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Texas Longhorn Breeders Association
General Membership Meeting
12:30 p.m.
January 12, 2007
Radisson Fort Worth North
Fort Worth, Texas

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1 Texas Longhorn Breeders Association
2 General Membership Meeting
3 12:30 p.m.
4 January 12, 2007
5 Radisson Fort Worth North
6 Fort Worth, Texas

7
8 MR. CLAASSEN: We've lost a few directors
9 here, partially due to the weather. I understand that
10 a couple of people had to head north in a hurry because
11 they're going to get two inches of solid ice between
12 the Texas border and Oklahoma City up in that area, and
13 they wanted to get there before the ice. So let's all
14 the members stand up of the Board of Directors so we
15 can get -- let's have a count, see if we've got a
16 quorum here.

17 Okay. Now, in order to have the proper
18 general membership meeting, we've got a have a quorum
19 of the membership and so we are going to need a count
20 out there. This is kind of a pain in the neck. I
21 don't think we've ever done this before, but we are
22 going to do it this time because this is the right way
23 to do it. Would you please rise your hands and give us
24 the opportunity to count how many people are out there
25 if you are a voting member, if you are qualified to be

1 a voting member.

2 (A count takes place here)

3 MR. CLAASSEN: You all will be happy to
4 hear that we've got enough people here to have a
5 meeting, so we're going to have one.

6 I already made my first initial
7 announcement that we are going to in fact hold that
8 awards banquet and meeting tonight. It's a good time
9 to be had for all. There will be a very good meal.
10 I'd like to encourage you all to pick up a ticket
11 outside the door here and go from there.

12 First order of business is call to order by
13 chairman Joel Lemley, it says on the paper here.
14 However, I'm vice chairman, Tom Claassen, and I have
15 just done that.

16 The minutes and the roll call will now be
17 read by Mr. Joe Graddy. Well, the new secretary is
18 going to read the minutes and the roll call.

19 Now, do you have an official roll call as
20 yet? You'll have to bear with us on this meeting here
21 today. Hopefully, the next time we roll around we'll
22 be a little more organized, but this is a little bit
23 unusual today what happened here, and we're trying to
24 get it all ironed out and put together and we're going
25 to do the best that we can.

1 Now, we've got a new officer here,
2 Mr. Scott Simmons, who is the new Secretary. He is
3 going to do the roll call of the Board of Directors.

4 MR. SIMMONS: Bob Moore.

5 MR. MOORE: Here.

6 MR. SIMMONS: Harvey Rasmussen.

7 MR. RASMUSSEN: Here.

8 MR. SIMMONS: Aubrey DuBose.

9 MR. DUBOSE: Here.

10 MR. SIMMONS: Carla Jo Payne. Joel Lemley.
11 Cliff Whitfield. J.T. Wehring.

12 MR. WEHRING: Here.

13 MR. SIMMONS: Christy Randolph.

14 MS. RANDOLPH: Here.

15 MR. SIMMONS: Buck Adams. Tim Miller.

16 MR. MILLER: Here.

17 MR. SIMMONS: Tom Claassen.

18 MR. CLAASSEN: Here.

19 MR. SIMMONS: Richard Carlson. Dr. Bob
20 Kropp. Dr. Fritz Moeller. Bob Larsen.

21 MR. LARSEN: Here.

22 MR. SIMMONS: Colonel Fraser West.

23 COL. WEST: Here, sir.

24 MR. SIMMONS: We have Ben Gravett. Myself.
25 Lee Sherbeyn.

1 MR. SHERBYN: Here.

2 MR. SIMMONS: Kaso Kety.

3 MR. KETY: Here.

4 MR. SIMMONS: And Scott Hughes. And Gene
5 Juranka.

6 And Maurice Ladnier.

7 MR. CLAASSEN: _____ is absent. He's
8 the Canadian director.

9 Well, the next item on the agenda is the
10 annual address of the chairman and this is one of the
11 reasons one of the places where we are going to be able
12 to cut this meeting down a little bit today because I
13 am not the chairman and I am not prepared to give an
14 annual address. So I would say this. If any of you
15 out there in the crowd right now right this minute
16 would like to address the Board in any way for any
17 thing, why don't you go to the podium and give your
18 thoughts and we'll do this for about five minutes, if
19 you have any thoughts or anything that you would like
20 to say, we will offer you the opportunity to do this
21 right now.

22 If not, we will move on from there.

23 Report of the executive director which in
24 this case is the honorable Mr. Larry Barker. Let's
25 give him a big hand. We all know how hard Larry Barker

1 worked and how much effort and time he has given our
2 organization through an extremely bad situation and
3 he's doing really well with it. Let's give him another
4 one.

5 MR. BARKER: Thank you, Tom. I will keep
6 my remarks short today. We all are under time
7 constraints. We've got another Board meeting following
8 this meeting with business for the Board to take care
9 of. I would like to thank the membership of the TLBAA
10 for having confidence in me to be your interim
11 executive director. It's been an honor, one that I
12 never aspired to but I hope that I have been able to
13 accomplish what was told to me and the authority that I
14 had to try to make sure that the TLBAA day-to-day work,
15 the business of the TLBAA, registering cattle and
16 transferring cattle, helping our members in their quest
17 to have the best herd of Texas Longhorns that they be
18 and to be productive and successful in the Texas
19 Longhorn breed. That is what we have tried to
20 accomplish and with the help of a fantastic staff,
21 Linda Cantrell, editor of The Trails Magazine, Jim
22 Curry, sales management division, Pam Dodson who has
23 been helping me, all of the staff, we have had to
24 reorganize part of our staff, we had some attrition, we
25 had some people that are no longer with us, we had to

1 fill those positions and so what we filled them with
2 were people that were already on the staff. We took
3 some individuals up out of The Trails Magazine, brought
4 them up over on the side of the registration department
5 and they have done an outstanding job. They have
6 worked very diligently to try to learn the new job and
7 so any compliments that I might give or that have come
8 my way are not mine. They are deserving by the staff
9 that you see sitting right over there. All those great
10 people are what makes the TLBAA office run. Not me.
11 These people right here.

12 So once again, I would just like to thank
13 you for your participation today and support that you
14 have given me and the staff and that as we go, move
15 forward, I hope that this is a starting point for
16 greatness for the Texas Longhorn Breed in the future.
17 So thank you very much and I appreciate all the help
18 that you have given me. Thank you.

19 MR. CLAASSEN: Thank you, Larry, and I can
20 I think speak for everyone here for that we thank you
21 for the effort that you the have given us as well. As
22 I said it's been above and beyond the call of duty.

23 I've already made my first mistake. We're
24 going to back up a little bit to number two and we're
25 going to talk about the minutes. Everybody have the

1 minutes in your program here at the Board of Directors
2 table? I would like some comment from them, about
3 them; if you wish to approve them, I'd entertain a
4 motion on them.

5 UNIDENTIFIED SPEAKER: So moved.

6 MR. CLAASSEN: Second?

7 UNIDENTIFIED SPEAKER: Second.

8 MR. CLAASSEN: All in favor say aye.

9 (Ayes)

10 MR. CLAASSEN: Opposed?

11 (None)

12 MR. CLAASSEN: Motion passed.

13 Now we will tell the people in the audience
14 that this list of the minutes of the last meeting are
15 in the March issue, the new issue of the Texas Longhorn
16 magazine, The Trails. They were in the January. I'm
17 sorry. I'm just wishing it was March. That would be
18 closer to summer.

19 MR. BAKER: Those were in the minutes from
20 the last meeting and they were in last year's March
21 issue. What we are planning on doing is putting this
22 year's minutes in the March issue and then re-printing
23 them again in the December issue for next year so
24 everybody will have those to know about them when they
25 the come to the meeting.

1 MR. CLAASSEN: Anybody hear that, what he
2 just said? Come up here and repeat that, Larry. This
3 is something that's been questioned in the past why
4 don't we have the meetings often enough, and Larry will
5 explain to you.

6 MR. BARKER: About the minutes from the
7 last year's meeting, they were published in the March
8 issue I think, if I'm correct, the ones that the Board
9 has and we have some extras here if you'd like to have
10 them, but they were in the March issue of the magazine
11 and we were going to put this year's again in the March
12 issue and then next year we are planning on, to give
13 everyone the ability to review those minutes prior to
14 the meeting, we were going to publish them again next
15 year in the December issue so they would be available
16 to the membership for the January meeting. And so that
17 is something that we have talked about we think that
18 that would be a good way to get the minutes to the
19 membership prior to the meeting.

20 MR. CLAASSEN: Any questions about that
21 procedure? I have a motion and a second to adopt the
22 minutes. All in favor say aye.

23 (Ayes).

24 MR. CLAASSEN: Opposed?

25 (None.)

1 MR. CLAASSEN: Motion carries.

2 We are going to move on to the report of
3 the treasurer and the treasurer, lo and behold, isn't
4 here. Buck Adams is elected the new treasurer. Ty
5 Wehring is our past treasurer and he's the one that's
6 been working on these books and trying to get this
7 budget prepared and so he is probably the logical one
8 to do this anyway and so I am going to invite our past
9 treasurer, Ty Wehring, to come up here and give the
10 report of the treasurer today.

11 MR. WEHRING: What I would like for you to
12 guys to do is pull out this approved revised budget.
13 All right. We've got a revised budget that we sent
14 down and went over -- we have a revised budget that the
15 we went through and looked at from last year, we
16 pre-approved the 2007 budget I believe in November or
17 August - whenever we did do it - and since then there's
18 a lot of things changed and I'm going to get what I
19 worked on instead of the one Larry handed me. And on
20 the proposed administrative budget, we have lowered
21 that by \$10,500 on expenses. Okay? And I'll get back
22 to that in a moment.

23 On the Trails budget, we cut \$133,000 out
24 of the Trails budget that a lot of it had to do with
25 travel, entertainment, et cetera, et cetera, and I've

1 got all this up here if each of you Board members or
2 the audience want to look at it.

