



**BOARD OF DIRECTORS
MEETING**

March 21, 2007 • 7:00 pm (central standard time) • Via Teleconference

BOARD MEMBERS PRESENT

Buck Adams
Tom Claassen
Aubrey Dubose
Ben Gravett
Scott Hughes

Gene Juranka
Kaso Kety
Dr. Bob Kropp
Maurice Ladnier
Bob Larson

Debra Lesyk
Tim Miller
Dr. Fritz Moeller
Bob Moore
Harvey Rasmussen

Lee Sherbeyn
Scott Simmons
J. T. Wehring
Col. Fraser E West

BOARD MEMBERS NOT PRESENT

Richard Carlson

Carla Jo Payne

Christy Randolph

STAFF MEMBERS PRESENT

Larry Barker

Brenda Cantrell

OPENING

At 7:00 pm Chairman Ben Gravett indicated that he would wait until 7:05 pm to call the meeting to order, giving everyone an opportunity to check into the teleconference. At 7:05 pm Chairman Ben Gravett called the meeting to order and welcomed all in attendance.

He asked for Board Secretary Scott Simmons to call roll of all Board Members present. Scott Simmons complied and a formal roll call was conducted.

Ben Gravett thanked all of the Board Members present for attending the teleconference. He expressed the need to meet on such a short notice was to give an update on the legal issues arising from the misappropriated fund allegations against Don L. King and SuzAnn Spindor and an update from Treasurer Buck Adams.

Ben Gravett read from the Roberts Rules of Order the Duty of Loyalty:

"Requires a board member to act in good faith, be faithful to the organization and pursuit of the organization's best interests. It means that a board member must be dedicated to the organization's mission and put the interests of the organization above self-interest."

Ben Gravett thanked Buck Adams for all the tremendous efforts he had made over the past few months, along with thanking Larry Barker, Brenda Cantrell, Pam Dodson and the rest of the TLBAA staff for taking on extra duties. Mr. Gravett stated that no checks were going out of the TLBAA office without the approval of Buck Adams or himself.

Mr. Gravett asked Mr. Adams to give an update regarding the status of the accounting system.

Mr. Adams began by stating he had read his responsibilities as the Treasurer for the TLBAA Board of Directors in the By-Laws and it specifies that his position is the custodian of the Association's funds. He thanked the former Treasurer, Ty Wehring, for helping make the transition, one with ease. He also praised the former TLBAA accountant, Leslie Mosely, for all of her help.

Mr. Adams gave a brief overview of the historical background of the accounting procedures and

stated that the system was a mess and an embarrassment. He explained that various actions had been implemented:

- The forensic audit has been completed and all fees paid by the Association for the 2004 and 2005 audits have been returned

- General Manager Larry Barker has filed an extension with the IRS and Weaver & Tidwell are in the process of compiling all the necessary information to file the 2004 and 2005 taxes for the Association and the Foundation

- John Chase's CFO, Tim Carr and IT Specialist, Paul Senick, have submitted a four-page report summarizing their findings of the accounting procedures. The report is available to all Board Members. In the report they stated that there are two accounting software applications. One is IMIS and it is used for accounts receivable and a database for membership information. The second software application, PeachTree, is used for all other accounting reports. Their findings were that the procedures need to be revamped; however, the software was adequate.

- Account receivables is a major problem. The report shows that there is approximately \$150,000 in outstanding receivables. Buck Adams and Ben Gravett are going to review the report for its accuracy and take steps in establishing procedures to collect or adjust outstanding balances shown as due.

- Commissions in the past were paid on both advertising and sponsorships before funds were collected. Ben Gravett put an immediate stop to this payment procedure. Commissions now for advertising and sponsorships are paid only when the funds have been collected.

- Buck Adams asked Brenda Cantrell, Editor in Chief of *Trails* Magazine, to create a list of any commissions that were paid on uncollected balances. These balances are to be collected or they will be debited against future commissions from

those individuals that have received the commissions from unpaid balances.

- An expense report has been created that will be completed by employees on a monthly basis

- A Per Diem payment is in the process of being established, will be received by an employee when they are asked to perform a particular job, beyond the scope of their job duties on their day off.

- The General Manager, Treasurer and Cashier for the TLBAA will be bonded.

- Weaver & Tidwell's financial services group has been engaged for an estimated four to six hours a week to insure checks and balances are in place for future financial statements.

- Larry Barker requested Brenda Cantrell to begin a search for an Accounting Supervisor. During the search they selected two candidates for second interviews and Buck Adams and a representative from Weaver & Tidwell sat in. After the second interview, a candidate was offered the position and has accepted the offer. The Accounting Supervisor will begin on April 2, 2007 and is very qualified for the position. Mr. Adams would like for this position to act as Cashier, as defined in Article V of the TLBAA By Laws.

