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PROCEEDINGS

October 16, 2006

DR. MOELLER: I'd like to call to order the October 2008 Board of Directors Meeting of the Texas Longhorn Breeders Association of America and I would like to ask Col. Fraser West to lead us in the Pledge of Allegiance.

(Pledge of Allegiance recited.)

COL. WEST: Thank you.

DR. MOELLER: We had the passing of one of our past presidents, Bob Moore, and I'd like a moment of silence, please.

(Brief pause)

DR. MOELLER: Thank you.

Bob had his services yesterday, Tuesday, and I'll pass out the literature from those services.

Mr. Secretary, could I have a roll call?

MR. SIMMONS: Doc Hyder.

MR. HYDER: Here.

MR. SIMMONS: Kaso Kety.

MR. KETY: Here.

MR. SIMMONS: Debra Lesyk. Scott Simmons here. Carl Brantley.

MR. BRANTLEY: Here.

1 MR. SIMMONS: Maurice Ladnier.  
2 MR. LADNIER: Here.  
3 MR. SIMMONS: Gene Juranka.  
4 MR. JURANKA: Here.  
5 MR. SIMMONS: Lana Hightower.  
6 MS. HIGHTOWER: Here.  
7 MR. SIMMONS: Dr. Zech Dameron.  
8 MR. DAMERON: Here.  
9 MR. SIMMONS: Donnie Taylor.  
10 MR. TAYLOR: Here.  
11 MR. SIMMONS: Stacey Taylor.  
12 MS. TAYLOR: Here.  
13 MR. SIMMONS: Robert Richey.  
14 MR. RICHEY: Here.  
15 MR. SIMMONS: Charlie Buenger.  
16 MR. BUENGER: Here.  
17 MR. SIMMONS: Ty Wehring.  
18 MR. WEHRING: Here.  
19 MR. SIMMONS: Steve Zunker.  
20 MR. ZUNKER: Here.  
21 MR. SIMMONS: Jim Johnson.  
22 MR. JOHNSON: Here.  
23 MR. SIMMONS: Steve Quarry.  
24 MR. QUARY: Here.  
25 MR. SIMMONS: Michael Sitzmann. Rodney

1 Lind.

2 MR. LIND: Here.

3 MR. SIMMONS: Dr. Bob Kropp. Dr. Fritz  
4 Moeller.

5 DR. MOELLER: Here.

6 MR. SIMMONS: Bob Larsen. Col. Fraser  
7 West.

8 COL. WEST: Present.

9 DR. MOELLER: Bob Kropp, is if there's such  
10 a thing as an excused absence, Bob called ahead of time  
11 and was unfortunately unable to attend. He's got his  
12 bull sale up in Oklahoma. He will be here this  
13 evening. Tell me who else was absent.

14 MR. SIMMONS: Debra.

15 DR. MOELLER: Debra never called me. She  
16 does have a report to give today. She did call Brenda,  
17 Brenda will give her report.

18 MR. SIMMONS: Michael Sitzmann.

19 DR. MOELLER: Sitzmann did call me. He had  
20 a valid excuse why he was unable to attend.

21 MR. SIMMONS: Bob Larsen.

22 DR. MOELLER: I did not hear from Bob.

23 We all saw the minutes that were posted on  
24 the E-Trails. Hard copies are available in the office  
25 from our last meeting. If there are no additions or

1 deletions or discussion regarding those minutes, I  
2 would accept a motion for accepting those minutes.

3 COL. WEST: So moved.

4 MR. TAYLOR: Second.

5 DR. MOELLER: Motion has been made by  
6 Col. West, seconded by Donnie Taylor to accept that.  
7 All in favor?

8 (Ayes)

9 DR. MOELLER: Anybody opposed?  
10 The minutes are approved from the last  
11 meeting.

12 Treasurer's report. Mr. Wehring. I think  
13 two awards should be given to Mr. Wehring this morning.  
14 One is the most ill dressed in the midst of the Board  
15 and, second of all, the most appropriate T-shirt  
16 available.

17 That said, Ty, do you want to go ahead?

18 MR. WEHRING: Thank you.

19 Shawnda has got some information on the  
20 sheets that she's going to present and I've got some  
21 things after she gets through that I want to talk  
22 about.

23 MS. SHAWNDA TAYLOR: Good morning,  
24 everyone. I have a couple of things that I want to  
25 talk about this morning. First thing I want to tell

1 you is how much I love our new CPA. They are great. I  
2 call, anything I need, I get. I appreciate the liberty  
3 of talking to our bank officer about opening a line of  
4 credit at the bank. The only thing about that is they  
5 need something to secure the line of credit. And what  
6 I was thinking was we had that memorial fund that's a  
7 little over \$30,000 that's sitting there not doing  
8 anything, they want to turn it into a CD making  
9 2.5 percent interest per year to secure the line of  
10 credit. I talked to Ty about it and we decided we'd  
11 present it to the Board and see what they decided that  
12 they wanted to do with that memorial fund, if that was  
13 something they thought would be a good idea.

14 MR. WEHRING: And the reason we talked  
15 about that is there has been so much controversy about  
16 us taking money out of the Foundation which is in the  
17 bylaws of why it was founded for the TLBAA to use this  
18 money, and that would secure the money that you think  
19 that we should not be using out of the Foundation to  
20 run the TLBAA.

21 MS. STACEY TAYLOR: Would the line of  
22 credit be used for daily operating expenses?

23 MS. SHAWNDA TAYLOR: As needed. It  
24 wouldn't be something we tapped into all the time. I  
25 know we talked about there are a couple of periods in

1 the year in May, and I think we've got one coming up  
2 this month as a matter of fact where we have three  
3 payroll periods and in that instance there would be a  
4 draw of the monies, like I borrowed 16,000 from the  
5 Foundation back in May. That would negate the  
6 necessity of doing that by having this line of credit.  
7 So it wouldn't be something that sat out there and cost  
8 us a whole lot of money, it's just another resource for  
9 us to tap into out of the Foundation, like Ty said, to  
10 keep any potential problems from occurring.

11 MR. DAMERON: How much is the --

12 MS. SHAWNDA TAYLOR: It would be \$30,000.

13 MR. DAMERON: At 2 percent?

14 MS. SHAWNDA TAYLOR: 2 and a half percent.

15 DR. DAMERON: I was offered 3 percent for a  
16 checking account yesterday from Charles Schwab. What's  
17 the rate if you take money, what's the rate on that?

18 MS. SHAWNDA TAYLOR: Four.

19 DR. MOELLER: Further questions?

20 MR. HYDER: Instead of paying someone else  
21 the interest, couldn't we borrow it from the Foundation  
22 and just pay interest back? Would that make it more  
23 legal or more acceptable to people? It wouldn't?  
24 Okay.

25 MR. WEHRING: That wasn't what the

1 Foundation was formed for. It's in the bylaws. It's  
2 to help the TLBAA.

3 MR. HYDER: I just didn't know if it would  
4 make a difference.

5 DR. MOELLER: You're saying why do we need  
6 a line of credit when we've been using it like that  
7 anyway.

8 MR. HYDER: Why pay somebody else? If we  
9 have to justify it by paying interest, then pay it back  
10 to the Foundation and let it make the money.

11 MS. SHAWNDA TAYLOR: That was my thought,  
12 but the whole idea behind contacting the bank for the  
13 line of credit was to keep the issue of -- we've had  
14 some members that have stated that they didn't like  
15 that practice of borrowing from the Foundation.

16 MR. HYDER: I understand.

17 MR. TAYLOR: I like Doc Hyder's idea, if  
18 we're going to, borrow money from time to time from it  
19 and pay the interest back to the Foundation instead of  
20 paying it to a bank. It's costing us a point and a  
21 half to get the loan, so why not pay the point and a  
22 half to the Foundation if we're going to do that  
23 anyway.

24 MR. WEHRING: There is no provision to pay  
25 the Foundation interest.

1           MR. BUENGER: I think it's all been blown  
2 out of proportion anyway. I don't see a problem with  
3 the TLBAA using the Foundation from time to time. It's  
4 always been done. That was the purpose of it. Some  
5 people try to blow it out of proportion. I don't see a  
6 problem. And I don't like the idea of a letter of  
7 credit that anybody can just draw down on from our  
8 office. I don't like that. That scares me.

9           DR. MOELLER: Anybody else have any comment  
10 regarding this particular issue?

11           Hearing none, do you want to go on with  
12 your report?

13           MS. SHAWNDA TAYLOR: Still on the new bank.  
14 We have processed almost \$30,000 in credit card charges  
15 and it only cost us \$960 whereas with Wells Fargo it  
16 probably would have cost us somewhere in the  
17 neighborhood of 16 to \$1700 to process that amount.  
18 We've got our new Blue Cross Blue Shield health  
19 insurance rate. For the first time in almost 20 years  
20 I've been doing this, the insurance company dropped  
21 their rate - only by 1 percent - but it still beats the  
22 rates we were getting with United Healthcare. And that  
23 starts with November 1st. We're getting the forms to  
24 the employees and getting them filled out. A couple of  
25 other things I've done, I've solicited bids for

1 revamping our website and also document storage. We  
2 have so many boxes of certificates, original  
3 certificates dating all the way back from when we first  
4 started in 1964, so there's a huge room full of boxes  
5 and I'd like to try to get some of those out of there.  
6 I've been getting bids back and forth and it looks like  
7 the best bid that we've gotten so far is 3 and a half  
8 cents a page, so I've been looking at those bids and  
9 trying to decide which one is most cost effective for  
10 us to get that done.

11 MR. BRANTLEY: Is that something they'll  
12 scan in and produce into a file?

13 MS. SHAWNDA TAYLOR: They'll scan it into a  
14 file. It will be things, certificates one to a hundred  
15 and so on.

16 MR. BRANTLEY: When they store the  
17 documents, will they be stored in an environmentally  
18 secure way? Some of those documents that you are  
19 talking about are original certificates from Animal One  
20 to whatever that are not just documents for us, they  
21 are historical documents for the State of Texas.

22 MS. SHAWNDA TAYLOR: The only thing that  
23 they've told me was that they would pick up the files,  
24 scan them, name them, and put them out on disks. I did  
25 not ask what they would do with the originals.

1 DR. MOELLER: What I am going to ask  
2 Shawnda to do once she's gotten these bids in is make a  
3 recommendation of what to do with that and what she  
4 thinks is best cost wise, et cetera, and then I'd like  
5 to bring that back to the Board for your approval.

6 MS. SHAWNDA TAYLOR: I really didn't have a  
7 whole lot more unless you want to talk about  
8 financials. The Registration Department handled a  
9 giant load of registrations during the amnesty period.  
10 We processed a little over 3400 registrations alone.  
11 And they are now within two or three days, so we're all  
12 caught up in the Registrations Department.

13 DR. MOELLER: Thank you. I think we owe  
14 Shawnda a round of applause. She's extremely  
15 responsive in our financial department. Thank you.