3 On the administrative budget we have cut
4 57,000 and most of the things that we cut were like
5 travel for the CEO, travel for the Chairman, travel for
6 events, travel for the staff. We felt that we could do
7 without a lot of that, automobile expense we cut a
8 little bit. But it was travel and so forth.

9 Salaries didn't change much. Anyway, I can
10 go over this a lot easier with people looking on than I
11 can reading it because some people evidently don't have
12 copies and I am going to give you the total cut of the
13 budget that we sat down and went over that we thought
14 was fat that maybe we just absolutely didn't need to do
15 in our opinion and the total cut was \$413,500. Now,
16 that's what I had gone over.

17 Then we had a -- let me look at this just a
18 moment. A little revision on these professional fees,
19 we had 25,000 down for that. We've got a big asterisk
20 by that because that does not include legal and audit.
21 Does not include it. We have a \$25 ,000 budget for
22 that. And we did get, as you heard this morning, we
23 did get our money back from the auditor out of
24 Oklahoma, so that will help defer some of this.

25 Budget is a big thing because we operate

1 under a budget. And like I said, we cut these down.

2 Larry, was there any more that you had made
3 mention about having to raise up?

4 MR. BARKER: I did. It's probably
5 reflected in yours on the salaries for administrative
6 budget, I put Rick Fritchse, we moved him from the
7 Trails side over to the administrative side because he
8 is going to be working in registration. That's where
9 that goes up.

10 MR. WEHRING: Went down on one and up on
11 the other so it was a balance.

12 MR. BARKER: Moved it over to the
13 administrative side.

14 MR. WEHRING: I've got so many of these
15 that I worked on and I've got a lot of notes that I'm
16 not going to go over standing up here. If any of you
17 on the Board want the to look at what I've worked on
18 and what I've got, et cetera, et cetera, that will be
19 fine.

20 Any questions on this budget? Specific
21 questions.

22 MS. RANDOLPH: On your page 2, I am looking
23 at the sales summary the revenue and commission side.

24 MR. WEHRING: Sales management division
25 budget, is that what you are looking at?

1 MS. RANDOLPH: We had approved \$500,000 in
2 commission. We're down to 350. Is that in
3 anticipation of a reduced number of sales?

4 MR. WEHRING: Yes, ma'am. Now, the number
5 of sales -- and Perry's going to get up and give a deal
6 on his income statement on his sales that he's had and
7 as you see down at the bottom it says the above is
8 based on five Best of West sales, one Virginia sale,
9 The Gathering sale, The Fort Worth Stock Show and one
10 Horn Showcase sale. Now, that's what I have. And then
11 Jim has some suggestions that he wants to do. Yes,
12 Kim?

13 KIM: You know, this is the general
14 meeting. Why don't we have a copy of that?

15 MR. WEHRING: We are going to have a copy.
16 We're in turmoil. We're just doing the best we can.
17 I'm sorry.

18 KIM: Well, we can't really hear you very
19 well and we don't have anything to look on.

20 MR. WEHRING: I'm sorry. Does everybody
21 want a copy of this? Okay. I'm just reading. I'm
22 just reading what I've got.

23 MR. CLAASSEN: Let's determine how many
24 want copies. We'll copy that many right now so you can
25 have them. Raise your hands. We'll have them back

1 here for you as soon as we can get them back here for
2 you. That's the best we can do right this minute.

3 MS. RANDOLPH: Are we going to stall until
4 everybody has a copy?

5 MR. WEHRING: Really, if you are waiting on
6 handouts -- I guess I can wait -- what we've done is
7 just absolutely cut down on the budget and I guess so
8 that you can understand what I've said about the dollar
9 volume is that you're just going to have to wait until
10 you get it to see. Anybody got any opposition to that?
11 Okay.

12 Let me get to the financials. Okay. We've
13 got -- let me see where this is. In the income
14 statement for five months ending November the 30th of
15 2006 we had sale of cattle for \$1,458,353.35. That was
16 our sales summary of sale of cattle up to that period
17 of time. Which our total income was \$245,520.85.
18 Okay. After our expenses on that, we netted \$5,393.75.
19 Okay. Larry, do you know what sales that included?
20 How many West and what else? Was it November Horn
21 Showcase?

22 UNIDENTIFIED SPEAKER: That would be two
23 West sales, the Horn Showcase. About five sales.

24 MR. BARKER: Five sales.

25 MR. WEHRING: Five sales. Okay. That was

1 the sales deal. Okay.

2 Okay. This is the foundation balance sheet
3 as of November the 30th, 2006. We have cash on hand of
4 \$128,000. We've got the Mosser Scholarship Fund which
5 has \$209,481. We've got the memorial fund -- the
6 building fund - excuse me - for 4920, and then the
7 Memorial Fund we have 23,945. And then on earnings on
8 the memorial fund we have \$468.

9 Due to and from the Association, 47,616 and
10 then we've got \$40,000 worth of other assets.

11 We've got total liabilities out of the
12 foundation of 8471. Members equity is \$585,590, which
13 breaks down the income from the parking lot, rental,
14 other things that are probably boring to read all this
15 if you don't have it. So we have 78,000 income and
16 expenses we had 52,000, so we made \$26,295 in the
17 foundation. Any question?

18 Okay. The next one. That's it. So when
19 you get your copies if you have any questions, we'll
20 just come back, we'll do it again.

21 MR. CLAASSEN: When we get the copies of
22 these reports available to you folks, look them over.
23 If you have anything that you would like to ask, we'll
24 re-visit this report. We'll just leave it like that.
25 If you have any questions, we'd like it to not last a

1 couple of hours, but if you have any questions that are
2 legitimate, please come to the podium and we'll revisit
3 this whole thing. We are going to go on with our
4 committee reports and old business.

5 We're going to start the committee reports
6 with the report of the affiliate presidents, Mr. Larry
7 Barker.

8 MR. BARKER: Thank you, Tom. The Affiliate
9 Presidents meeting this morning was -- we had two
10 people show up for it. Everybody were in here and so
11 we really didn't have an Affiliate Presidents meeting
12 this morning. All of our affiliate presidents and our
13 leadership from around the country were in here this
14 morning so there is nothing to report on the Affiliate
15 Presidents meeting.

16 MR. CLAASSEN: You had a pretty cool way of
17 saying that, anyway, Larry. We're going to move on to
18 item B, Animal Identification, Mr. Ty Wehring. You are
19 back on board.

20 MR. WEHRING: I am going to pass on that.

21 MR. CLAASSEN: He doesn't have anything to
22 report at this meeting.

23 Breed Advisory, Dr. Robert Kropp is one of
24 the people who had to flee to the north. Larry's going
25 to talk for Dr. Bob Kropp on the matter of the Breed

1 Advisory Committee.

2 MR. BAKER: Thank you, Tom. Dr. Kropp, as
3 you might know, there is an ice storm headed shutting
4 down Oklahoma and so he went home to take care of
5 business at home and make sure everything was okay on
6 the home front. But he did leave me a couple of items
7 that I want to bring you up to date on. We talked
8 about on the breed advisory, Dr. Kropp has scheduled,
9 tentatively scheduled and working on a breeder
10 symposium and education seminar for June 29th and 30th
11 in Stillwater, Oklahoma. Once again, that would be
12 29th and 30th of June in Stillwater, Oklahoma. And
13 then tomorrow morning at 9:00 a.m. we have -- Dr. Kropp
14 is chairing up the committee to go over the rules
15 governing Horn Showcase and they are having a meeting
16 tomorrow morning at 9 a.m. and if I am correct, Bob
17 Loomis is going to chair that for Bob and that will be
18 at 9 a.m. tomorrow morning. Anybody have any
19 questions? Yes. Tim Miller.

20 MR. MILLER: Looking at the budget under
21 Breeder Symposium, you had a previous budget line item
22 for 15,000 and then the new revised budget, that's been
23 eliminated as a budget line item.

24 MR. BAKER: Yes, sir, that might have to be
25 re-visited if he is going to have a seminar.

1 It's June 29th and 30th. June 29th and
2 30th so we will be in this fiscal year, at the end of
3 it, and you are correct, Tim, if he does have that, I
4 did take that out of the budget, or we did when we were
5 slashing costs, yes, sir, we did because we had -- and
6 maybe he will be able to fund that through self
7 funding, if he could self fund that event, which would
8 be the best possible scenario for something like that.
9 Maybe he was planning on trying to get that done
10 through self funding sponsorships or through the pay as
11 you go through the cost of attending the seminar.
12 Anybody have any other questions? All right.

13 MR. CLAASSEN: Well, we got two committee
14 reports out of the way real quick there. Richard
15 Carlson was going to talk about the foundation, but
16 Richard Carlson is in Kansas in the legislature. They
17 convened and he's unable to be here. The Horn Showcase
18 report by Carla Jo Payne. Bob?

19 MR. MOORE: The last I remember, Tim Miller
20 was president of the foundation. Has that changed? We
21 haven't done anything on the Board. I know what it
22 says there, but Tim Miller was the president and still
23 is the acting president of the foundation.

24 MR. CLAASSEN: Tim Miller, would you like
25 to comment on that?

1 MR. MILLER: Officially never was taken
2 away. Just got shoved to the side.

3 MR. CLAASSEN: Is that kosher with you?
4 Would you like to have that discussed and fixed which
5 one way or the other?

6 MR. MILLER: I think that would probably be
7 up to the new Executive Committee.

8 MR. CLAASSEN: Would you be in any position
9 to give a report on the foundation today?

10 MR. MILLER: Not at this time.

11 MR. CLAASSEN: Having been a past
12 president. In that event, we will not have a report on
13 the foundation. Horn Showcase, Carla Jo Payne is not
14 here this afternoon.

15 Mr. Joe Graddy, you want to talk about
16 marketing, promotion and advertising. Now, this is
17 where the meeting gets long, when Joe Graddy gets up
18 here to talk.