- With the Board's approval, Weaver & Tidwell will complete a 2004, 2005 and 2006 CPA Audited Balance Sheet for the Association and Foundation and then move forward with regular yearly audits, as completed in the past.

Mr. Adams indicated some future goals as follows:

- Install a checks and balance system by creating weekly financial reports internally by the Accounting Supervisor/Cashier. The financial report will be a line item account of the Board approved budget provided to Treasurer, General Manager and Chairman.

- Mr. Adams has asked TLBAA Member and

Attorney, Charlie Buenger to render an opinion on the TLBAA's Non-Profit status of where we were yesterday, where we are today and where we need to be in the future, at no cost to the Association. Mr. Buenger has agreed to perform this duty for the Association gratis and Mr. Adams acknowledged Mr. Buenger's generosity for performing this task for the Association.

Mr. Adams ended by stating he is guardedly optimistic about the future and needs the full support of the Board, in order to accomplish what needs to be done to correct the current accounting procedures and financial disarray.

Mr. Gravett praised Mr. Adams and the staff for all their hard work. He stated that Mr. Adams has traveled to Fort Worth more than a half-a-dozen times over the last two-and-a-half months to insure the financial stability of the Association.

Mr. Gravett then changed the topic to update the Board Members on the reconciliation progress of the misappropriated funds. He explained that after much deliberation between him, Mr. Adams, Mr. Barker and the TLBAA attorney Richard Wiseman, they came to the decision to negotiate with Mr. King and Ms. Spindor through binding arbitration, within the state of Texas. This will allow an appointed arbitrator to make a final decision, which will be legal and binding, without having to spend more money by going to court with a jury. Mr. Gravett stated that the decision was based upon cost, no jury to contend with, an objective arbitrator decides, there is no appeal and the money cannot be applied to a bankruptcy.

Mr. Gravett added that this in no way deters the District Attorney from pursuing a legal case. He stated he has not contacted the District Attorney and the District Attorney has indicated that he does not want us to contact him.

Mr. Gravett then opened the discussion and asked Scott Simmons to read off the roll in order to give Board Members in attendance an opportunity to ask questions and give comments.

All Board Members had the opportunity to ask questions and give their opinion. During the discussion each Board Member thanked Mr. Gravett, Mr. Adams, Larry Barker and the TLBAA staff for all their efforts and indicated their support for arbi-

tration.

Dr. Bob Kropp asked why the Board had not received a copy of the final forensic audit report and found it hard to believe that the Board hadn't received a copy of it. He also asked if the report included a line item of expenses relative to the line items in dispute or was it just a summary.

Mr. Barker responded that it is a summary not a line item report. Mr. Barker also responded that the written report is similar to the report given by Bill Brown at the January meeting and that report has been available to all members via the court reported minutes. Dr. Kropp indicated that he would be curious to see the line items of expenses. Mr. Gravett said he had never seen any line items of expenses, but just a summary report, like the one given by Mr. Brown at the meetings in January.

Dr Kropp asked, in terms of negotiation, is there any recourse to ban Don L. King and SuzAnn Spindor from the TLBAA and the longhorn industry, because the members he talks to feel betrayed. Mr. Gravett said he understands that many members feel this way, but believes that this would not be a good thing to pursue at this time. He believes that it is more important to wait until the end of the arbitration and to not "muddy the waters" until the TLBAA receives the money owed by Mr. King and Ms. Spindor.

Mr. Tom Claassen responded that the Board will be able to handle it at a later time. Mr. Adams added that during the arbitration, we can ask for our legal fees and audit fees to be reimbursed by Mr.

King and Ms. Spindor. Mr. Gravett concurred with Mr. Adams and said we will be asking for all we are entitled to from both parties.

Dr. Kropp asked if our attorney will receive a percentage from the settlement. Mr. Gravett said, no.

After Mr. Gravett asked if there were any more questions, Mr. Claassen made a motion to pursue voluntary arbitration for Don L. King and SuzAnn Spindor. Bob Moore seconded the motion. Motion carried unanimously. Mr. Gravett expressed his gratitude to the Board Members for their support.

Mr. Adams made a motion to establish a bond of \$100,000 for the TLBAA General Manager, Treasurer and the Accounting Supervisor, acting as Cashier. Ty Wehring seconded the motion. Motion carried unanimously.

Mr. Adams made a motion to have a balance sheet audit prepared from June 30, 2003, for the years 2004, 2005 and through June 30, 2006. Col. Frasier E. West seconded the motion. Motion carried unanimously.

Mr. Gravett reminded the Board about the upcoming Board of Directors meeting and Executive Committee meeting on May 17, 2007, in Fort Worth. He stated that all are invited to attend both meetings. He then asked if there was anything else up for discussion.

Dr. Fritz Moeller made a motion to adjourn. Mr. Claassen seconded the motion. Motion carried unanimously. Meeting adjourned.



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