16 Her suggestion for a line of credit was  
17 just a suggestion. We can either let that die or if  
18 somebody feels strongly enough about it and wants to  
19 make a motion one way or another, I will accept the  
20 motion. If not, that was just a suggestion with the  
21 financial report and if we deem not to act on it, it  
22 won't happen. I don't -- did you want to make a  
23 motion, Ty?

24 MR. WEHRING: No.

25 DR. MOELLER: Okay. With that said and I

1 don't see anybody's hand to make a motion on that, that  
2 was the suggestion, that will be ignored for the time  
3 being.

4 Ty, do you want to continue with your  
5 report?

6 MR. WEHRING: On our balance sheet, all you  
7 guys have it, looking at this lawsuit damage down here  
8 with Spindor and King, in my opinion I think that that  
9 should not be on our balance sheet. In my personal  
10 opinion I think it's non collectible and it's showing  
11 us a false asset and I'm throwing that out at you. We  
12 need to do something with it. My personal opinion.

13 DR. MOELLER: Let me comment to that, Ty.  
14 Later on you're going to get a report on the King  
15 Spindor situation and it might modify what you have  
16 just suggested there. It's on there as an asset. We  
17 discussed this several times at the Board at the  
18 suggestion of our CPA and after you hear some  
19 information that you are going to hear this morning I  
20 think you are going to understand that that is  
21 definitely collectible and we should be able to take  
22 that from a fantasy asset to a deposit in the bank.  
23 But we'll discuss that a little later in the morning.  
24 So based on that, I'd ask you not to make any motions  
25 or suggestions. Ty, go ahead.

1 MR. WEHRING: Has anybody got any question  
2 on this financial balance sheet? Go ahead, Stephen.

3 MR. ZUNKER: When these are produced by the  
4 staff, does anybody look at them before they are sent,  
5 other than the staff, before they are sent to the Board  
6 members?

7 MR. WEHRING: I looked at it. Shawnda sent  
8 me a rough schedule a week before they finished it out  
9 and asked me a question, we changed some things on  
10 here, we talked about some things, and if I missed  
11 something, so be it.

12 MS. SHAWNDA TAYLOR: They also get  
13 forwarded to the CPA every month. Not that they have  
14 any input in how they are produced before I give them  
15 to you guys, but they do get a copy of those every  
16 month.

17 MR. ZUNKER: And then once they do go to  
18 the Board members, when changes are made in that month  
19 after we receive the copies, do those go to anyone?

20 MR. WEHRING: I don't know what you are  
21 asking, Stephen.

22 DR. MOELLER: What changes might be made?

23 MR. ZUNKER: From month to month, things  
24 change. We'll get a financial document that gets  
25 mailed to all the Board members and then when we get

1 the next month's, you can tell things have been changed  
2 in the previous month.

3 MS. SHAWNDA TAYLOR: And that will happen  
4 all the way up until the audit is done. There are  
5 certain things that come in the middle of the month  
6 dated the previous month that you get, there are things  
7 that when we get down to allocating costs and income  
8 that I put in the wrong place, I did it with Brenda's  
9 \$6500 worth of AI issues, so that was -- it was being  
10 allocated over the year and it wasn't -- it didn't need  
11 to be that way. It needed to be all in one month. And  
12 so there are changes that keep getting made.

13 MR. ZUNKER: But does anyone get an updated  
14 copy once those changes are made? I can't understand  
15 why somebody's not questioning things when you get a  
16 financial document and then you get the next month and  
17 everybody's like, oh, this is okay, but things have  
18 been changed in the previous month and you can tell it  
19 in the next financial document but we don't get a true  
20 picture when we're getting our financial reports. In  
21 our May 2008 financials we showed a net income in one  
22 amount and then we get the June financials that show we  
23 actually spent more money than we brought in, but if  
24 you subtracted that loss from the May year to date net,  
25 it doesn't equal the June net. So there was probably

1 another \$14,000 that got put into the May financials  
2 and we don't know what they are. And I think that's  
3 hard for this Board to sit down and look at things and  
4 realize where we're at and what's going on when numbers  
5 are changing in previous months and we're not seeing  
6 where they are changed.

7 MS. SHAWNDA TAYLOR: None of those numbers  
8 in any of those months are set in stone until the  
9 financials are done and audited and the final audit is  
10 done.

11 MR. ZUNKER: Seems to me that once we get a  
12 report, then if there are changes to be made, they  
13 ought to be done in the current month, with the  
14 exception of the last month of the fiscal year which I  
15 think could remain open until everything's done for  
16 that year. But we're not getting a true picture. We  
17 need to get updated financials so we know what's being  
18 changed, where the numbers are going. It just doesn't  
19 seem right, I mean, we ended our June 30th year and the  
20 balance sheet showed our capital as 209,000 and change  
21 and then when we get our July, which is the first month  
22 of our new fiscal year, the balance sheet shows that  
23 our capital is 186,000. So we're seeing money going to  
24 places that are getting booked and we don't have an  
25 idea of what's happening. We don't get the actual.

1 DR. MOELLER: Our CPA is sitting in the  
2 audience. Would you like to make a comment regarding  
3 that?

4 CPA: I think Stephen makes an excellent  
5 point. One of my personal pet peeves is back-dating  
6 and going backwards once a month is closed, as it were,  
7 and you have made a report to the directors. I think  
8 Stephen brings up an excellent point. If you find an  
9 error or a miscoding in the following month, then  
10 that's where it probably should be posted as opposed to  
11 going back because to go back is -- it doesn't let all  
12 the directors know what individual item was changed.  
13 Now, having said that, it may make your budget numbers  
14 look different, but then the explanation comes in, oh,  
15 we coded something this way in April, discovered in  
16 June it should have been this way, I have corrected it  
17 now in June and that's why the budget is off, or if  
18 something comes in. Because the other thing, too, is  
19 like when we finish the audit, which we progress on,  
20 the audited financial statements for instance may look  
21 completely different from the June 30th one that y'all  
22 have. That's halfway understandable. But in a  
23 month-to-month type deal, again, my own opinion is in  
24 the month you find it, that's when I would make the  
25 correction, unless it is something that is from, in our

1 terminology, what's an accounting error. If I made a  
2 miscalculation on an estimation, that's different. But  
3 to find something later on and then make a change, I  
4 think I would make it in that current month so it's not  
5 as confusing to everyone.

6 DR. MOELLER: And that's one of the  
7 problems with us getting a monthly statement. I  
8 wouldn't want it any other way. I think we need to  
9 continue to do that. But that is a little bit of a  
10 problem because things change. If it's not too much  
11 additional work to Shawnda, I wonder if when we get the  
12 next month's statement if she would highlight or make a  
13 little addendum on there, line item such-and-such has  
14 been changed, there's a difference, this is the  
15 explanation for it. Would that help you?

16 MR. ZUNKER: Yes, I think that would help  
17 the whole board know what's going on with our  
18 financials.

19 DR. MOELLER: Let's ask Shawnda to do that  
20 for us.

21 MR. ZUNKER: And then I have more  
22 questions.

23 DR. MOELLER: Go ahead.

24 MR. ZUNKER: When we got the July  
25 financials which was our first month of the year I

1 really think the current month and the year to date  
2 numbers should match and they didn't. And then we go  
3 on in August and things have been changed again and,  
4 you know, they've got to be right. We've got to have  
5 these numbers right so that this Board knows what we're  
6 looking at and knows what we're dealing with. So I  
7 think, you know, I would like to go with the CPA's  
8 recommendation that once a month is closed, that we  
9 don't go back into that month and make changes, that we  
10 do make them in the current month and that we get notes  
11 of what changes have been made. I do think that we  
12 need to have the monthly income statements by  
13 department sent to us each month also. I know Shawnda  
14 and I talked about this and somebody told her that they  
15 didn't need to go out every month, but I think for this  
16 Board to look at what's going on, we need to see them  
17 monthly.

18 DR. MOELLER: How difficult is that to  
19 accomplish, Shawnda?

20 MS. SHAWNDA TAYLOR: It's not difficult at  
21 all. After the spreadsheet errors that we talked about  
22 last time, I revamped all the reports that come out of  
23 Peachtree so they are a little cleaner looking. These  
24 are straight out of Peachtree. They're not exported to  
25 a spreadsheet at all.

1                   MR. ZUNKER:  Something else that I would  
2 like to see is that when we have items that are listed  
3 as contract labor, I would like to know who that person  
4 is that's being paid and for what.  We dealt with this  
5 through previous people in this association that hid  
6 things in contract labor like paying their ranch  
7 managers, and I would like to know the name of the  
8 person that's being paid on contract labor, I'd like to  
9 know the job that they did and I'd really like to see  
10 that our Executive Committee directors that are in  
11 charge of the departments approve contract labor before  
12 we have that contract labor done.

13                   DR. MOELLER:  Not an unreasonable  
14 suggestion.  Sometimes that's a little unwieldy if they  
15 need something done like a computer goes out and they  
16 need to call somebody in to work on their computers.

17                   MR. ZUNKER:  I think that actually shows up  
18 under computer maintenance or something.

19                   DR. MOELLER:  Well, it's not an  
20 unreasonable request.  And as you can see, when we said  
21 we wanted to make this as transparent as possible  
22 beginning August of '07 we knew this was going to be a  
23 work in progress because we really didn't know what we  
24 wanted and how we wanted it done, and since you've been  
25 on the Board, Steve, you can see how we have evolved

1 with these financials, and we are still evolving, and  
2 your comments are appreciated.

3 MR. ZUNKER: I'd also like to see  
4 professional fees be done the same way, that we at  
5 least get a detail of what the professional fees are,  
6 if they are paid to the court reporter, how much is  
7 paid, or if they are paid to the CPA, how much is paid.  
8 I think we're kind of lumping everything into  
9 professional fees and the Board doesn't have a real  
10 idea of what those professional fees are.

11 DR. MOELLER: Okay. Or you can come to the  
12 next board meeting and ask those questions and Shawnda  
13 should be able to respond to that. But if you want it  
14 on a monthly basis, that's not an unreasonable request.

15 MR. ZUNKER: I'd like to make a motion that  
16 we do it on a monthly basis and see what the consensus  
17 of the Board is.

18 DR. MOELLER: Repeat your motion, delineate  
19 it specifically, what items on the financial you want  
20 in more detail.

21 MR. ZUNKER: I would like to make a motion  
22 that in the monthly financials we get a detailed list  
23 of contract labor as to who it is paid to, what it's  
24 paid for, which department, and the same thing with  
25 professional fees each month.

1 MR. BUENGER: I second.

2 DR. MOELLER: Motion has been made and  
3 seconded. Who seconded that? Mr. Buenger. Any  
4 further discussion on this motion?

5 COL. WEST: Call for the question.

6 DR. MOELLER: Question has been called.  
7 All in favor signify by saying aye.

8 (Ayes)

9 DR. MOELLER: Anybody opposed? Motion  
10 passes.

11 Mr. Wehring, do you have any other  
12 additional --

13 MR. RICHEY: I just had a quick question on  
14 the aged receivables. I noticed in the summary reports  
15 we've been getting each month in July, the difference  
16 in July and August was roughly \$20,000 in our favor. I  
17 just wondered how that disposition went, whether we  
18 actually collected the overdue money or there was  
19 something else.