19 MR. GRADDY: Well well well. We had a good
20 meeting today. A lot of things have been accomplished
21 and I am glad to see the attitude of the people that
22 are here now is that we're going to put what has
23 happened behind us and go forward. You know, you can't
24 dig it up and bring it up. We've had fun raising cows.
25 We've had fun showing cows and selling cows. Let's

1 don't let this obstacle stop that. It's too much fun.
2 We're all good people. Now, there's been some
3 accusations made on some things, and that's all past.
4 Just leave them where they are. The people on the
5 Board, I'll go back and address that from this morning,
6 we were made a statement to that we should step over
7 and resign, the people that were sitting on the Board.
8 I took that at heart. I'm not an accessory to the
9 fact. None of the people on this Board were
10 accessories to the fact at what went on. They're good
11 people and you have elected us and I have served for
12 three terms and have enjoyed it and have given my best
13 and everybody in this Association and on this Board and
14 the over at the office we think gives their best. We
15 have promotions going on now in the Horsemen's catalog
16 which has quite a bit of publication, I think maybe
17 200,000 issues that come out each month and I can go
18 back and read this report that I have here, but there's
19 been changes in there. We don't have Don King, Joel
20 Lemley, and there are others that are not here, and so
21 let's look back and we -- let's don't have axes to
22 grind. Let's take this and go forward. Don King was
23 good to the Association until We can't correct
24 that. He did -- he helped bring this Association down
25 from the point where that the Board of Directors or

1 somebody was having fixing to have to put money into
2 the Association we were so broke. We have come from
3 that to today to where we are. So wrong is wrong. I
4 don't uphold it. Let me tell you the truth. And we're
5 going to abide by the law and we're going to do --
6 we're going to get this thing right, you have nominated
7 and elected new directors for this Association, new
8 leaders, and we all will give them our best. And
9 that's just an off-the-cuff statement that I had today.
10 And so let's go forward with this and look at it as a
11 new adventure.

12 MR. CLAASSEN: Next report is the
13 membership report which I was supposed to give. All
14 right. Membership to date is 5,267 paid-up members.
15 That's up from 5,001 last year. So we've grown a
16 little bit. So that's good. We have 449 lifetime
17 members, 92 outrider members, 381 youth members and
18 that's up three I believe from last year. Last year we
19 had 378 youth members. So in all parts of our
20 population in this organization, we have grown. We
21 always have a turnover, I don't have those figures
22 available, but each and every year we lose some people,
23 but each and every year it seems like we pick up a few
24 more people than we lose, and that was the case again
25 this year.

1 Mr. T.M. Smith was going to tell us all
2 about recreational cattle, but I guess Larry is going
3 to talk about the cattle in place of Mr. Smith.

4 MR. BAKER: T.M., if you don't know, just
5 got out of surgery this past week - isn't that right,
6 T.M.? - and we are very, very happy about T.M.'s
7 regaining his strength and being able to be here with
8 us today. I was so happy to see T.M. this morning when
9 I saw him. He's had a little rough time, but we are so
10 happy that T.M. is back on the road to recovery. Thank
11 you T.M. And T.M. wanted me to remind you that the --
12 the thing he wanted to express was that the price,
13 always remember is that the price of our roping cattle
14 is directly affected by the price of cattle at the sale
15 barn. Is that correct, T.M.? As our price at the sale
16 barn goes up for beef, so does the price of our ropers.
17 And if it goes down, it goes down. But that's what
18 T.M. wanted me to remind everyone of. But more
19 important than that is I'm happy that that man is
20 sitting right there. Thank you T.M.

21 MR. CLAASSEN: Report on the sales
22 management division will be given by Jim Curry, and I
23 see him coming and so here we go.

24 MR. CURRY: Thank you, Tom. And thank all
25 of y'all for coming and for your participation today.

1 I'm going to be brief because I know the Board's going
2 to be going into sales management more this afternoon
3 in the afternoon meeting.

4 Since the last report, we've had the Horn
5 Showcase sale, went quite well, was profitable. The
6 West sale was profitable. We had about 250 head in
7 December, a lot of ropers. We missed you, Smitty. You
8 were probably out at NFR. But they were up. They were
9 up. That's the good thing.

10 We are working hard to promote our pens,
11 the TLBAA pens and panels to other breeds. I've
12 mentioned that before but this last year has been an
13 interesting year and I've had a little time recently to
14 work on that, I have I anticipate roughly close to
15 \$10,000 in income from panel rental between now and the
16 end of June, which would be the end of our fiscal year,
17 so I think that's important. That's income with no
18 expense.

19 In 2006, sales division, sales management
20 division did show a profit. I've got some -- these are
21 rough figures, very rough, but essentially since or
22 fiscal year began in July the 1st, we've generated
23 \$64,000 in transfers and advertising that's been paid
24 to the Trails. Some of you may not understand when you
25 see an ad in there for a West sale, the Horn Showcase

1 sale, the Heifer sale, something that we're doing at
2 the end of the month, Brenda gives me an invoice and we
3 write her a check, and when we come back from a sale,
4 Larry's usually standing there with his hand out
5 wanting his transfer money. So those -- I think those
6 things are important.

7 Again, I know the Board is going to be
8 looking at that this afternoon. I would personally
9 like to see the number of sales that TLBAA is involved
10 in cut to a more manageable number than we have done in
11 the past. I think we can do a better job, a lot better
12 job at them, you know, for the membership. I think the
13 membership sales are important. I think, again, they
14 generate revenue for the Association, they generate
15 transfer monies, they generate advertising for the
16 Trails. I'm looking forward to working with you in the
17 future. Please call me at any time if I can help you
18 in any way. Thank you.

19 MR. LADNIER: Jim, our last meeting we had
20 about any one specific sale, getting us the actual on
21 that so we could look at one specific sale. Have you
22 had time to do that?

23 MR. CURRY: Yes, sir, I have that for you,
24 Maurice. I thought it would be better this afternoon,
25 but I have a hand out for you. I have it on almost all

1 of them, all of them that I could locate the financials
2 on.

3 MR. CLAASSEN: One of our favorite people
4 now comes a long ways to do a lot of work and it's hard
5 work. She does very well with it. She's done it for
6 years. Let's have Bonnie Scott talk about our TLBTA,
7 youth organization.

8 MS. SCOTT: Thank you. As you all know,
9 talking is not my favorite thing in the world to do to
10 talk to y'all. As we've already stated, the youth is
11 up again this year with the help of four ladies across
12 the United States, Ms. Clugey, Ms. Dennis, Ms. Parker
13 and Ms. Mathis. The youth out there are getting a lot
14 of information from us. We have an absolutely fabulous
15 president this year, Ms. Lauryn Confer. If you have
16 not been hit up to buy a T-shirt, just get out of her
17 way. She's coming. She's doing wonderful as your
18 president of TLBT. The children are your future as you
19 all know, and this is a great bunch of kids. Any of
20 you that have been here any time at all, you know we
21 started with like, oh, I don't know, 20 kids. Now look
22 at the show circuit. It's gone phenomenal. In big
23 part, of course, by our scholarship fund. We have more
24 than one scholarship fund, but the Autobahn of course
25 is our big one. It is helping kids go to college that

1 may not have the funds to go to college. Any of you
2 put kids through college - me included - know there
3 just isn't enough money. I'm sorry. You just don't
4 get it until you have kids in college. And multiple
5 kids is just a drainer. These kids are really working
6 hard. They are taking care of their animals which is a
7 credit to you, the parents, grandparents, aunts,
8 uncles, to all who take care of these kids. The Fort
9 Worth Stock Show, we're going to have 337 entries in
10 the youth show. A record. We did the same thing at
11 the State Fair of Texas. Again, a record amount of
12 children showing your cattle. They're great. You guys
13 need to applaud yourselves for not only helping these
14 kids, but having these wonderful kids. They're showing
15 your animals with pride and you should be proud of
16 them. Thank you.

17 MR. CLAASSEN: One of the newer people on
18 our staff, many of you had the opportunity to meet her
19 and she is doing an excellent job, she comes highly
20 recommended, we are going to have Ms. Brenda Cantrell
21 give a report on the Trails, the web site and E-Trails.

22 MS. CANTRELL: Thank you, Tom. I can't
23 tell you how excited I was to be hired to replace
24 Carolyn Hunter when she retired this past summer. I
25 couldn't think of a better job than being editor of the

1 official publication for the Texas Longhorn Breed. And
2 since that time I have practically re-staffed the
3 entire Trails staff. One person that has remained is
4 my rock. She works like Hercules. She has a steel
5 trap memory. I don't know what I would do without her.
6 Her name is Laura Stanley. And many of you know her.
7 But I don't know what I would have done without her,
8 but she is here today.

9 Another person on my staff that I am so
10 thrilled to have as a full-time graphic artist is Myra
11 Basham. Many of you may know Myra's work through the
12 catalog that you have seen. They're just gorgeous. We
13 have dubbed her the Catalog Queen. Also Myra is the
14 one that has designed our new logo that is on this
15 month's cover and I think she's done a remarkable job.
16 If you look at the cover and the new logo you will
17 notice that we have a longhorn hide on there. We did
18 that on purpose because we are the cattle breed known
19 for color. We are going to be able to change that hide
20 color every single month and be able to promote what we
21 think is the best thing about those longhorns besides
22 the horns, is the color that they are able to show.

23 Another the other thing about Myra that is
24 wonderful for me is she used to work for me when I was
25 at _____ Magazine. It's such a small world. And

1 she would never come to work for the TLBAA full-time.
2 She always wanted to be contract. So you can imagine
3 how thrilled I was when she came up to me in October
4 and said she wanted to come to work full-time for
5 TLBAA, so we are really fortunate to have her.

