.

D. Wilkes reported on the trip to visit feedlots and packers, stating that the meetings were very positive and that the feeders and packers have no bias against Brangus cattle. He opined that the association needs to re-think the Brangus Built tagging system and put health requirements into the program. The networking with feeders and packers is vital to the growth of Brangus.

D. Wilkes updated on staff, noting that Mandie Garza has joined the staff as receptionist, office manager and registry assistant.

President Heptinstall called for old business. None was brought forward.

Under new business, President Heptinstall reported that he has spoken with Doyle Miller who is dealing with personal and family health issues and desires to resign from the Board. Mr. Jackson noted that the by-laws allow that seat to remain open until the next election.

Mike Weathers moved, Troy Floyd seconded, to adjourn. Motion passed without dissent.

The meeting was adjourned at 9:38 pm.

These minutes approved during the 10-14-20 IBBA Board meeting.