20 DR. MOELLER: Or did we write it off?

21 MS. SHAWNDA TAYLOR: We haven't written  
22 anything off. The difference there is what's been  
23 billed for advertising and what was collected, and  
24 nothing has been written off yet.

25 MR. RICHEY: So we've cleaned up the over

1 90 days by 20,000 so far? Okay. Thank you.

2 DR. MOELLER: Just a minute, Steve. I  
3 didn't mean to cut you off. Were you through?

4 MR. ZUNKER: That's okay. I've got some  
5 other things, but let some other Board members ask some  
6 things too.

7 DR. MOELLER: All right. Don't forget to  
8 come back up. Maurice?

9 MR. LADNIER: This property and equipment,  
10 Shawnda, I wanted to ask you about that. Do we have a  
11 fixed rate of depreciation as far as time period on  
12 these items that are listed here?

13 MS. SHAWNDA TAYLOR: Depreciation is based  
14 on the balance of what goes in the balance sheet, is  
15 the cost the original cost of an item and that cost is  
16 spread over a period of time and so the balance that's  
17 left is taken over the twelve months.

18 MR. LADNIER: Well, for an example, these  
19 panels, I can't remember what year we bought them and I  
20 was just wondering, are we about out on our  
21 depreciation rate on these?

22 MS. SHAWNDA TAYLOR: I think the panels are  
23 done. I think the only thing that's left are a few of  
24 the items in actually the G&A department. Furniture  
25 and computers and whatnot.

1                   MR. LADNIER: I've totaled these numbers up  
2 and the numbers are accurate here. But it's  
3 approximately 33 percent left on depreciation and I  
4 notice the automobile, I doubt if we could get \$8,000  
5 for it. The panels, I'm sure they're worth what they  
6 are, but looks like our time is running out on stuff  
7 like that. That's what I was wondering what the  
8 time -- yearly period of time on a depreciation item  
9 is.

10                   DR. MOELLER: Mr. Parr, can you answer that  
11 question?

12                   MR. PARR: Unless there is an accounting  
13 policy that addresses how you are to handle assets that  
14 are written to zero, the normal procedure or generally  
15 accepted accounting principle is to leave that asset on  
16 the books as long as you own it. So it may have  
17 absolutely no value, but it's still left on your  
18 depreciation schedule unless your accounting policy  
19 directs the accounting department, once an asset is  
20 written to zero, to remove it from the books. At that  
21 point, though, if you are going to remove it from your  
22 books and take it off your asset schedule, then the  
23 recommendation from this corner of the building would  
24 be you're going to have to keep a list for insurance  
25 purposes if nothing else in case there is a loss, fire,

1 theft, so a lot of times companies will use their fixed  
2 asset schedule as their insurance schedule also so  
3 they'll leave the asset on the books and just work them  
4 to zero.

5 DR. MOELLER: And what would be your  
6 recommendation to us?

7 MR. PARR: On some of that old stuff I'd  
8 take it off the books. There are some things still in  
9 our asset schedule that I don't think even exists  
10 anymore.

11 DR. MOELLER: Will you address that when we  
12 do our audit?

13 MR. PARR: We are.

14 DR. MOELLER: Thank you.

15 Maurice, does that answer your question?

16 MR. LADNIER: That's what I wanted to know  
17 right there.

18 DR. MOELLER: Zech?

19 DR. DAMERON: The overall problem -- I've  
20 been on the Board now ten months. At least eight of  
21 those were cash negative 8,153.08 if these numbers are  
22 correct. We need to address our costs and our income  
23 to match because you cannot lose money month after  
24 month after month and come out okay. No business can  
25 do that. So we've got to cut costs or we've got to

1 increase the income. I don't think we can increase the  
2 income with our ongoing recession/depression, so we've  
3 got to cut costs and we need to address that today  
4 somewhere.

5 DR. MOELLER: As we go through with the  
6 various department reports, we'll see that some of that  
7 is addressed in the reports. When the departments are  
8 through reporting to us, if you want to bring that up  
9 again or ask specific question "what have you done in  
10 your department to cut costs or increase income," I  
11 think that's a valid question.

12 DR. DAMERON: We're going to have to force  
13 it to happen. \$8,000 I guess that's 8,000 out of the  
14 Foundation, I mean, you've got to come up with it  
15 somewhere.

16 DR. MOELLER: Do you want to make a motion  
17 right now?

18 DR. DAMERON: I want this association to be  
19 cash positive, not cash negative month after month  
20 after month. Do whatever it takes including letting  
21 people go or cutting costs or moving or whatever so  
22 that we are financially responsible.

23 DR. MOELLER: I would ask you, Dr. Dameron,  
24 if you don't mind, to hold those comments. I think you  
25 will see that we have done some things since our last

1 board meeting to cut some costs and increase our  
2 income.

3 Steve?

4 MR. ZUNKER: When we met in Gulfport,  
5 Mississippi, the Board asked then if we could, in  
6 addition to our financial reports, get a monthly cash  
7 flow statement and at that time we were told yes but  
8 that was by Dennis Wright and he's no longer here but  
9 that was one of the items we did talk about in  
10 Gulfport, Mississippi.

11 DR. MOELLER: What's your comment on that?

12 MS. SHAWNDA TAYLOR: I didn't know that was  
13 asked for.

14 MR. ZUNKER: I believe Charlie brought it  
15 up.

16 DR. MOELLER: Did you hear her comment?  
17 Shawnda, do you want to repeat it?

18 MS. SHAWNDA TAYLOR: There's no problem  
19 getting it. Just nobody has ever said or nobody ever  
20 told me that's what you were supposed to get.

21 MR. ZUNKER: And I believe that. One other  
22 comment would be, since the CPA is here, what is his  
23 current status on our audit? When do we think it will  
24 be completed? Because the bylaws say we've got to have  
25 it for the annual general membership meeting and I

1 think, as the Board, I think it would be good if we all  
2 saw it prior to arriving at that meeting.

3 DR. MOELLER: Mr. Parr? Did you hear the  
4 question?

5 MR. PARR: Yes. Isn't that meeting in  
6 December?

7 MR. ZUNKER: January.

8 MR. PARR: January?

9 DR. MOELLER: Middle of January.

10 MR. PARR: We are anticipating being fished  
11 with it by no later probably than the end of this  
12 month, first part of November.

13 MR. ZUNKER: Good.

14 DR. MOELLER: Okay. Stephen?

15 MR. ZUNKER: I think I'll save the other  
16 part for the Executive Session.

17 DR. MOELLER: Okay. Any other questions on  
18 the financials? Ty, do you want to make any final  
19 comments?

20 MR. WEHRING: No. Do we need to talk about  
21 all of the investments and the scholarship fund? Is  
22 that now or later?

23 DR. MOELLER: Well, where would you put it  
24 later? I think if you are going to discuss it, do it  
25 now.

1 MR. WEHRING: Have you got a pass-out for  
2 me?

3 DR. MOELLER: Do you want to step over  
4 here?

5 MR. WEHRING: No.

6 DR. MOELLER: Well, will you speak up?

7 MR. WEHRING: Yes. Brenda has got a  
8 hand-out of a motion that I want to put out and let you  
9 look at this.

10 DR. MOELLER: While this is being passed  
11 out, let me remind the Board as we have been told  
12 repeatedly, and I'll keep referring to our CPA friend,  
13 none of the Foundation monies are -- none of those  
14 monies in the Foundation are -- restricted none of  
15 those funds are restricted.

16 MR. WEHRING: They are called restricted  
17 but they're not.

18 DR. MOELLER: We have access to them. The  
19 only people that can sign on those are Ty, Chairman of  
20 the Board, treasurer, Chairman and our Financial  
21 Officer Shawnda. Okay? That's the way it's always  
22 been. Don King cannot still come in and write a check  
23 on that. We changed that in August. But none of those  
24 funds are restricted, contrary to all the various  
25 innuendos and falsehoods that are floating around out

1 in our industry. What Ty is proposing that we do right  
2 now is at least start with a restriction on one of  
3 those funds and I'll turn this over to Ty.

4 MR. WEHRING: The restriction of funds,  
5 we've got some members that would like to donate money  
6 to the Mosser Scholarship Fund and they won't do it  
7 because they are very concerned about the TLBAA dipping  
8 into this for a car payment, a salary, et cetera, et  
9 cetera, and in the original deal I was a Board member  
10 when Don and Suzanne started this fund when Rex's son  
11 got killed and this became the Mosser Scholarship and  
12 it was set up, people donated money, it's got a lot of  
13 money in it right now and my proposal on this thing  
14 that I handed out is to totally restrict the Mosser  
15 Scholarship Fund to youth scholarships only. Any  
16 questions on this handout I've given you? Have you had  
17 time to look at it and read it?

18 MR. RICHEY: Was this generated by the  
19 Mosser family or by TLBAA?

20 MR. WEHRING: TLBAA, Don and Suzanne --

21 DR. MOELLER: No. I'm saying your  
22 restriction, the idea that you are going to restrict  
23 that fund, was that --

24 MR. WEHRING: That fund.

25 MR. RICHEY: Yes, sir. Was that their idea

1 or TLBAA?

2 MR. WEHRING: Well, it's my idea.

3 MR. RICHEY: And so you are the one that  
4 came up with this?

5 MR. WEHRING: Yeah, because there's talk  
6 about in the industry, you know, are you using that  
7 money, people saying, well, I don't know if I want to  
8 give to this, the only way, I'm going to make sure it's  
9 for scholarship if I write on my check designated for a  
10 scholarship in the Mosser Family Scholarship Fund.  
11 People aren't going to do that. They're going to go  
12 out there and sell cows and do this, this is a  
13 donation, they want to know its being taken care of in  
14 a scholarship on its own and that's what this is for.

15 DR. MOELLER: It will restrict those funds.  
16 The thought in the industry, some of the thought in the  
17 industry is that those funds are restricted to only be  
18 used for that. There's also a thought in the industry  
19 that they are not restricted, we have access to them.  
20 All we're trying to do, Ty is trying to do is to make  
21 sure that everybody understands. And if we act on it  
22 as a Board, then there's no variance. Those are  
23 restricted funds. We cannot use them for anything else  
24 and if you donate to that fund, that's where it is.

25 MR. WEHRING: And that's your deduction

1 because that's a scholarship fund. Right now it can be  
2 used. If I want to write a check on it today, I can  
3 write it.

4 MR. TAYLOR: Was that your motion, Ty?

5 MR. WEHRING: I'll make it in a moment.  
6 Any more questions?

7 MR. ZUNKER: On the list of trustees, is  
8 this -- I mean, they are trustees until they can no  
9 longer serve?

10 MR. WEHRING: That was a request, yes, sir,  
11 the beginning when this thing was set up. Don,  
12 Suzanne, the Executive Board at that time, I don't  
13 remember who all we were on in Tulsa, Oklahoma,  
14 designated those at the request of the Mosser family,  
15 Vicki and Rex. Okay. Being it was their son, their  
16 memorial and that was his wishes and we abided by that.  
17 And essentially that is the same today.