6 Another person who is my right hand guy and
7 the only -- our token male, is Cole Dowden. Cole you
8 have seen him everywhere with his camera and his bright
9 smile. He has just added so much to our staff and he
10 is doing a terrific job on the E-Trails and I'll get to
11 more specific things about the E-Trails in just a
12 moment, but he's very dependable and I am so
13 appreciative of all the things that Cole has done for
14 us.

15 And then over to our advertising sales team
16 is the remarkable Micah Stone. I swear she could
17 organize a tornado. You give her a project and it is
18 done. I don't have to worry about it. It's going to
19 be perfectly organized and she's going to go make the
20 most out of it. And I will be talking about what she
21 has done with Longhornopoly in just a moment also.

22 And my editorial assistant Emily Freeman,
23 who word every day is, "I'm on it." Every time you ask
24 her to do something, she always pulls a rabbit out of
25 the hat for me. She is part-time, she is a grad

1 student getting her graduate degree in art history at
2 Texas Christian University.

3 So that is my remarkable staff. I am so
4 very, very proud of them and glad I get to see them
5 every day.

6 Also you may know that Carolyn Hunter is
7 still writing, you see her writing articles every
8 single month, she's really been so so wonderful to me
9 and has guided over these past seven months and pretty
10 much been my cheerleader through a lot of instances,
11 and she also sells ads. So does Jim Curry. Many of
12 you work with Jim on your ads.

13 One of the things that I have made a goal
14 when I first accepted this position was I was going to
15 get us on a deadline and I have not been able to do
16 that, and I'm disappointed that I haven't been able to
17 do that and I don't want to make any excuses other than
18 we have a difficult time getting our advertisers to
19 submit their ads on time. And because we need our
20 advertising revenue in order to produce this magazine
21 every single month, it's very difficult for me to say
22 we're not going to run your ad if you can't get it to
23 us on time. Plus, in the atmosphere that we have had
24 since I have joined the TLBAA, I really didn't want to
25 fight that battle on the field at the time. There were

1 other things going on. So I've been real lax in
2 pursuing our deadline, but I would just like to
3 encourage you that if you are an advertiser, could you
4 please try your very hardest to get us your ads on
5 time. We've been very good to you. We have not raised
6 your advertising rates in seven and a half years. So
7 please be good to us and get us your ads on time.

8 I will say that we have made some progress
9 over the last months. We have averaged two days. So
10 instead of getting it on an average on the 10th of the
11 month, we are now averaging getting it on the 8th of
12 the month. That's some progress.

13 Our advertising sales have leveled off
14 since the last time I spoke in November. But, as I
15 said, it's hard for us to make any headway when our
16 production costs continue to go up. Since 2000, my
17 printing costs have gone more than triple. They have
18 more than tripled and we have not increased a
19 subscription rate and we have not increased an ad rate.
20 So it's a big challenge to try to figure out how we can
21 make any money in the Trails when we haven't been able
22 to be competitive in those areas. And I hope that's
23 something that we could address with the Board.

24 Longhornopoly is something that Micah Stone
25 has been working on since the Horn Showcase and I am

1 proud to announce that she has sold every single
2 solitary spot on there, making over \$18,000 in doing
3 so. She still has some spots that are on the board
4 around the photo that would just be for lines if you
5 would like to do those, and those are at \$60 apiece.
6 We have plans to have that board game available to
7 everyone at the World Show this summer.

8 Once again, I am very proud of the work
9 that Cole has done on your E-Trails. He has reported
10 to me that the site gets roughly between 700 and 800
11 visits per week. That's pretty good. He has enhanced
12 the site by posting the web photo gallery. I hope that
13 y'all are enjoying those. If you can't attend an event
14 and we can't print all of the photos on a story or on a
15 story in the E-Trails, you can go to that little web
16 site and look at all the photos that were taken, and
17 that was his idea.

18 He also likes to report on interesting --
19 mostly it's been on cattle thievery lately it seems
20 like, they're all over the place, but he likes to do
21 little cattle stories from around the world, and I hope
22 that y'all have enjoyed reading about those plus all
23 the longhorn news that he does about our membership.

24 At this time, that concludes my report and
25 once again I want to thank you for this wonderful

1 opportunity. And I too am looking forward to getting
2 back to work, to being able to do some of the things
3 that I wanted to do when I accepted this position to
4 market the magazine to really promote the good news
5 about this breed. Thank you.

6 MR. CLAASSEN: Who do we listen to more
7 than we listen to Larry Barker? He's going to talk to
8 us again. He's going to talk about the World Show
9 Qualifying Show Circuit and the Events and
10 Registrations.

11 MR. BARKER: Thank you, Tom. Once again, I
12 will try to keep it brief as always in a meeting like
13 this. The World Show and Qualifying Show Circuit, we
14 have our show circuit is where really what I like to
15 think are halfway through the year when we start
16 January, we start our -- what I like to think of as our
17 Stock Show season. We had our Fair season in the fall.
18 Now we're starting our Stock Show season. We kick it
19 off with the Fort Worth Stock Show. And cattle are
20 arriving today as we speak. We have 409 head of cattle
21 that are entered into the Fort Worth Stock Show,
22 whether it be the open show or the youth. So 409 head
23 into Cattle Barn 3 is quite a task to do, but our show
24 people are willing and accommodating and so I am sure
25 that they, although they will be in there pretty tight,

1 that they will be able to get along. Or maybe that's
2 why they pay me is to make sure they get along and help
3 them get along as we go through the weekend. It's a
4 big weekend for us out at the Stock Show. I know you
5 know we're having the sale tomorrow night and Saturday
6 night at 5 o'clock. I think that's right, Jim Curry?

7 MR. CURRY: Yes, sir.

8 MR. BARKER: And then we show Tuesday night
9 at 5 o'clock is our open halter show and then the
10 following morning at 9 o'clock we have our big Autobahn
11 Youth Show where we are going to give away \$50,000 in
12 scholarship money just for that one show. And we have
13 300 and I think it's 27 or 28 entries in 30 -- how many
14 classes, Pam? 35 classes I think we have. 35 classes
15 at the show. So it's a huge show. Next to the World
16 Show, it is our largest show of the year.

17 And then immediately following that, the
18 National Western Stock Show in Denver, Colorado which
19 is always a good show. So our World Show circuit is up
20 and running and is doing a fantastic job, headed up by
21 some wonderful show chairman scattered around the
22 country, they do a fabulous job of organizing and
23 putting on these shows for not only our youth but for
24 our adults and our members that like to show cattle,
25 whether it be Free Division, Col. Fraser West, or the

1 haltered or the Alamo Division, as you like to call it.

2 Events and registrations. Let's move on to
3 registrations. Our registrations are pretty flat as
4 always. It seems as though every year our
5 registrations are not up that much or down that much.
6 Registrations and transfers, we are -- like I told you,
7 we've got -- a little patience with us in the office.
8 We've got some new people registering and transferring
9 our cattle, but they have caught on very quickly, they
10 are bright people and they are doing a fabulous job and
11 so, if anything, just give us a little patience and if
12 you have a problem specifically, give me a call, we
13 will do everything possible to make sure that if you
14 need a registration for some reason, we will get it to
15 you whether it be overnight or whatever it takes.

16 Mr. Chairman, that is all I've got to say
17 about the World Show and Qualifying Show Circuit
18 Registrations. Anybody got any questions? Anybody?
19 Thank you very much.

20 MR. MOORE: Linda Moore Bronzes.

21 MR. BARKER: I'm sorry, Bob. We are giving
22 away the Linda Moore Bronzes. I apologize, Bob. For
23 Grand Champion Female, Grand Champion Bull, and Grand
24 Champion Steer, in all three of those divisions, Bob
25 has memorialized Linda with these beautiful bronzes

1 that he had done and we appreciate that. And that's
2 just another one of the many reasons why that as you
3 travel around the country and visit with other
4 breeders, and I have the opportunity to talk to other
5 gentlemen that hold positions similar to mine and show
6 managers, and they always speak very highly of the
7 Texas Longhorn Breed and the programs that we have and
8 so my hat is off to the membership for supporting the
9 show circuit and, of course, our youth who are very
10 heavily involved in it.

11 MR. CLAASSEN: We have worked our way the
12 through the committee reports and we will now have the
13 announcement of the Division A election results and the
14 installation of new 2007 directors and officers. I am
15 going to work our way around the table here. Or maybe
16 we won't. Maybe we'll just start from the top of the
17 list.

18 One at large director, you have already
19 been introduced to Ben Gravett. He's talked to us a
20 little earlier. That position was won by Ben Gravett.

21 The second executive -- or at large
22 director - I'm sorry - would be Mr. Kaso Kety.
23 Everybody stand up as I announce your name, please.
24 Stay standing until everybody is done. You're not
25 tired. Come on. Okay.

1 First Vice Chairman.

2 Second Vice Chairman is Maurice Ladnier.

3 Treasurer was Buck Adams.

4 Secretary, Scott Simmons.

5 And there was two representatives appointed
6 to the Executive Committee. Now, the Executive
7 Committee is comprised of all the officers plus two
8 appointed by the Chairman of the Board, and those were
9 Dr. Bob Kropp and Scott Hughes.

10 MR. SHERBEYN: They were both nominated by
11 the chairman.

12 MR. CLAASSEN: Nominated by the chairman
13 and voted on by the Board. So that's your new list of
14 officers. I'm sorry I didn't have them memorized any
15 better than I did. I won't forget them in the future
16 I'll betcha. But that's your list of new Board members
17 and officers.

18 At this point we're going to move into Item
19 8, Unfinished Business, the audit report and the
20 selection report, and I will turn it over to your new
21 Chairman of the Board, Mr. Ben Gravett.