18 MR. BUENGER: How does it change? How do  
19 the trustees change?

20 MR. WEHRING: Well, it says right here in  
21 the event a trustee can no longer perform the duties as  
22 trustee, a replacement shall be appointed by the  
23 majority of the Board of Directors of the Foundation  
24 and then the governance.

25 MR. BUENGER: Well, is there a term?

1 MR. WEHRING: There's no term.

2 MR. BUENGER: They are there forever.

3 MR. WEHRING: Until they croak or quit.

4 COL. WEST: I think this could be an  
5 amendment to your proposal. I would say that --  
6 generally speaking, this covers everything. I would  
7 say under purpose, and this would be the Mosser  
8 Scholarship Fund, is restricted to provide college and  
9 vocational scholarships to children participating and  
10 so forth. That ends everything. That's it. Let's not  
11 beat this to death, if you accept my amendment.

12 MR. LADNIER: Repeat your motion Ty,  
13 please.

14 MR. WEHRING: I haven't made one.

15 MR. LADNIER: I thought you'd already made  
16 one.

17 DR. MOELLER: And we are out of order.  
18 Let's stop this discussion right now and have a motion.

19 MR. WEHRING: Okay. I tried to make this  
20 very self-explanatory that this is -- and the motion  
21 will be that we restrict the Mosser Family Foundation  
22 Scholarship Fund, whatever it's called legally, to any  
23 donation made into that and that fund only will be used  
24 for scholarships for children's college under the  
25 direction of all the rules and regulations set up by

1 the TLBAA's scholarship deal.

2 COL. WEST: Second the motion.

3 MR. BUENGER: I want a clarification. This  
4 has to -- the children that receive these scholarships  
5 are only children that participate in the TLBT.

6 MR. WEHRING: TLBAA members or TLBT.  
7 Right. The kids. Just like you said.

8 MR. BUENGER: I'm reading it. It says  
9 children that participate in the Texas Longhorn  
10 Breeders of Tomorrow. Now, is that what we're saying?

11 MR. WEHRING: Okay. I just want  
12 clarification.

13 MR. ZUNKER: Did all the recipients this  
14 year, were they all participating in TLBT?

15 MR. WEHRING: Absolutely.

16 DR. DAMERON: Some of them were a little  
17 older.

18 MR. WEHRING: The scholarships -- let me  
19 explain. Some of the children that had received  
20 scholarships from the TLBAA before, they are still  
21 members, they are still doing what they do, they help,  
22 they are participating and, for one, Julie Pack got  
23 one, she's helping everybody at every show, she still  
24 belongs to us, she shows, she's a young adult, yeah,  
25 but she's going after a degree and she was awarded that

1 and the trustees of that association or that fund made  
2 the decision. Jake Whitfield was the first recipient  
3 of the Mosser and Julie Pack had gotten one. Those two  
4 received another one. Okay? But it goes straight to  
5 the college. These children do not get a penny. The  
6 college gets that. The money is sent to the college  
7 for whatever is asked for.

8 MR. BRANTLEY: Say hypothetically, totally  
9 hypothetically say Charlie Shriner IV wanted to go back  
10 to vocational school. Can he be eligible for this?

11 MR. WEHRING: How old is he?

12 MR. BRANTLEY: He's probably 70.

13 MR. WEHRING: Absolutely not.

14 MR. ZUNKER: Ty, I'm trying to get  
15 clarification. I understand how that program works and  
16 I'm very much supportive of it, but I'm kind of going  
17 back to what Charlie was saying, are we saying that --  
18 the wording is saying that they are participating in  
19 the Texas Longhorn Breeders of Tomorrow and with our  
20 age limit in that, I'm all in favor of someone like  
21 Julie Pack continuing to get support, but officially  
22 are we limiting it and saying that she cannot if she  
23 can no longer be a member of the TLBT, because I think  
24 the rules are 19, 18, and what I'm trying to do is not  
25 tie our hands so much that we can't continue to support

1 these youth that have supported us. I don't want  
2 someone to come along three years from now, pick this  
3 up and say you can't do that.

4 MR. WEHRING: Number one, it's not for me  
5 nor you to say they can or they can't. It is the  
6 trustees of this thing. Okay? They're really running  
7 the show under our guidance. Okay? But it's like, you  
8 know, when they decided who they were going to pick,  
9 the applications went to Zech and he sent them to them.  
10 Okay. They decide. I mean, it's not set in a little  
11 tiny corner and people making decisions just because of  
12 who they like. They've got to have a criteria.

13 MR. TAYLOR: Well, the way it's set up now  
14 with Julie being able to get those, and I'm not -- I'm  
15 all for her. She's a great kid. She's done a lot for  
16 the industry. But the way it's set up now, with her  
17 being graduated from high school going into her vet  
18 school, she's eligible for the scholarship. So is  
19 Charlie Shriner.

20 MR. WEHRING: No he ain't. He's never been  
21 a member.

22 DR. DAMERON: He may eligible, but he's not  
23 going to get it, I promise you that.

24 MR. TAYLOR: Well, I understand he's not  
25 going to get it. But still, he's eligible.

1 MR. BRANTLEY: It says children of members  
2 or TLBT members. He's a child of a member.

3 DR. DAMERON: We need some leeway on  
4 wording these things to where people who have served  
5 this organization are going into some form of education  
6 that might help this organization.

7 MR. TAYLOR: I understand what you are  
8 saying. But if we allow, without some kind of  
9 provision, after the age of 25 or 30 or after they've  
10 been out of school for two years they can't come back,  
11 we need to have some kind of guideline there because  
12 anybody is eligible.

13 DR. MOELLER: Let's throw this out. If we  
14 amend this with the change -- look at the purpose. The  
15 purpose of the Mosser Scholarship is to provide college  
16 and vocational scholarships to children participating  
17 or have participated in the Texas Longhorn Breeders of  
18 Tomorrow. I think that fixes that and allows you --  
19 restricts it, but allows you to address somebody.

20 DR. DAMERON: I just need to be able to  
21 have some leeway on giving these scholarships to worthy  
22 people.

23 DR. MOELLER: And that gives us leeway.

24 MR. TAYLOR: That's acceptable there I  
25 think to everybody. Except Charlie?

1 MR. BUENGER: No, I'll blame Scott for this  
2 one. Scott looked at me and said does this mean  
3 Russell Hooks can go back to school?

4 MR. SIMMONS: The way that's stated. I'm  
5 not picking on him.

6 MR. WEHRING: Okay. Scott. Common sense.

7 MR. SIMMONS: I know.

8 MR. BUENGER: No. You're asking us to make  
9 some restrictions and if we're going to do it we need  
10 to do it right. And that's right. What that says is  
11 anybody that's participated in TLBT currently or in the  
12 past and I think everybody is in favor of that. That's  
13 a valid question that Scott made. Should there be --

14 MS. HIGHTOWER: Should there be an age  
15 limit.

16 MS. STACEY TAYLOR: I think we leave that  
17 up to the trustees who have been trusted to make good  
18 solid decisions. We have restricted the funds. We've  
19 made it clear that our expectation is kids that are  
20 either participating in or have participated, we've got  
21 three very fine, very responsible people to make those  
22 decisions otherwise. I would say that we accept this  
23 motion the way that it's been edited and we move  
24 forward, please.

25 DR. MOELLER: Mr. Johnson?

1 MR. JOHNSON: I have just one question and  
2 maybe I ought to ask Charlie. Charlie has the legal  
3 brains supposedly. What is the definition of children?  
4 That's very prominent there; if you wanted to highlight  
5 it, I mean, that kind of covers everything. That takes  
6 Charlie Shiner out. 70 years old, I don't think he's a  
7 child.

8 MR. BUENGER: Well, in Texas, children  
9 defined by the Family Code would be under 18 years of  
10 age.

11 MR. WEHRING: How about we put youth.

12 MR. JOHNSON: Children or youth under 21.  
13 Lord we're wasting a lot of time on something I think  
14 everybody in this room wants. Nitpicking the heck out  
15 of it.

16 DR. MOELLER: Thank you, Jim. Ty, did you  
17 amend your motion?

18 MR. WEHRING: I will amend my motion to  
19 read the purpose of the Mosser Scholarship Fund is to  
20 provide college and vocational scholarships to children  
21 or youth participating or having participated in the  
22 Texas Longhorn Breeders of Tomorrow.

23 MR. BUENGER: Second.

24 DR. MOELLER: Motion has been made, and  
25 seconded by Charlie Buenger.

1 Any further discussion?

2 Hearing none -- this is a Board meeting. I  
3 will accept some comments from the audience, but not  
4 this subject.

5 Hearing none, all in favor of the motion as  
6 amended or as presented, signify by saying aye.

7 (Ayes)

8 DR. MOELLER: Anybody opposed?

9 Motion passes.

10 Was there anything else on this treasurer's  
11 report?

12 MR. WEHRING: I'm done.

13 UNIDENTIFIED SPEAKER: Some of us can't  
14 hear you guys speaking. Sometimes you guys will turn  
15 your head and we can't pick up what you guys are  
16 saying.

17 DR. MOELLER: When you can't hear, raise  
18 your hand. Is that what you were going to say, that  
19 you couldn't hear us?

20 UNIDENTIFIED SPEAKER: No, I was going to  
21 make a general statement about the designated fund  
22 which I think you should know about.

23 DR. MOELLER: Is it pertinent to what we  
24 just did? Mr. \_\_\_\_\_ is also a CPA and was  
25 our past treasurer of the TLBAA. Can you make it

1 brief, and speak up loud.

2 UNIDENTIFIED SPEAKER: My only comment is  
3 the foundation can accept funds without restrictions or  
4 if the donor says I want these funds to be used for  
5 this purpose only and that's a donor restricted fund,  
6 then you are required to keep that fund separately and  
7 starting with 2008 you have to report it on the  
8 foundation's tax return that you kept up with that fund  
9 and any earnings and any disbursements out of that  
10 fund. It has nothing to do necessarily with  
11 scholarships. It could be for any purpose. If I write  
12 you a check and I designate what it is to be used for,  
13 it has to be used for that purpose unless the donor  
14 rescinds the restriction.

15 DR. MOELLER: I think those rules have been  
16 adhered to. We can document that since August of 2007.  
17 We cannot document it before that.

18 UNIDENTIFIED SPEAKER: Okay.

19 DR. MOELLER: So there could have been some  
20 discrepancies prior to that. I'd like to move on with  
21 our agenda. Does anybody have any other concerns  
22 regarding the treasurers report? Seeing none, let's  
23 progress now. Let's have Brenda Cantrell come up and  
24 give us a Trails report.

25 MS. CANTRELL: Good morning.

1           Our talented staff remains intact and we  
2 are still dedicated to the look and rebuilding of the  
3 Trails. We had the resignation of Jordan \_\_\_\_\_  
4 who was the editorial assistant. I had met with him  
5 and told him that due to some financial issues within  
6 the TLBAA and the fact that I needed to continue to  
7 look at my clock that he would need to be part-time and  
8 he was very kind in accepting that, but within five  
9 days he got a full-time job in Temple working for the  
10 Temple Daily Telegram. He was a very talented young  
11 man, made a lot of contributions to the magazine, and I  
12 wish him well. I'm not going to be replacing that  
13 position. I have allocated those duties to myself,  
14 Grace Taylor and Rick Tracy so we have taken on all of  
15 those responsibilities. We still have Laura Stanley as  
16 the art director, Myra Beckham as graphic artist, Rick  
17 Richey as advertising, and Grace Taylor and Carolyn  
18 Hunt.

19           Cookbook update. We currently have 150  
20 recipes; however, we need 400. So all you cooks or who  
21 know cooks that are members of the TLBAA, I need more  
22 recipes in order for me to get this turned in and I  
23 want to have it turned in by the first of the year.  
24 Also, what I would like to ask y'all to do, if you have  
25 any fun anecdotes that you would like to share with us

1 regarding a recipe or regarding some fond memories,  
2 could you submit those stories, too because we want to  
3 run some stories along with the recipes. Our publisher  
4 thinks that that would make it a lot more interesting  
5 read.

6 The calendar, the 2009 Trails calendar will  
7 be inserted into the November issue. I'd like to thank  
8 all the advertisers. We will be able to provide the  
9 members with a calendar again this year.

10 As you know, we started putting the Trails  
11 magazine in the Tractor Supply Stores and we are  
12 currently in 603 stores in 18 states across the United  
13 States. That has increased our distribution between  
14 2500 to 3200 a month.

15 MS. STACEY TAYLOR: How many of those are  
16 actually selling?

17 MS. CANTRELL: 12 percent was the last --  
18 we did a test for three months and 12 percent was how  
19 much sold. They want it to be at 20. I think from my  
20 past experience, if we're at 15 I'm very pleased. And  
21 the fact is that we didn't get to put a July issue on  
22 the newsstands because that's our membership directory  
23 so the June issue had to stay on the stands for two  
24 months, and I think that kind of hurt that a little  
25 bit. So all in all, I'm pretty pleased with the fact

1 that we're at 12. We're going to look at the figures.  
2 If we don't get up to about 15 percent, I'm going to  
3 make some suggestions.

4 DR. DAMERON: What's it cost?

5 MS. CANTRELL: It's costing us around  
6 \$3,000 a month.

7 MS. STACEY TAYLOR: How much of that  
8 expense are we actually recouping? Is it a flat 12?

9 MS. CANTRELL: Hopefully selling more  
10 advertising because they -- well, I'll tell you this.  
11 After the first three months, we get 50 percent of the  
12 cover price so there is an opportunity for us based  
13 upon the 12 percent to make around \$12,000 a year in  
14 cover sales. But when I cost out the fact that it  
15 costs me about \$3,000 a month I'm not going to make  
16 money on newsstand sales and you really don't in  
17 publishing make money on newsstand sales or  
18 circulation. Where you make the money is on  
19 advertising. The good news is is that this gives us a  
20 little bit more leverage to express to the breeders of  
21 our association that they are reaching far more people  
22 than they have been able to reach in the past, and to  
23 go after some national advertising. We have a number  
24 of members that have told me that people have called  
25 them from all over the country based upon an ad that

1 they saw in the magazine and we have had some cattle be  
2 sold. I guarantee you, we probably got some new  
3 memberships from that. So if you think about the cover  
4 price, half of that, if we get out 3,000 copies and if  
5 we get ten new members a month, which I think is a  
6 doable thing based upon the magazine, that's another  
7 thousand dollars a month just on new memberships. So  
8 all in all I think it benefits us, the TLBAA, because  
9 we really have a presence across the country. Are  
10 there any more questions? You know that we are online  
11 still and we continue to get big hits on that and I've  
12 been getting some very good reports from our  
13 advertisers that have links that they are getting a lot  
14 of hits based upon people going to their ad and then  
15 going to their website. So for any of you that are  
16 wanting to reach the world, TLBAA can do that for you  
17 through the Trails magazine because we are online now  
18 and if you have an ad with us and you have a link to  
19 your website, that's another advertising advantage for  
20 you. And now I want to get down to talking about the  
21 cost, more cost things than cutting staff that I've  
22 been doing. I met with our printer Branch Smith and,  
23 as you know, we have been printing on hundred pound  
24 cover stock with a very slick publication for most  
25 associations. If you see other association

1 publications, they are usually what they call saddle  
2 stitch, they probably have an 80-pound cover and they  
3 probably have about a 60-pound weight. Talking weight  
4 of paper. We're on 100-pound cover stock and we are  
5 printing 80-pound or 70-pound depending on what kind of  
6 paper I like for that month because paper changes a lot  
7 throughout the month, depends on what kind of inventory  
8 they have, so sometimes I'll pick a 70-pound paper  
9 because it's the same quality as the 80-pound but I'm  
10 getting it cheaper. She has come up, our  
11 representative met with their person who purchases the  
12 paper and I would like to cut my costs for production  
13 printing wise. In 2001, our printing cost was  
14 \$105,551.86. For 2007 the printing costs were  
15 \$237,540.39. I have tripled almost my printing costs  
16 without one advertising rate increase. We have not had  
17 an advertising rate increase in eight years. But I'm  
18 supposed to continue to keep my costs down and try to  
19 make a profit at the same time while I absorb more  
20 production costs and no one else is having to absorb  
21 anything, and I'm fine with that if that's what the  
22 Board wants is to keep our ad rates the same for the  
23 rest of the Trails' life, but I just want y'all to  
24 understand that production does not stop increasing.  
25 The cost of printing continues to rise. We met, I'm

1 looking at an 80-pound cover and a 60-pound stock.  
2 That's going to save me around \$400 a month which if I  
3 look at that across the Board it's a substantial  
4 savings over the year. We can try this as a test. If  
5 we don't like it, we're not happy with the way it  
6 looks, we can go back to the way we were doing business  
7 which is a hundred pound and 80 or a hundred pound and  
8 70 which is pretty much what they're getting now. So  
9 that's one of the costs that I've been looking at to  
10 try to reduce. I've met with our advertising  
11 representative, Carolyn, Laura, and Rick, they have set  
12 goals in front of them, they understand. Now, Laura,  
13 it comes -- I inherited some things. Laura Stanley was  
14 given the opportunity to sell advertising instead of  
15 being given raises back with Don and Suzanne and so  
16 because of that she has about 10 clients that she  
17 services every single month and calls them and gets  
18 their ads together and she does make advertising sales  
19 calls on the phone a lot. She'll see somebody in the  
20 magazine, she'll call them up and pitch to them, but  
21 she's not a full-time advertising person. That was  
22 just something that was put in place before I was here.  
23 Rick is a full time advertising sales representative.  
24 He has now been given a goal and which he has to reach  
25 it. If he doesn't reach this goal by a certain period

1 of time, we're going to sit back and talk about what it  
2 is that he needs to be doing. So I want y'all to  
3 understand that we're getting very serious in the  
4 Trails department about being responsible and going out  
5 and making more ad sales dollars. However, first thing  
6 people stop doing in a bad economy sometimes is stop  
7 advertising which, in my opinion, is the worst thing  
8 you can do. You need to continue to get your name out  
9 there and continue to sell products instead of not  
10 getting your name out there. So we are looking at a  
11 little bit of an economy crunch. My ad revenue is  
12 running about a thousand to \$2,000 a month more this  
13 year than it was last year which is really encouraging.  
14 You can see my cost of printing continues to rise.  
15 Postage continues to rise. Based upon our  
16 calculations, if I go to an 80-pound cover and 60-pound  
17 weight paper, my postage costs will be reduced by 12  
18 percent, which is huge too. So I don't know if I'm  
19 able to make that decision or what about going down in  
20 poundage.

21 DR. MOELLER: That's your decision to make.

22 MS. CANTRELL: Okay. So you might be  
23 seeing a different look in the January issues because  
24 it's going to take me a couple of months for them to  
25 order the paper for me. But we will take a look at it.

1 They have given me some samples of bound magazines on  
2 the paper. All it is is just a little bit lighter.  
3 That's the only difference. I got a really good price  
4 on 70-pound paper and so I had 70-pound paper in those  
5 magazines for three months and no one's ever said a  
6 word. But you will notice the 60.

7 MR. BRANTLEY: Brenda, have you done any  
8 cost analysis into the 80 to 70 or 60 that you have  
9 been referencing regarding recycled paper? Would that  
10 be more? Or is that already recycled? Or the use of  
11 our printer using bio-ink, is there a difference in the  
12 cost there?

13 MS. CANTRELL: Actually, recycled paper is  
14 more expensive.

15 MR. BRANTLEY: I thought so. Have we done  
16 any cost analysis of trying to find another printer to  
17 do this?

18 MS. CANTRELL: Yes, I have my bid out to  
19 two other printers now. One of them is a national  
20 printer that's not located in the Metroplex, which kind  
21 of concerns me, but they print The Cattleman and a lot  
22 of other big publications so I know they're able to do  
23 the job and I'll give you those costs. I just wanted  
24 to see -- our local printer that we have been using,  
25 Branch Smith, has been so good about not raising our

1 rates as much as they raise others because we are a  
2 very good customer of theirs, so it's going to be hard  
3 for someone to beat that. Any other questions?

4 MR. LADNIER: I don't want a question. I  
5 want a comment. You made a statement while ago we  
6 haven't raised our rates for advertising. I can't even  
7 comprehend raising them at this point in time. I think  
8 we can forget that.

9 MS. CANTRELL: I've been coming to board  
10 meetings for over two years and at every single board  
11 meeting I ask can we raise the rate 3 percent and every  
12 single time I'm told this is a really bad time to do  
13 this. I did some calculations - now that you brought  
14 that up - if I did a 3 percent increase in our  
15 advertising rates and you bought a full page four color  
16 add on a 12-month run, it's going to cost you \$30 a  
17 month more. That's it. If you are going to run a half  
18 page, it's going to cost you \$21 a month more. If you  
19 run a third of the page, it costs you \$16.50 more. A  
20 quarter page is -- a sixth of a page is \$4.50 more.  
21 This would help me make \$10,000, based upon my October  
22 issues, if I put 3,000 at 3 percent increase I would be  
23 able to raise \$10,800. So we're talking about how can  
24 we make more money and we've been talking about how we  
25 can reduce our expenses and I have expressed to you how

1 I am working very hard to reduce these expenses, but a  
2 3 percent increase in ad rates is not asking too much  
3 of the membership I do not believe.