22 MR. GRAVETT: Thank you. That might be the
23 last time you clap for me.

24 We are going to go through a healing
25 process. One thing you will find about me, I don't

1 take myself too seriously, and fun's the first thing I
2 like to have in life. We have a great organization.
3 Just look around the room and you know we do. You're
4 great members with huge support and we are going to
5 continue to grow. The cattle market is good and we're
6 having a good time again. The main thing is we all
7 need to know, I'd say 99 and nine-tenths percent of us
8 do this for a hobby. When it quits being fun, we're
9 going to quit doing it. So let's get back to having a
10 good time and continuing on. We've had a little bit of
11 up and down this morning, we've changed a lot of people
12 on the Board. I'm sure that we're going to work very,
13 very hard to bring it back to the membership. I've
14 always found that if you do what the majority of the
15 people want you to do, you can't be wrong. This does
16 not take brain science up here, fellas, and that's what
17 we're going to do. It's irrelevant what my thoughts
18 are. I have no thoughts. Really. I don't need to
19 have any. What do you all want to do? And that's the
20 way I've got to vote. Flat and simple. And I think
21 that's the way we all have to vote on the Board. We
22 are not representing us. We are representing you, and
23 that is our job. Look what happens to Congress when
24 the people don't do, when your congressmen and your
25 Senators don't do what you want. They don't stay very

1 long. And that's the way it needs to be in this. We
2 are here to represent you.

3 I want to again thank Darlene for all of
4 her hard work in bringing up some of the problems that
5 we had. Without dedicated members like her, who knows
6 where we could go. I mean, she needs a big round of
7 applause.

8 Now, we have an audit that we have had done
9 forensic, it is not a hundred percent done but it's
10 very, very close, it's enough to let you all know what
11 is going on. Most of you were here when we went over
12 this and over this and over this this morning. So I
13 would like to ask Mr. Bill Brown to come up and do it
14 again in a more abbreviated form. If there are some
15 questions, we're going to limit them because most of us
16 have heard this before, but a few of you that haven't,
17 please understand we're going over some old stuff right
18 now.

19 Mr. Brown, would you come up with your
20 report please.

21 MR. BROWN: Good afternoon. I need to
22 apologize for those of you who have been here since
23 7:00 this morning. This is going to be like watching a
24 bad movie the second time.

25 For those of you who have just joined us,

1 let me maybe start with a little bit of history to kind
2 of set the stage.

3 As I understand it, at a Board meeting
4 before Thanksgiving there were issues raised regarding
5 the propriety of the management of the Association and
6 as a result of that Mr. King resigned on or about
7 11/22. Through his lawyer, he reported back that there
8 may be a number of transactions that he would have
9 difficulty explaining and that they believe that there
10 was going to be a rather large amount of money that was
11 owed back to the Association.

12 We were engaged through counsel to do a
13 forensic audit to try and determine the extent and the
14 nature of any misappropriations and that's basically
15 what we have accomplished; I hope, anyway.

16 The time frame that we have looked at was
17 probably -- it would -- started with fiscal year '03
18 '04 and it ran through probably I believe the end of
19 November which is when, you know, the current
20 statements and things that we would have had available
21 were then available.

22 By way of just kind of setting the stage a
23 little bit, we basically looked at expenditures of the
24 Association and that would come from two primary
25 sources, one of which would be the bank accounts.

1 There are three. There's an operating account, there
2 is a sales management account and a Foundation account.
3 All of the disbursements from these three accounts were
4 looked at. Those that were identified up front as
5 looking as questionable, we made an attempt to look at
6 the supporting documentation. In most cases the
7 supporting documentation for these type of expenditures
8 was either not existent or woefully inadequate, which
9 means that we've got a lot of expenditures out of the
10 Association that we really can't make a determination
11 one way or the other as to whether they are appropriate
12 or inappropriate. Along that overlay we of course have
13 to look at what types of transactions may or may not
14 have been approved by the Board. We discussed those
15 this morning and we plan to present the Board with a
16 list of areas - there are about four or five - that we
17 need to find out what the Board's understanding was or
18 what they may have authorized.

19 The other half of the scenario comes from
20 charges that were made on credit cards either in the
21 name of the Association or they are personal cards but
22 for which the Association was paying the entire monthly
23 balance. So between those two areas, we basically
24 captured all of the money that flowed out of the
25 Association and we tried to make a determination as to

1 whether they were proper, improper, or somewhere in
2 between.

3 The first thing that came to light was the
4 gentleman who was doing the financial audit at
5 year-end, Mr. Brooks, who is up in Oklahoma City, we
6 are told that it was determined that Mr. Brooks was in
7 fact not licensed to practice public accounting.
8 Mr. Brooks I believe was contacted by counsel for the
9 Association's Board of Directors and he has voluntarily
10 returned all of the fees - in excess of \$26,000 - that
11 he earned for the last two years for doing audit work
12 for the Association. By way of a little bit of
13 background, I understand also that Mr. Brooks was also
14 the personal CPA or personal accountant I should say
15 for Mr. King doing his tax work and I understand that
16 that is how the Association was put into contact with
17 him in the first place.

18 We basically are going to look at about
19 three or four different areas where there are
20 expenditures and/or charges and I have kind of grouped
21 them by categories. And the first one is that we've
22 got some entities that were being run out of the
23 Association by Mr. King and Ms. Spindor. And first
24 let's talk about SK Ranch. This was a ranching
25 operation that was owned by those two individuals and

1 what we found in doing our work is that there were a
2 number of transactions, a number of disbursements that
3 were made wherein the expenses that should have been
4 borne by SK Ranch were in fact paid for by the
5 Association and, here again, those came from two
6 different areas. We have checks written and we also
7 have credit card charges.

8 Now, we also learned that the books, if you
9 will, for this entity were maintained on the computer
10 system that TLBAA runs for its own operations. We
11 found certain of the accounting documents on there when
12 we looked at the computer system which were actually
13 quite helpful in some of the things that we were trying
14 to ascertain.

15 SK Ranch had \$53,000 and change in expenses
16 paid for by the Association by direct check. There was
17 probably another 10,500 and some odd dollars that were
18 paid for by actual credit card charges. These expenses
19 that were paid for by the Association I guess you could
20 kind of -- you could loosely group them, there were
21 employees of Mr. King in his ranching operation that
22 they were being paid by the Association, there were two
23 individuals in particular. We saw a fairly detailed
24 process where documentation covering these expenses was
25 put together so that, in my opinion, if someone from

1 the outside - particularly the Board or auditors -
2 would have looked at this, they probably would not have
3 detected that this in fact was, you know, these were
4 bogus payments.

5 In addition to the \$53,000 I mentioned
6 there are a number of charges on credit cards of almost
7 about 10,500. The types of things that were paid for
8 range anywhere from re-seeding pastures, mowing
9 services, we've got tractor and equipment repairs, you
10 know, things that -- you know, normally -- and probably
11 the biggest thing of course was the labor expense that
12 was incurred by these two individuals. In addition to
13 this amount of money, the 53,000 and the ten-five,
14 there was also advertising that was gotten in Trails
15 magazine that was not paid for. We've got about
16 anywhere from \$18,700 in advertising that was directly
17 for SK Ranch that we could find no record that any of
18 this was charged for or paid for. It is my
19 understanding that in March or April, SK Ranch
20 dissolved, the remaining head of cattle were divided
21 between the two former partners, a new entity was --
22 you know, came to light and it was called Lizzie Ann
23 Ranch. Now, Lizzie Ann Ranch was operated out of a
24 residence, a personal residence of Mr. King north of
25 Fort Worth. Part of the personal expenses that we

1 found was two rent checks paid to the gentleman who
2 owns this house. Both checks were in the amount of
3 \$8400, so there was almost \$17,000 in personal rent
4 that was paid for by the Association. What we also
5 found was that, you know, the checks were coded, put
6 into the books and records of TLBAA and they were
7 listed as though these were prepaid advertising. We
8 were told that Mr. King was in full knowledge of this,
9 he's the one that directed that, you know, these
10 expenditures be classified as advertising. Here again,
11 had the Board or just about any of you looked at these,
12 I'm not sure that it would have been readily apparent
13 to you without some inside help that, you know, these
14 were improper charges.

15 The second area I would like to talk about
16 is sponsorship commissions. The self funded events
17 that are put on by the Association, sponsorships are
18 sold to defray the costs. There was an arrangement
19 whereby a 10 percent commission would be paid to the
20 person who was selling the sponsorships. It is our
21 understanding that most of these sponsorships were sold
22 by Ms. Spindor. There are two groups -- or two amounts
23 of commissions that were paid on this. And let's talk
24 about the first one. There were \$66,000, and here
25 again just as kind of a point of clarification, there

1 is a question to the Board whether or not these
2 commissions were in fact authorized to be paid and we
3 don't know the resolution of that. It's going to --
4 we're going to ask the Board to collectively try and
5 decide whether in fact that was authorized and they in
6 fact knew about this. So there's always that specter
7 of were these appropriate or not.

8 Now, the first group I'm going to talk
9 about, I don't think there's any question, by virtue of
10 the way they were handled, I don't think they were
11 appropriate. \$66,000 was paid in commissions in this
12 first amount. The way these commissions were paid is
13 there is some documentation indicating that Ms. Spindor
14 paid -- Ms. Spindor wrote and sold sponsorships. Now,
15 there are many of the checks that don't have any
16 supporting documentation other than the notation on the
17 check stub that says Horn Case Sponsorship or
18 Sponsorship Commissions. There's no listing that would
19 indicate how they arrived at the amounts. Now, what
20 happened with these checks is they were written to two
21 different entities. The first entity was SK Inc. which
22 we don't believe is -- you know, we've not been able to
23 find that it is in fact a legitimate recorded
24 corporation anywhere in the State of Texas. But
25 suffice it to say, the checks were written out to SK

1 Inc., they were endorsed and deposited into Mr. King's
2 personal account which is also the one that he used for
3 running the operations of SK Ranch. Contained in that
4 \$66,000, there's about \$5600 of commissions that were
5 paid to a separate entity sold Sol-Spin. It's S-O-L
6 dash S-P-I-N. Here again, these -- there are only two
7 checks in that regard. Those two checks, again, were
8 deposited into the personal account of Mr. King. In
9 addition to this \$66,000, there was approximately
10 \$11,250 that was paid directly to Ms. Spindor and, as
11 far as I can tell, those amounts were deposited by her
12 into her accounts.