4 MR. TAYLOR: That 10,000, is that a month  
5 or a year?

6 MS. CANTRELL: A year.

7 MR. LADNIER: How much would it increase a  
8 single page?

9 MS. CANTRELL: A full page four color, it  
10 will increase it \$30.

11 MR. LADNIER: Just one, not a yearly?

12 MS. CANTRELL: A yearly contract.

13 MR. LADNIER: I'm talking about a single  
14 page.

15 MS. CANTRELL: 1100 times 3 percent. What  
16 would that be? \$33.

17 MR. BRANTLEY: Brenda, why don't we just  
18 reduce it if you pay within, what did you say, 10 days,  
19 reduce it from 10 percent discount to a 5 percent  
20 discount.

21 MS. CANTRELL: How many people are taking  
22 advantage of that, Shawnda?

23 MS. SHAWNDA TAYLOR: Probably about 25  
24 percent.

25 MS. CANTRELL: I'll think about that. In

1 my entire career 22 years of publishing, I have never  
2 ever seen a publication not raise their rates every two  
3 years. Ever. This is unfounded. The cost of doing  
4 business goes up and y'all want more things. We want  
5 to be on the newsstands. We want to be online. We  
6 want to be visible. We want to be these things. But I  
7 think that reducing some of my production costs will  
8 really help me. Anything else?

9 MR. JOHNSON: I need to ask Fritz a  
10 question while you're there. Can I make a motion?

11 DR. MOELLER: Relative to what?

12 MR. JOHNSON: Yes, sir, that we allow her a  
13 3 percent increase.

14 DR. MOELLER: You may make a motion.

15 MR. JOHNSON: She's cut everything in the  
16 world. We're trying to make this thing work. We're  
17 going to have to tighten our belt. Suck it up, boys.  
18 Let's get 'er done. That we allow Trails to add a  
19 3 percent increase.

20 DR. MOELLER: In their advertising rates.

21 MR. JOHNSON: In their advertising.

22 MR. WEHRING: Seconded.

23 DR. MOELLER: Motion has been made and  
24 seconded, seconded by Mr. Ty Wehring, that we allow  
25 Brenda to raise her advertising rates by 3 percent

1 beginning when?

2 MS. CANTRELL: January.

3 MR. JOHNSON: This month probably, or  
4 whenever she can get it out.

5 MS. CANTRELL: Can I make another  
6 statement? If I was asked to do this, I would not do  
7 it until January. I would give everybody the next two  
8 months to sign some contracts with me based upon the  
9 rates that they are now and being grandfathered in. I  
10 think this will also help sell some ads within the next  
11 couple of months and get us some more revenue so that  
12 people can lock into the rate it is now.

13 MR. JOHNSON: That's fine with me. January  
14 1st.

15 DR. MOELLER: All right. A motion has been  
16 made and seconded. Any further discussion regarding  
17 this particular item? Any other comments? Yes?

18 UNIDENTIFIED SPEAKER: You know, in  
19 business sometimes somebody will say 3 percent is what  
20 we need. What you really don't want to get involved in  
21 is saying 3 percent today, 4 percent next month or two  
22 months. What you've really got to realize is is 3  
23 percent enough to get you through all of next year?  
24 Are you looking at six months to come back and I say I  
25 miscalculated, 3 percent isn't going to do it, I need 4

1 more percent or 5 more.

2 DR. MOELLER: Good point.

3 MS. CANTRELL: Based upon if I do the  
4 reduction in my printing costs, which is going to save  
5 me about 3 percent - and if this passes I'll probably  
6 just faint - but 3 percent is what I would do this year  
7 and then every two years we would have an increase in  
8 our ad rates. It's the way that publications conduct  
9 business.

10 DR. MOELLER: But you'd come back in two  
11 years.

12 MS. CANTRELL: Yes.

13 DR. MOELLER: Zech?

14 DR. DAMERON: I don't want to be a devil's  
15 advocate always, but you know the Dow is in free fall,  
16 people are afraid, if we increase the cost or our  
17 prices, they're not going to buy it and we shouldn't do  
18 it.

19 MS. CANTRELL: I understand.

20 MR. ZUNKER: I have to agree with Zech. I  
21 think we need to leave our rates where they're at and I  
22 think we need to get our sales staff out to beat the  
23 bushes harder and make the calls and try to get some of  
24 the national accounts to pick up the difference in  
25 advertising.

1 DR. MOELLER: Mr. Wehring?

2 MR. WEHRING: Well, I think that we hear so  
3 much bitching about us not having any money, no profit  
4 or anything, and I think you kind of got to go to Vegas  
5 and gamble on it and I think we need to do it, I mean,  
6 you know, we don't have money, your financials are  
7 wrong, you're losing money, but when we try to show  
8 that we can make money, then we get, oh, we shouldn't  
9 do it now. I don't understand.

10 MS. STACEY TAYLOR: Has a motion been made?

11 MR. ZUNKER: I think that the people who  
12 have been advertising with us and who have stuck with  
13 us through some really tough times, I don't think we  
14 need to be going to them telling them that we're going  
15 to raise your rate. I think we need to increase and  
16 get new advertisers and that's the way we can handle  
17 our problems. I don't think you'd go to your loyal  
18 continual supporter and tell them, you know, you've  
19 been so good and you stuck with us but we're going to  
20 raise our rates on you. Just don't think that's where  
21 we're at right now.

22 MS. CANTRELL: We would grandfather them in  
23 with a contract before January with the current rate.

24 DR. MOELLER: And I don't recall the U.S.  
25 Government coming to me and saying you've been so loyal

1 buying stamps that we're not going to raise your rates.  
2 Mr. Brantley?

3 MR. BRANTLEY: No comment.

4 DR. MOELLER: You made a comment?

5 MS. STACEY TAYLOR: I just asked if there  
6 had been a motion made and seconded?

7 DR. MOELLER: Yes.

8 MS. STACEY TAYLOR: Then I'd like to call  
9 the question please.

10 DR. MOELLER: I will not recognize that  
11 until we are through discussing this. Mr. Buenger.

12 MR. BUENGER: Stephen and I have talked  
13 quite a bit about the financials and the concerns that  
14 he has had and since the board's decision to put some  
15 of the executive members in charge of the various  
16 departments, I've talked at length with Brenda over the  
17 Trails about the need to cut expenses and the need to  
18 increase revenues and I think today from her report you  
19 can see she's been working on it we've talked about  
20 getting rid of some staff that's not necessary, she's  
21 done that, we've talked about lowering expenses and  
22 she's explored it. We've talked about production  
23 requirements particularly from salespeople and those  
24 have been put in place, and I'm going to tell you that  
25 if they don't meet those production quotas they're

1 going to have to move on down the road. That's been  
2 put in place. She's worked on all those areas that we  
3 talked about and so far I've seen progress, I'm happy  
4 with what I've seen. When she first came to me and  
5 said I want to raise rates, I said exactly what you  
6 said and I questioned it too. But I don't think that  
7 if you are going to run an \$1,100 ad, \$33 is going to  
8 make that much difference to you. And since we do need  
9 to tighten our belt, I think increasing revenues by  
10 this small amount to individuals will be a benefit to  
11 the Trails and the Association. I think we ought to do  
12 it. Hadn't been done in a long time.

13 DR. MOELLER: Nothing is etched in granite  
14 and this Board has reacted and acted in the past and we  
15 have reversed some of our decisions when we felt like  
16 maybe those weren't the right decisions we made. We  
17 can always reverse this one if this motion passes.

18 Donnie, did you get your comment?

19 MR. TAYLOR: A question. You said  
20 grandfather in. You're grandfathered in for the next  
21 year?

22 MS. CANTRELL: If you sign a twelve-month  
23 contract or a six-month or a three-month, you are going  
24 to be grandfathered for the rate it is now.

25 MR. TAYLOR: For all of 2009?

1 MS. CANTRELL: Until your contract is up.

2 MR. TAYLOR: What if I sign a two-year  
3 contract?

4 MS. CANTRELL: No.

5 MR. TAYLOR: Okay.

6 DR. MOELLER: Maurice, you were next.

7 MR. LADNIER: Yes, sir. This is tough. I  
8 have spent quite a bit of money in this Trails  
9 magazine. I haven't sold a cow from this thing and  
10 what we're fixing to do is the wrong time. This is a  
11 personal opinion. This is the wrong time to be doing  
12 this. However y'all vote, vote your conscience, but  
13 I'm telling you you're going to drive some advertising  
14 away. If anything, we need to lower the darn thing and  
15 get more advertising. That's my opinion.

16 DR. MOELLER: Zech?

17 DR. DAMERON: Well, the Dow lost 800 points  
18 yesterday. We're about set up for about a 700 point  
19 loss today. You won't be able to sell this stuff at  
20 any price if you increase the price. We are in free  
21 fall, boys, and this economy is in shambles and we're  
22 in trouble.

23 DR. MOELLER: Mr. Brantley. I'll take two  
24 more comments and then we will call for the question.

25 MR. BRANTLEY: I tend to agree with Maurice

1 Ladnier that perhaps we should explore lowering the  
2 rate to our members for advertising, but upping the  
3 rate to non members - outside of the longhorn box, so  
4 to speak - and do away with the complacency by our  
5 advertising staff when it comes to picking up the phone  
6 and making a hard cold call and pestering somebody to  
7 advertise with us. I think our staff needs to start  
8 pulling their weight in that regards - no disrespect,  
9 Brenda - but I think the staff - not you in particular  
10 - but the staff in the department needs to start  
11 pulling the weight to making sure that our magazine on  
12 a monthly basis is as fat as possible because I'm not  
13 just the only one who has seen this over the last month  
14 or several months, there's been a degree of -- the  
15 magazine has become smaller on a monthly basis due to  
16 an advertising exodus or what have you, but I think our  
17 staff needs to get out and beat the bushes in regards  
18 to getting advertising outside of the TLBAA membership  
19 and stop milking the members who are always there,  
20 always there. Mr. Mosser is always there month after  
21 month after month. Bruce Easterly is there month after  
22 month after month, and we need to get outside the box.

23 MS. CANTRELL: I understand what you are  
24 saying and I am not in any way not appreciative of the  
25 loyal advertisers that we have. However, you are

1 paying me to use my publishing background brain to use  
2 different alternatives that I feel is imperative for  
3 this magazine. I will disagree with you that we have  
4 less advertisers. Why our magazine is smaller is  
5 because I've been reducing your costs. We have to mail  
6 our magazine in order to be a periodical non-profit at  
7 a 60/40. We can have 60 percent advertising, we have  
8 to have 40 percent editorial. In the past, I was able  
9 to put a lot more editorial in there because we had a  
10 lot more, the cost of producing that wasn't as  
11 expensive. But what I've been doing is decreasing,  
12 even though you feel like there's more editorial in  
13 there, I've been decreasing the amount and we've been  
14 going to a smaller point size, we've been going to less  
15 photos, we've been doing -- and I've been getting  
16 compliments that everybody is enjoying the articles  
17 that we are doing, but it's not less advertisers.

18 DR. MOELLER: I am going to take one more  
19 comment and I'll do that from the audience. If you  
20 want to go ahead.

21 MR. MILLER: Terrell Miller. We work a lot  
22 with agricultural livestock publications as well as  
23 equine publications. We have a software program. One  
24 of the things I've seen in many of the rate cards is  
25 there tends to be two different rates. There's a

1 breeder rate and there's a commercial rate, and maybe  
2 there's something in the rates of having a commercial  
3 rate a little bit higher than a breeder member rate.

4 MS. CANTRELL: Yes, and I did not discuss  
5 that, but we are going to have a non breeder rate and a  
6 breeder rate. So if you are not a TLBAA breeder,  
7 you're going to pay more to be in our publication than  
8 a breeder with the TLBAA.

9 DR. MOELLER: Okay. Are we ready to call  
10 the question?

11 All in favor of this motion, signify by  
12 saying aye.

13 (Ayes)

14 DR. MOELLER: Those opposed, signify by  
15 saying no.

16 (Noes)

17 DR. MOELLER: Okay. Let's show hands  
18 please. All in favor, signify by raising your right  
19 hand. One, two, three, four five. I've got five  
20 yeses. Those in favor of not passing this motion  
21 signify by raising your right hand. Eleven. So we've  
22 got five for, eleven against. Motion is defeated.

23 MS. CANTRELL: Can I make one more comment?

24 DR. MOELLER: Yes.

25 MS. CANTRELL: I'll be bringing this up at

1 every meeting, so we'll do this again in January.

2 DR. MOELLER: Next on our agenda is the  
3 Special Events Report and our Special Events Manager,  
4 Allison Chipman, will give us a report.

5 MS. CHIPMAN: Thank you, Dr. Moeller.  
6 Brent can you hear me? I'll try to keep my report as  
7 brief as possible because you guys have a lot of  
8 business to take care of and there's another thing  
9 going on across the street that has some of our  
10 attention a little bit divided this morning. First  
11 thing I'd like to comment on is to say thank you to the  
12 staff that supports all of the events and sales in the  
13 office and also to thank the volunteers in the  
14 membership that help make those successful and possible  
15 and give valuable input to making those your sales and  
16 events. So I'd like to thank specifically right now  
17 Lana Hightower for serving as the chair of the World  
18 Circuit Show Committee and Mr. Brent Bolen serving as  
19 the Horn Showcase Sale and chair this year and also for  
20 the 2009 Premier Heifer Sale Chair. So thank you very  
21 much for everything that do you to assist the staff in  
22 making those possible. I will start right off with  
23 World Show. We had a World Show back in July. We have  
24 several people on the Board that were there and we  
25 greatly appreciate your participation in support of

1 that event. Steve Quarry and Stephen Zunker were very  
2 great bull fighters in that show and we greatly  
3 appreciate their assistance in the ring and Donnie's  
4 assistance with handling the cattle and making sure  
5 that all moved very smoothly. It was a successful show  
6 and we were very pleased. We had a big learning curve  
7 at that show for the staff that had not put on a World  
8 Show before and I think it moved in a very positive  
9 direction so thank you for those who participated. We  
10 are currently working on the dates and venue for next  
11 year. We do have a couple of options that we are  
12 looking at presently and by January we will be able to  
13 bring you solid recommendations for dates and venues so  
14 we're going to hope to have that all sewed up in a nice  
15 package to present at the January meeting at the World  
16 Show circuit -- World Show meeting in January.

17 We looked at possibly going back to the  
18 original World Show dates here at Will Rogers in June  
19 but because of the Texas school calendar this year and  
20 the majority of our youth participants being Texas  
21 school children, we cannot go back to those dates  
22 because too many of them will be wrapping up their  
23 finals and finishing out the school year and of course  
24 education is very important and we don't want to take  
25 them out of the classroom for that. So we're going to

1 be looking at some other opportunities as far as that  
2 show goes a little bit later in June or back at the  
3 first part of July. We are continuing our membership  
4 sales at West right now. We're going to have a sale  
5 coming up in December. If you haven't seen the ad in  
6 the Trails magazine, that sale start time has changed  
7 to twelve noon to give more people the opportunity to  
8 get there and view the cattle and participate in that  
9 opportunity. We're working looking at that sale and  
10 the costs associated with that sale, have been spending  
11 a lot of time with Scott and Maurice on all of our  
12 sales and events and they are my Executive Committee  
13 members, if you weren't aware of that, and they have  
14 been very helpful in making suggestions and guidance  
15 and looking at how things are conducted as far as the  
16 business of that goes. The December West Sale looks to  
17 be a very healthy sale. We have had quite a few  
18 consignments coming in. In fact, Myra is back at the  
19 office right now cleaning up pictures to put into the  
20 pre catalog in the magazine. So we are looking forward  
21 to having a very good December West Sale. If you  
22 weren't planning on coming, you need to be there.

23 We have an eight page pre-sale catalog in  
24 the magazine right now. So there's going to be a lot  
25 of cattle there. It's a good chance to pick up some

1 nice animals to add to your herd.

2           The next thing that I wanted to touch on  
3 briefly was the Will Rogers Memorial Complex and how  
4 our relationship with them works. I've had some  
5 questions about how that takes place and I just wanted  
6 to give some clarification to Board members as well as  
7 Association members as to how we conduct business with  
8 Will Rogers. We do not have long running contracts  
9 with Will Rogers. We have year-to-year contracts,  
10 event-to-event contracts. What happens is we are  
11 allowed first right of refusal on dates that we  
12 currently occupy so, for instance, this week's event,  
13 we will have the first right of refusal to come back to  
14 this time and schedule allotment for next October.  
15 What happened last year which caused us to move Horn  
16 Showcase to this time of the year was that Will Rogers  
17 booked a horse show over us. The only time the first  
18 right of refusal rule does not apply is when a venue  
19 comes in and rents the entire complex because they  
20 spend a lot more money than we do, so actually the  
21 cutting horses I believe took over our fall date in  
22 November and that is why we are in October. There's  
23 been some questions as to how that all came to be. I  
24 know we talked about it last November, but I wanted to  
25 clarify for everybody so that you understand that's how

1 we got here. We signed those contracts once we approve  
2 dates. So I don't have a contract for 2011 today. I  
3 have the opportunity and the Association has the  
4 opportunity to come back to certain dates that we've  
5 held. So if there was questions about that, I hope  
6 that that kind of clarified how that all takes place.

7 We have a Premier Heifer Sale, formerly  
8 known as the Select Heifer Sale, coming up in January,  
9 January 17th at the Fort Worth Stock Show. If you  
10 haven't sent in your consignments, I'm going to put in  
11 a shameless plug at this time that your consignments  
12 are due November the 1st. The sale is going to be open  
13 to 2006, 2007 and 2008 heifers. If you have any  
14 questions about that event, you can come talk to me or  
15 to Brent Bolen and we are happy to clarify. I don't  
16 want to spend a lot of time on that, but I do want you  
17 to send some heifers in for us to sell in January. It  
18 should be a really exciting sale.

19 In case you haven't noticed, across the  
20 street is our Horn Showcase starting to get underway  
21 today. This is going to be a great Horn Showcase for  
22 us. We've kind of changed some things a little bit  
23 this year for Horn Showcase to shake it up, make it a  
24 little bit more interesting, try to do some creative  
25 thinking on the production of this event this year. So

1 stick around today. We're going to be measuring horns  
2 this afternoon and this evening we will have a cocktail  
3 social with our cattle down on the arena floor, so we  
4 hope that you will come and be a guest of the  
5 Association and our generous sponsors for this year's  
6 event. We will sell cattle on Saturday afternoon  
7 starting at 1:00 p.m. and it should be a very nice  
8 sale. We are very pleased with how this has all come  
9 together this year. Our measuring competition was a  
10 very healthy measuring competition. The only change in  
11 numbers that we really saw was the difference in we did  
12 not require our sale cattle to be measured this year.  
13 So that was an option for consigners. And we are very,  
14 very pleased with our turn-out.

15 MS. STACEY TAYLOR: What is the total  
16 number that we have coming?

17 MS. CHIPMAN: The total number of head that  
18 will be in Fort Worth I believe is 125. We may have a  
19 few no-shows of course, and few display cattle, so  
20 we're kind of looking in that window for  
21 measurement-only cattle, and then of course we have our  
22 sale cattle up top.

23 DR. MOELLER: We have more actual entries  
24 this year in the Horn Showcase than we did last year in  
25 spite of the fact that last year we required sale

1 cattle to be measured.

2 MS. CHIPMAN: Our totals exclude sale  
3 cattle measurements, just to clarify that point. So  
4 it's going to be a fun event and we have worked really  
5 hard to put it together for you guys so I really hope  
6 that you stick around and enjoy the week and enjoy your  
7 friends and get to look at some really great longhorn  
8 cattle that are here in Fort Worth. Did you have a  
9 question?

10 COL. WEST: How many satellites did we get  
11 this year?

12 MS. CHIPMAN: Thank you. We had seven  
13 satellites this year. Very successful. Approximately  
14 half of the total cattle entered in this year's  
15 competition were measured outside of Fort Worth. So  
16 that's going to be really exciting. I'm so happy that  
17 so many people took advantage of the opportunity to not  
18 have to drive all the way to Fort Worth to participate.  
19 So thank you to those satellite sponsors and  
20 participants. That brings up another point that I  
21 wanted to make this morning: For next year I would  
22 recommend and suggest, so that we have a more  
23 functional calendar of events, a more cohesive event  
24 for next year, I had a great recommendation by one of  
25 our members, very active members, actually Mr. Hooks,

1 who is here, and I were visiting the other day and  
2 recommended that we probably try to go ahead and nail  
3 down a weekend and make that our satellite weekend so  
4 that we don't end up overlapping anybody's scheduled  
5 event as far as member sales, socials and whatnot. So  
6 that's something that I would highly recommend for next  
7 year as we put together this event. I know that we are  
8 in the middle of this one today, so that's something  
9 that we will look forward to incorporating for next  
10 year.

11           While we are on the subject of member  
12 recommendations, I received a letter in our offices  
13 from Mrs. Tracy Krueger. She is the ag science teacher  
14 at Ferris High School FFA and the letter that you have  
15 in front of you is from Mrs. Krueger and she is  
16 recommending that in the West Sale, to help support our  
17 seniors that are graduating and going on to their other  
18 endeavors that would like the opportunity to sell their  
19 cattle, that we waive their consignment and commission  
20 fees so those funds can go directly to furthering their  
21 education as they move forward in their lives. And,  
22 anyway, this is her recommendation. I think it's a  
23 good idea to support our youth and their education. I  
24 think this is another form of scholarship and  
25 encouragement. We don't have a lot of youth that sell

1 cattle right now and so this might help promote them to  
2 get involved in the marketing of longhorn cattle, build  
3 their knowledge and understanding of this opportunity  
4 as not only an enjoyable experience but also a way to  
5 financially further themselves. So this is what she  
6 brought to me and if the Board would like to take  
7 action on this concept or idea, I would welcome that at  
8 this time.