13 One of the questions that we raised was
14 obviously there are -- you know, from the Association's
15 standpoint, any types of payments such as these that
16 are outside a normal payroll system need to be subject
17 to reporting to the IRS under a Form 1099 which is
18 basically miscellaneous income. One of the things that
19 we were looking to is who actually owned, for example,
20 the \$66,000, the first group that we talked to. One of
21 the things we would have looked to is, okay, who got
22 the 1099, who paid the taxes. Now, we have been told,
23 and I want to say, you know, all of this that we are
24 talking about today has been discussed at length with
25 both Mr. King and Ms. Spindor, they have looked at all

1 of my work papers, we've had a chance to review this
2 and try to sift through them and get any explanations
3 for them if there are any to be had. We were unable to
4 find any of the files for 1099 forms, but I've been
5 told the 1099's went to Mr. King and they were paid
6 through his taxes. Now, the significance of this is I
7 think that -- I think from that you can glean that the
8 \$66,000 in all likelihood went to Mr. King, it was his
9 money as opposed to Ms. Spindor's.

10 The next area that we wanted to talk about
11 were personal expenditures. And here again, the
12 personal expenditures are going to be in the form of
13 checks written and credit card charges. We've got
14 about \$28,000 in personal expenses that were paid for
15 that belong to Mr. King. Now, of that 28,000 I've
16 already mentioned rent on the house. That's -- you
17 know, that's -- that is included in that amount. The
18 types of things that we saw were, you know, in addition
19 to, you know, obviously the rent, we saw purchases for
20 groceries, pharmaceuticals that were purchased, you
21 know, prescriptions I'm told, just kind of the run of
22 the mill very personal expenditures, and we've got --
23 here again, we looked at a lot of credit card. I don't
24 know how many thousands of actual transactions we
25 looked at. Without fail, we'll talk in a few minutes,

1 there were almost no receipts for the credit card
2 charges. So when I am looking at a statement for a
3 Visa account, I've got 50 charges on it, the only thing
4 I can tell about the charges is what's on the face of
5 this statement. I can tell who it was that the payment
6 went to. I know the date of it. I know the amount.
7 Beyond that, I can't tell. For example, a restaurant
8 charge, I don't know who was there, what was the
9 business purpose, you know, did it actually have
10 anything to do with TLBAA. That's kind of what we're
11 up against.

12 The next thing we've got is there were --
13 and I want to call them additional compensation were
14 paid to a number of salaried employees by virtue of the
15 fact that Mr. King was the executive director and his
16 compensation was settled or determined by the Board of
17 Directors, there is an issue as to what, you know,
18 whether this compensation was appropriate or not. Here
19 again, what we basically found is we would find after
20 sales events or after big shows several of the salaried
21 employees would wind up getting a large check. They
22 ranged anywhere from \$250 to \$2,000. Now, part of
23 these checks were explained to us as being travel
24 advances. And, here again, under normal circumstances,
25 if you get a travel advance to travel for your

1 employer, when you come back with all of your receipts,
2 those receipts are going to be or should be netted
3 against the travel advance. Instead I think what was
4 happening is that the travel advance was given, then,
5 after the fact, the receipts would come back in and
6 then a second check would be written for the receipts.
7 So these particular types of compensation, we've got
8 about \$23,700 that went to Mr. King. I've got about
9 \$18,000 that went to Ms. Spindor. Now, I think
10 Ms. Spindor might be a little bit slightly different
11 case. Whereas Mr. King's compensation is set by the
12 Board, I think we have to at least step back and ponder
13 anyhow who actually authorized the payments to
14 Ms. Spindor. Was this a Board function? I don't
15 believe it was. It probably fell within the scope of
16 the executive director or the CEO and I think that's
17 one of the issues. That's several types of issues that
18 we're trying to work through right now, just what, you
19 know, who is responsible for authorizing or making
20 these types of payments.

21 Expense reimbursement. Obviously, the
22 staff of the TLBAA traveled a lot. When they have a
23 show or a sale, it -- I don't think, at least based on
24 what I've seen, it doesn't appear to be uncommon for
25 four or five people to be out on the road at a show.

1 So what that basically does is you get a lot of expense
2 reimbursements from employees. What we found when we
3 looked into the expense reimbursement issues is we
4 would find the actual check that was written, we would
5 find a check stub that would say something very
6 cryptically like "CEO-Travel" and then attached to this
7 check stub would be stapled to it a rather large -
8 could be three two or three, could be 20 or 30 - just
9 receipts. Now, what we found when we looked at those
10 receipts, there were a couple of things we found.
11 Surprisingly to us, many of these receipts, especially
12 in regard to Mr. King, some of them were anywhere from
13 seven, eight, nine, well over a year old. So it meant
14 these receipts were obviously just sitting around
15 somewhere and it's as though somebody may have emptied
16 our their desk, put the receipts together, stapled them
17 to a reimbursement request and then they were paid.
18 One of the other situations we found with the expense
19 reimbursements is we found a situation where expense
20 items that were charged on credit cards that were paid
21 for by the Association somehow found their way to
22 expense reimbursements. So, for example, you have a --
23 one of the more notable ones was a rather large charge
24 of a liquor purchase of about \$478 was charged on a
25 Visa that the Association paid for, and then the same

1 receipt was used and turned in for reimbursement for
2 another \$478 that found its way into a check that was
3 given to Mr. King. We found that this particular
4 situation, we had about \$3200 of these types of
5 expenditures that found their way into Mr. King's
6 expense reimbursement, we've got about \$8600 that
7 happened on Ms. Spindor's expense reimbursements. I
8 think it's interesting to note that the only credit
9 card statement -- only credit card receipts that we
10 found were the ones that were sent in for duplicate
11 payment on an employee expense reimbursement.
12 Thousands of others that passed through the accounts of
13 the TLBAA are nowhere to be found.

14 We've got a number -- a lot of what we have
15 to say here hopefully will come out in addition to the
16 question that do we have any kind of misappropriations
17 of funds, I'm hopeful that one of the things that will
18 come from this is there are probably better ways of
19 handling the business of the Association, you know, I
20 guess a lot of expenses need to be re-visited, how we
21 do business, clearly how things are documented need to
22 be re-visited by the Board.

23 During the course of our investigation we
24 basically focused on financial improprieties. However,
25 it was brought to our attention, three isolated

1 incidences that involved the sale of cattle. The first
2 one we felt had an impact on the financial propriety of
3 how business was handled and we looked into it, it
4 basically dealt with the sale of cattle at the Selling
5 on Tulsa Time in April of '05. SK Ranch sold \$129,000
6 worth of cattle which they purchased from Owen McGill.
7 The question was raised as to whether or not the
8 Association had paid for those cattle and that was one
9 of issues that we looked into. We were not able to
10 find anywhere in the Association's, you know,
11 disbursements that there were any payments to
12 Mr. McGill for these cattle. We did find, and I
13 think -- I don't know if I mentioned this earlier. We
14 did find the books, the financial books for SK Ranch
15 were maintained on the TLBAA computer system. We were
16 able to get into those books and find where the actual
17 purchase of the cattle was made by TLBAA -- excuse me.
18 I'm sorry. Was made by SK Ranch.

19 The other two -- the other two sales, I
20 mean, they really didn't have, you know, as far as we
21 could tell, they didn't have, you know, any kind of a
22 financial impact. I think we have mentioned them in
23 our report and I think especially in light of the
24 conversation with Mr. King on Saturday afternoon, you
25 know, the Board may want to revisit how the sales are,

1 you know, handled, if the sales should be handled in
2 the first place, but I think that's -- that's clearly
3 something, you know, for the Board to ponder.

4 I guess the bottom line -- and there still
5 are a couple of transactions that, like I said, we are
6 looking for some clarification from the Board, two --
7 you know, two of the larger ones involved payments to
8 an Elgin breeding services for the cold storage of
9 semen, you know, whether in fact that was a -- TLBAA
10 owned that, owned the semen or not, and probably the
11 second one, we've also got the issue of trips to
12 Brazil, whether in fact there was some business purpose
13 for these trips or not, and depending on how we -- how
14 the Board, you know, reacts as far as whether these
15 things are authorized or unauthorized, I think that may
16 change our numbers slightly.

17 I guess at the end of the day, I mean, the
18 way it stands right now, we've got -- I've got this
19 analysis broken down into two columns, one is for
20 Mr. King, one is for Ms. Spindor. Keep in mind as far
21 as Ms. Spindor goes, there's still some open-ended
22 questions that need to be resolved as far as Board
23 authorization for different types of things. So what I
24 am going to do is give you just the total, mathematical
25 total and I think on Mr. King's side of the ledger I

1 don't think -- I don't think there's much -- much in
2 the way of any kind of, you know, grayness on that, but
3 on his side of the ledger, we've got about \$208,000. I
4 guess that could increase I'm going to guess 10, 11,000
5 depending on how those two issues are resolved that I
6 spoke about a moment ago. And I think on Ms. Spindor's
7 side of the ledger, we've got about \$53,000. But, here
8 again, I think a lot of that is going to be subject to
9 interpretation by the Board as to what their
10 authorizations were or in fact was Mr. King authorized
11 to provide some of this compensation.

12 That's, you know, I guess it's safe to say
13 that this has been -- this whole issue has been already
14 referred to the district attorney so there are
15 conversations ongoing. I've not had any personally,
16 but I know others, including counsel for the
17 Association, has been in contact with the district
18 attorney to see, you know, what if any prosecutorial
19 efforts they want to exert.

20 I can tell you that all people involved, I
21 mean, everybody involved - including the TLBAA - have
22 been cooperative, they have given us everything we have
23 asked for, and I think to the extent, as far as
24 Ms. Spindor goes and Mr. King, goes I think they both
25 have said that whatever has been paid to them that

1 should not have been, that they are willing to repay.

2 And that's kind of where it stands. I
3 guess, Mr. Chairman, if you -- do we want to entertain
4 any questions?

5 MR. GRAVETT: Well, yes, if we can keep it
6 to a minimum. Believe me, we have hashed this over and
7 over again. But if there are some questions, come up
8 to the microphone so we can hear you, and Mr. Brown
9 will do his best to answer them for you.

10 MR. BRAZZEL: Thank you. I am Paul
11 Brazzel. You made mention of a lot of potential
12 improprieties, et cetera. You made a very brief
13 mention of we need to do better. Have you passed some
14 of these ideas on how to do better on, or are we
15 just -- once again, I know it's not potentially the
16 first time we've had some kind of financial issue with
17 the Association, I've not been in it that long. Do you
18 have some ideas for this Board to take back the office
19 so we can do a better job?

20 MR. BROWN: Absolutely. And what I intend
21 to do is -- we wanted to get through the investigative
22 process first. We've learned a lot in doing that, and
23 what I would propose to do here in short order to
24 provide the Board with a list of suggestions on, you
25 know, how operations can be done better, and I think

1 where the panels that belong to the TLBAA and the
2 _____, and do you know about other assets that
3 belong to the TLBAA and where they are at any time?

4 MR. BROWN: What I have been told is that
5 the panels are still on property that is owned by
6 Mr. King. I think the other -- probably the large
7 asset would be the pickup truck that Mr. King was
8 driving and I understand that that has been returned to
9 the Association. There's a question -- there are a
10 couple of laptops. Now, one thing I didn't cover this
11 afternoon that we did this morning, obviously there's a
12 laptop that Ms. Spindor has, I've got a signed
13 agreement, kind of a severance package that kind of
14 grants her that laptop. I think one of the things
15 maybe we probably should consider doing is, to the
16 extent the laptop has the Association's files on it,
17 probably they should be removed from the computer and
18 returned. I believe Mr. King has a laptop. And beyond
19 that, of course included in a lot of these personal
20 expenditures, if you will, there's quite a bit -- I
21 mean, there's quite a volume of furniture that was
22 purchased by the Association that I believe was
23 purchased personally for Mr. King. So I am assuming
24 that's going to be taken care of, you know, in any
25 restitution.

1 Now, beyond that, the only other -- I mean,
2 I think that's about the only property that we are
3 aware of that may not be physically in the hands of the
4 Association. And like I said, the panels, I'm told - I
5 have not physically gone to see them - but I'm told
6 that they are out open his property and they really
7 have no place else to put them for the time being. So
8 that's all I can report to you.

9 DARLENE: And one other question I have for
10 you, do you know if in fact Mr. King will continue to
11 be paid _____ for how long and also
12 will he have the use of the truck that he had beyond
13 his resignation and if so for how long and if so who
14 those expenditures were approved by?

15 MR. BROWN: Your last question I don't know
16 if they were approved. It's my understanding the
17 pickup truck was returned within the last couple of
18 weeks. It is also my understanding that Mr. King was
19 paid beyond his resignation date. Now, keep in mind
20 when we do this, we look at the payrolls that are run
21 bi-weekly and I think the last one that I had that I
22 got a chance to look at would have been for the middle
23 of December and I believe that he was still on that
24 payroll at that time. Now, I have not looked at any
25 payrolls beyond the mid December. I don't know if he

1 is still on the payroll. I suspect -- I hate to put
2 her on the spot here, but I suspect Ms. Cantrell would
3 know that. She is the one who actually does the
4 payroll.

5 MS. CANTRELL: He's not.

6 MR. BROWN: She reports that he is not.

7 DARLENE: When was he taken off?

8 MS. CANTRELL: The middle of December.

9 MR. BROWN: So the payroll that I saw was
10 probably the last one that he was on, and his payroll
11 would have been -- I think he got paid just a hair
12 under \$3,000 every pay period. That was his gross.

13 Any other questions?

14 UNIDENTIFIED SPEAKER: I wasn't here this
15 morning. What about all these years preceding the last
16 two years?

17 MR. BROWN: Well, we looked at -- we
18 actually looked at three. We looked at the last three
19 full fiscal years and we also looked at the current
20 fiscal year which would have started on July 1st. Now,
21 it's our general sense -- and believe me, we looked at
22 probably thousands of disbursements. And it's my
23 general sense that going back into '03, there was like
24 a trickle, and as you got into '04 and '05 and the
25 current year it kind of skyrocketed up. So just based

1 on what I have seen, when you went back to '03, the
2 amount of activity was very small and I guess I would
3 expect that if you went back into '02 and '01 that it
4 would actually keep going down. I think we've heard
5 people say that, you know, people much more
6 knowledgeable than I, that, you know, the Association
7 struggled for a long time and it's been the last
8 several years that it's actually flourished and I think
9 that would probably bear out if you went back into
10 earlier periods.

11 MR. GRAVETT: Thank you very much, Mr.
12 Brown. Also representing TLBAA here we have our
13 attorney that is working on that, Richard Wiseman, who
14 I plan to meet with on Monday or Tuesday, whenever I
15 can. I am going to redefine. I will stay here until I
16 know that we can keep the books to where I know
17 everything is going out right, but it will take a Board
18 meeting before we get a process that we're going to
19 stick with. We want to do this right. We don't want
20 to have to do this again. There's -- I have several
21 different companies and there's different ways I do it.
22 I never have my bookkeeper balance my checking account.
23 All my checks in my one business go straight to the
24 accountant where he ledgers it in, puts it in, there's
25 no stuff coming through the office, and there's no way.

1 There's triple checks on that. That's something we'll
2 have to talk to as a Board and what we decide. We're
3 very aware of the problems and the way we've done
4 things and I think that's our main job. We've got a
5 lot of work cut out for us. There's no easy answers.
6 There really isn't.

7 UNIDENTIFIED SPEAKER: Where do we find the
8 income from the parking at Billy Bob's?

9 MR. BROWN: I'm glad you brought it up. I
10 forgot to say that at the first meeting and someone was
11 polite enough to remind me. We were able to check.
12 There's a -- they received \$3700 per month rent and we
13 were able to find and trace all those deposits into the
14 Foundation. Now, I don't know where they are listed on
15 the financial, but we did in fact see the \$3700 going
16 into the Foundation account every month.

17 MR. GRAVETT: Those of us that have been in
18 the business for about 15 or 20 years keep a strong eye
19 on that. Nobody would mess with that if you'd been
20 here for a while. The that happened to us 25 years
21 ago. That was our last fiasco that I remember. Has it
22 been 25 years? I was -- I'm older than I look. I was
23 here then.

24 MR. SHERBEYN: No, you look that old.

25 MR. GRAVETT: Dr. Fritz Moeller, selection

1 report. Does that pertain to -- okay. That was just
2 the --

3 DR. MOELLER: Just kind of giving an update
4 of where we were selecting directors.

5 MR. GRAVETT: That was our fiasco this
6 morning. You had to be there for that one. I don't
7 think we need to bring that out again.

8 New business from the floor? It's your
9 meeting. Have we got anything?

10 COL. WEST: I just have an announcement,
11 ladies and gentlemen. We all have our favorite cattle.
12 One of my favorite cows is _____ and her daughter
13 is _____. Now, you all have favorite steers,
14 and my favorite steer is old _____ C. Freemont that
15 Eddie Woods placed the other judges about fourth in the
16 World Show a while back. He passed a way and I have
17 had made here, and incidentally what I have made here
18 is his picture, his registration and a little story
19 about him. It is going to be posted in the TLBAA
20 office. And things like this should go on. I'm a
21 great believer in history. As you all know, I'm an old
22 Marine, and Marines believe in history. And this is
23 part of the history that TLBAA is your cattle. So when
24 you have good cows, try to give something back, which I
25 have done in this with the full mount and this thing

1 that I had made, which incidentally costs more than the
2 full mount. Take a look at it. It's done very
3 tastefully.

4 MR. MOUNTS: A couple of questions and a
5 couple of comments. Two questions are can we get input
6 on what the cost has been so far for the audit and the
7 legal?

8 MR. GRAVETT: Well, you know, I don't know.
9 We just stepped on the Board today. I don't see where
10 that would be a problem to know where we're at. I
11 don't know if you know, if our attorney knows.

12 MR. WISEMAN: I do not know the exact. I
13 know there was a statement that we received and I
14 forwarded it on and I want to say it was somewhere in
15 the neighborhood of around \$30,000, something in that
16 neighborhood.

17 MR. GRAVETT: Which he has collected
18 twenty-five, or how much did you --

19 MR. WISEMAN: We collected \$26,000 from the
20 former accountant.

21 MR. MOUNTS: Second question is, if it's
22 appropriate, the CEO search, just an overview from -- I
23 think Buck Adams was on it, and I don't know the other
24 Board members that were on it, but just curious, have
25 qualified candidates been submitted?

1 MR. GRAVETT: So are we. As you know, this
2 was a different type of a take-over this morning.
3 We're all new. We have no really -- the Board members
4 that are here, I have not seen it, we have been in
5 meetings since then. I think we will have somebody
6 that will be able to present it at our next meeting.
7 Do we have it here? I don't even know if it's here. I
8 really don't. We are really uninformed, to be quite
9 honest with you. You've been here, you know what
10 happened this morning, we've been here all today
11 together.

12 MR. MOUNTS: Again, I'm not -- it's not on
13 the agenda, I'm not trying to put anybody on the spot.

14 MR. GRAVETT: It's a good question. I want
15 to know, too, and I think everybody should know. But I
16 think we don't need to talk about the big bulk because
17 I know we're going to have to cull that down.
18 Evidently we had -- Larry, how many people did you say
19 we had that applied? Quite a few.

20 MR. BARKER: Yes, sir, if I remember
21 correctly, the last estimate that I got, we were at
22 about 20 to 25.

23 MR. GRAVETT: There's a lot of people that
24 evidently want the job and we are going to cull down
25 and do interviews as soon as possible. We'd love to

1 keep Larry, but Larry is going on, I've asked him to
2 give him as much time as he can. He has other
3 opportunities and it would be very unfair to him to
4 hold him over any longer, you know, than possible.
5 He's done a great job interim and we're going to miss
6 him, but we've got to get moving on this and we're
7 going to have to talk about that at our next meeting
8 also, and to get started, we're going to have to have a
9 subcommittee here in Texas that can look at them, and I
10 can fly in, that's not a problem, but we probably -- I
11 believe that we need to take some of our committees
12 with one Board member, and I would like to bring
13 members in to these subcommittees for a lot of things
14 that we do so that everybody stays informed.

15 MR. MOUNTS: Well, that was one of my next
16 points and observations so I'll support you on that.

17 The one before that, we stumbled a little
18 bit this morning trying to understand budget and then
19 get copies made and it really goes to process, and
20 something I'd like to see improved, again, just as a
21 TLBAA member with no influence, but a suggestion is
22 publish the budget 30 days in advance so our Board
23 members have a chance to glean the information out of
24 it and be able to ask intelligent questions, but also
25 post it if in no other way on our web site so we can go

1 in. And I don't know the legalities of that. But
2 getting the budget out to the people prior to us
3 sitting out here and shooting from the hip and not
4 being able to -- I don't know legally how you can do
5 it. Just -- it goes to what another gentleman brought
6 up a second ago is an agenda, maybe publishing an
7 agenda that -- and maybe its being done so the Board
8 can look at it, but for the general membership meeting,
9 the members can look at it prior to the meeting. And
10 I'm not --

11 MR. GRAVETT: I couldn't agree with you
12 more.

13 MR. MOUNTS: I'm the master of the obvious.

14 Mr. Chairman: And you're not just the
15 members. You're the ones that run this. We're just
16 abiding by what we believe the majority wants us to do
17 and I think that we've got to keep that in mind all the
18 time. "Just a member?" You are more important than
19 anybody else, being "just a member."

20 MR. MOUNTS: The final point is to agree
21 with what you said, Ben, and that is to expand the
22 committees in this organization to include members that
23 are interested in serving on those committees. I
24 stated to a couple of Board members you've got a wealth
25 of talent out here in a lot of areas that can be taken

1 advantage of and help the Board and help the Board
2 members, and I think it's going to increase the
3 exposure to all of the members by having more people
4 responsible for interacting with the Board, and I also
5 think by adding those committee members on there, it
6 also gives the opportunity to hold the Board more
7 accountable for actions taken in the future. So again,
8 I just I support your idea about expanding committees
9 and would like to see you do that.

10 MR. GRAVETT: I think that's very important
11 for us to do. I really do. Yes, Lee?

12 MR. SHERBEYN: I agree we have to have more
13 input from the membership. My last time on the Board,
14 I got a lot of input from the membership. A lot of it
15 was after a decision had already been made by the
16 Board. And so I think we need to work on getting
17 information to the membership on what we're, you know,
18 on our discussions and then getting the feedback from
19 them. My suggestion is going to be that with all the
20 e-mails and everything that you have, we've proved in
21 the last few weeks that with the punch of a button, a
22 lot of people find out a lot of things they didn't know
23 before, that we get -- all the directors get a list the
24 members with their information so we can e-mail. If we
25 have something that needs to be brought before our

1 membership, we can e-mail you, we can ask you. If you
2 don't respond, that's fine. But you will have the
3 option to respond, and then we can understand where you
4 are coming from and you can give us suggestions and
5 stuff. The only other thing, you know, we've got to be
6 able to get that information out, so everybody has to
7 be current with the organization with all their e-mails
8 and their phone numbers, or I can give you my e-mail, I
9 will give mew my e-mail address and if you want me to
10 have yours, you send me your information. But I would
11 like everybody to, you know, take that into
12 consideration about getting with your regional
13 directors. And this is not something we're going to
14 use to solicit you as buyers or sellers or for sales or
15 anything else. It's all a matter of public record in
16 the Trails, but it takes a long time to go through all
17 that and a lot of that is not current because we don't
18 do that every year. So if you guys would like to see
19 something like that, let me know, I'll bring it up at
20 the next Board meeting, we're going to try to get some
21 kind of communication avenue we can work with and make
22 it much more functional for all the members to get with
23 the Board members.

24 MR. GRAVETT: Any other questions from the
25 floor? Mr. Wood.

1 MR. WOOD: I'd like to say that I was there
2 when it was formed. My membership number is 110. I
3 think you've got it on the right track. We came from
4 nothing to a terrific breeding association and the way
5 it's been going lately, it looked to me like it was
6 sure going to get drowned. Folks, I think you boys
7 sitting right here today has done a wonderful job and
8 it gives me a big thrill.

9 MR. GRAVETT: We appreciate that. We
10 wouldn't be where we are today without you folks who
11 have been here forever. You've probably sold more
12 cattle than any of us have ever seen. We are looking
13 forward to going forward. We have to keep in mind that
14 this is the members organization. This is not a good
15 ol' boys club here. We're an open business, or we're
16 going to turn to where we're an open business. We have
17 some legal things now that we have to have an attorney
18 advise us that we can't open up certain things until we
19 go a little bit further, but once that's done I do not
20 see why we have anything that not every member can look
21 at. It makes no sense to me. You know, we could miss
22 something. It's good for you all to come and check us.
23 You know, we're going to try to -- we're going to do
24 our darndest to go forward. And I said I will devote
25 12 months - one year - I don't want to be a long time

1 chairman. Please let me get out of here. But I'll try
2 to do the best I can in a year and I will spend the
3 most of my time doing what I think -- or doing what you
4 tell me is the right thing to do. Any other business?
5 Go ahead.

6 UNIDENTIFIED SPEAKER: Well I've been
7 around quite a few of those years with Eddie.
8 Thirty-two of them. Started when I was just a baby. I
9 would like to make one particular comment. I hope that
10 now getting things changed, that the information that's
11 been denied to the membership regarding marketing tools
12 that we can use, specifically inquiries into the TLBAA
13 of people interested in longhorns, the Board consider
14 that this information be made available to any member
15 who wants that information in order to help promote our
16 breed.

17 MR. GRAVETT: I agree. I agree. As you
18 know, I was involved in other organizations and I
19 pushed that through to make sure it was put out every
20 month. We're an open book. Let's face it, it's not
21 ours. It's yours. There's no information that we have
22 that you shouldn't be privy to. At least I can't see
23 why. Unless I'm told something different. We're a
24 non-profit organization, it's not mine, I'm not trying
25 to make any money off of it. Nobody on this Board is.

1 I do have one thing that I would like to
2 set up a committee immediately at this meeting if I
3 could to bring out to where I would like to have a code
4 of ethics put together for our Board members and our
5 staff and I would like to appoint one of our Board
6 members who would like to be involved in it and I've
7 got a couple of people in mind from the floor.
8 Christy, would you like to be involved with that, to
9 chair it?

10 MS. RANDOLPH: Sure.

11 MR. GRAVETT: Great. The other persons
12 that I would like to have involved is Darlene, if you
13 wouldn't mind being involved, and Evelyn Rasmussen, is
14 she still in here? Evelyn, would you mind doing that?
15 Something that, you know, we can get started on. It's
16 something that we can get started on and I'll bring it
17 forth to the Board at our next meeting. I am going to
18 try to have another Board meeting fairly soon because
19 we have a lot to do and I'll go over that in our next
20 meeting. Is there anything else from the floor?

21 From anybody? Go ahead, Tom.

22 MR. CLAASSEN: I want to move to accept the
23 actions taken by the Board of Directors at this
24 meeting. Can we do that? After the annual meeting
25 every year. At this time I move that we accept the

1 actions as a Board of Directors that were taken by the
2 Board of Directors today. Do I have a second?

3 MR. MOORE: Second.

4 MR. GRAVETT: That's at this meeting.

5 You're going to have restate that, Tom.

6 MR. CLAASSEN: Read what it says. That's
7 my motion.

8 MR. GRAVETT: A motion was made to accept
9 the actions taken by the Board in the previous meeting.

10 Our parliamentarian says that's unnecessary
11 and it really means nothing.

12 Now, indemnification is something that we
13 need to look into in the Board. In all my charity work
14 and things that I have done, we indemnify our Board
15 every year. Well, we're going to have to set up a
16 process for that.

17 MR. CLAASSEN: That was always done at the
18 end of the meeting, years previous. If there's no need
19 for it, no call, no reason to do it, I retract my
20 motion.

21 MR. GRAVETT: I guess there is no need for
22 it. Most of us weren't here last year.

23 UNIDENTIFIED SPEAKER: I make a motion we
24 adjourn.

25 MR. GRAVETT: Is there a second? Wait. We

1 have one --

2 UNIDENTIFIED SPEAKER: Is there an agenda
3 for the afternoon meeting?

4 MR. GRAVETT: Yes, there is. It's a Board
5 meeting, but I am not going to ever, when I'm in Texas,
6 close a Board meeting. That's just I think a bad
7 mistake. If my Board forces me to, I will. But I've
8 got nothing to say that I don't want everybody to hear.

9 UNIDENTIFIED SPEAKER: Is it possible
10 during the break that you could prepare some copies of
11 the agenda for some of the members that might attend
12 that meeting?

13 MR. GRAVETT: No. You're welcome to
14 attend, but we're really stretched today. We can get a
15 few out, we've got a few of them right there, so hand
16 them out.

17 Okay. We have a motion to adjourn and a
18 second. All in favor?

19 (Ayes.)

20 MR. GRAVETT: All right. We're going to
21 take about half an hour break.

22

23

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