9 MR. TAYLOR: Is that just at the West Sale,  
10 or any of our sales?

11 MS. CHIPMAN: West Sale, yes, sir.

12 COL. WEST: What was the date of the Select  
13 Heifer Sale?

14 MS. CHIPMAN: January 17th. That is a  
15 Saturday and starts at 4 p.m.

16 COL. WEST: Dr. Moeller, are you going to  
17 have the Board meeting at the same time?

18 DR. MOELLER: Yes.

19 COL. WEST: Thank you.

20 DR. MOELLER: Not at the same time.

21 MR. LADNIER: This letter says all TLBAA  
22 sales.

23 MR. JOHNSON: That's the way I thought.

24 DR. MOELLER: The motions haven't been made  
25 yet, Maurice. Mr. Johnson.

1 MR. JOHNSON: I'd like to make a motion  
2 that we waive the fees or whatever they are on any TLBT  
3 youth in any TLBAA sponsored sale. The animal must be  
4 registered in the youth's name. And not -- and stick  
5 our normal policy of what, 60 days or 90 days for it to  
6 be shown or sold under that name. That kind of  
7 eliminates all the in-laws and outlaws.

8 DR. MOELLER: Motion has been made. Is  
9 there a second to Mr. Johnson's motion?

10 MR. WEHRING: I'll second it with some  
11 stipulations.

12 MS. HIGHTOWER: Does this need to be a  
13 senior?

14 MR. WEHRING: Absolutely.

15 DR. MOELLER: All right. So there is a  
16 second to Mr. Johnson's motion. Ty Wehring seconded  
17 that motion. Comments?

18 MR. TAYLOR: Could we restate your motion  
19 and allow that to be seniors, graduating seniors of  
20 TLBT?

21 MR. JOHNSON: Yeah. I don't see a problem  
22 with that. You bet.

23 MR. TAYLOR: I support the motion.

24 MS. STACEY TAYLOR: At any sale?

25 DR. MOELLER: Let me point out the intent

1 was to direct this only at the West Sale. Mr. Johnson's  
2 motion includes all sales.

3 MR. SIMMONS: This right here.

4 MR. LADNIER: All sales?

5 DR. MOELLER: Mr. Ladnier?

6 MR. LADNIER: If we go all sales, we've got  
7 to put something in there to send these heifers through  
8 a selection committee. I'm not criticizing anyone's  
9 cows. This is my personal opinion. We don't want a  
10 \$300 cow going through one of our sales. We'll kill  
11 our sales. And I ain't saying all of them are \$300  
12 cows. Some of them are nice. We've got to have some  
13 kind of selection committee added into this thing. We  
14 can't just take any cow in our sales.

15 MS. CHIPMAN: I would venture to guess if  
16 this were to pass, then it would apply to all sales,  
17 that the cattle would be held to the same standards  
18 that all cattle are when they come to a TLBAA sponsored  
19 sale. And right now what we are doing is putting those  
20 cattle through a blind selection process where we take  
21 a consigner name off the animal and the animals are  
22 weighted against their own merits to be put in that  
23 sale and so I would venture to guess that would  
24 probably be applied even in this case.

25 DR. MOELLER: We are complicating a pretty

1 simple thing. Mr. Wehring?

2 MR. WEHRING: Jim's motion and I seconded  
3 it, I said with some stipulations. Number one, it  
4 would be the West Sale only. The West Sale only.  
5 Okay? And that's what this really meant, not at the  
6 Horn Showcase Sale, not at the Select Heifer Sale. At  
7 West only is what I understand that this means. And in  
8 here it says it says seniors, qualifying seniors. It's  
9 like Benny and Larry down there, they know who the  
10 qualifying kids are. These teachers know who the  
11 qualifying kids are. They ain't going to send some  
12 bozo up here to collect some money. That's not what  
13 it's about. It's about these kids that each of us,  
14 Zech, Mike, myself, Lana, all of us, Stephen, have  
15 donated to these kids to work and we've helped them  
16 pay, and the commission and the 5 percent -- or the  
17 consignment fee on a \$500 animal, that may buy two  
18 books for them and we as an Association need to make  
19 the effort to keep these kids rocking and rolling with  
20 this breed of cattle.

21 DR. MOELLER: Mr. Johnson, would you modify  
22 your motion?

23 MR. JOHNSON: Well, I hate to procrastinate  
24 this bullshit. Pardon me. But some kid's up in Oregon  
25 and there's a sale out in California that's TLBAA

1 sponsored, I think we heard some mention of them just a  
2 little while ago, didn't you say something about we had  
3 some out-of-state sales coming up? Maybe I  
4 misunderstood you. But, in other words, a kid in  
5 Oregon, if we've got some kind of TLBAA sale sponsored  
6 in that country, why should he have to come to West to  
7 save the money? If it's TLBAA, I think it ought to be  
8 modified to meet the regulations of that sale, and if  
9 it's a TLBAA sale, go for it. But it can fail real  
10 easy and get a new motion passed.

11 MR. WEHRING: We're just talking about  
12 Texas Longhorn Breeders of Tomorrow and that is a Texas  
13 Longhorn Association function. These other ones are as  
14 an affiliate of the Texas Longhorn Association. Let  
15 them do their own thing. It's very simple.

16 MR. JOHNSON: That's fine. Modify it. Let  
17 it run.

18 DR. MOELLER: Okay. So, Jim, you are  
19 changing that to be the West Sale only?

20 MR. JOHNSON: West Sale only. Yes, sir.

21 COL. WEST: I like Jim's original because  
22 not every kid selling is going to come to the West Sale  
23 in Texas. Jim's original motion was no matter where.  
24 Because the kids on the west coast or up in Wyoming or  
25 in the midwest are not going to come to the West Sale.

1 That's my point.

2 DR. MOELLER: And Ty's point was the sale  
3 up in the northwest is not a TLBAA sale. So whatever  
4 motion we make right now --

5 COL. WEST: But you have youths involved.

6 DR. MOELLER: That's their deal. If they  
7 want to waive the commissions and whatnot on youth,  
8 that's their business. Not our business.

9 MS. STACEY TAYLOR: With the two  
10 amendments, call the question.

11 DR. MOELLER: Question has been called.  
12 All in favor of this motion as amended to just include  
13 this -- apply only to the West Sale, all in favor  
14 signify by saying aye.

15 (Ayes)

16 DR. MOELLER: Are there any opposed to this  
17 motion?

18 COL. WEST: Yes.

19 DR. MOELLER: One opposition.

20 MR. JOHNSON: Two.

21 DR. MOELLER: Two. Sorry. Motion passes.

22 MS. CHIPMAN: I also wanted to let you know  
23 on Sunday when you get finished over here at our sale  
24 on Saturday and you are still in town and looking for  
25 another fun TLBAA activity and another opportunity to

1 look at some great longhorns, head on over to Dallas.  
2 The State Fair of Texas is going on and the TLBAA and  
3 TLBT show are happening on Sunday with a lot of fun  
4 events and I would like to thank Trig Moore who is here  
5 right now, he's going to be over there tomorrow helping  
6 the Association. The show should start about  
7 10 o'clock in the morning. Thank you very much for  
8 your time.

9 MR. ZUNKER: When we worked on the budget,  
10 we budgeted for 110 animals in the sale and the sale  
11 only had 80. Why did we reduce the number?

12 MS. CHIPMAN: We reduced the number of  
13 cattle in the sale. It was a decision made to reflect  
14 the sign of the times. We didn't want to weigh down  
15 the sale with more cattle and bring down -- the  
16 potential to bring down averages because we were  
17 running numbers instead of quality, so we had to make a  
18 decision to try to increase the quality of the cattle  
19 in the sale, and the hopes of doing that was to raise  
20 the bottom line price on those cattle and it would  
21 balance out with that 110 versus the 80. That was the  
22 hope behind it. We didn't want to just put cattle in  
23 the sale to make 110. We felt like that would be a  
24 poor decision.

25 MR. ZUNKER: But it also reflects in the

1 budget, and then at Best At West, if an animal is not  
2 in the pre consignment catalog, how does that work?

3 MS. CHIPMAN: If an animal is coming to a  
4 West Sale, what we have done as a staff since I have  
5 been here, which has been about a year now, is when we  
6 have a West Sale and you're coming, some people show up  
7 on Friday, some people call ahead and send in their  
8 paperwork, we go ahead and lot those cattle to save  
9 time as we receive paperwork. And so once the pre  
10 catalog deadline passes, all those cattle will go into  
11 the magazine and have the pre catalog opportunity. And  
12 when we pass that deadline and the cattle go into what  
13 we call the bucket to be allotted for the sale and then  
14 they arrive and then on Friday if you have additional  
15 individuals that wish to participate in the sale that  
16 decide to show up, at that point they are allotted once  
17 they arrive. And it was pointed out to me that  
18 actually in August, that that may not be what had been  
19 done before and I relish to say that we were -- I was  
20 not left with a guideline or a how-to on a lot of these  
21 sales, what was done in the past, and we didn't know  
22 that anything different may have been occurring. So we  
23 have amended our seller's packet online to reflect that  
24 new information, also in the ad in the Trails. It  
25 should appear in the November ad to look at the

1 seller's packet for additional guidelines. But that's  
2 on the registered cattle. And of course the commercial  
3 cattle are allotted as they are received because  
4 there's no cataloging process.

5 MR. ZUNKER: So it's a clarification just  
6 for members if they don't make the pre sale catalog  
7 deadline but they know they are going to bring cattle  
8 in, they can send you all the information, get allotted  
9 ahead of time. Now, if they don't end up bringing  
10 those cattle, do we collect the consignment fee?

11 MS. CHIPMAN: The last West Sale had some  
12 cattle that were no-shows and those collection fees or  
13 consignment fees -- excuse me -- were collected.

14 UNIDENTIFIED SPEAKER: Concerning our sale  
15 on these animals, if you start going back to the last  
16 two years to go to these sales, you start noticing the  
17 sales about 60 head, 70 head, we're running out of  
18 money. In reality you're getting a consigner that  
19 brings a mid class animal there, he doesn't get what he  
20 wants so the next time he decides to go to sale, he's  
21 not going to go to one of our sales, he's not going to  
22 run an ad in Brenda's magazine because he's upset that  
23 we jammed 120 or 130 animals in a sale knowing there's  
24 only enough money for 70 or 80. So you guys on one  
25 side are saying we need to make more money and on the

1 other side you're saying we've got to be nice to the  
2 TLBAA people. You guys have got to make a decision.  
3 Are we going to do it to make money or are you going to  
4 be nice to the breeders. But one time you want to make  
5 money, the next time you guys decide, well, we've gotta  
6 save money, we're not going to increase the magazine.  
7 There's \$165,000 spent at another function two weeks  
8 ago and the same amount of money that they spent 165 in  
9 sponsorship, we have twelve. Major difference. If you  
10 want to tap into advertisers, I know a whole bunch of  
11 them that you might want to start talking to. But then  
12 the board's got to make that decision.

13 MS. CHIPMAN: Are there any other questions  
14 for me? Thank you very much.

15 DR. MOELLER: Thank you very much, Allison.  
16 Let's -- the TLBT fund raiser deal, if you remember,  
17 you got a memo to bring stuffed animals, you can leave  
18 them with Allison if anybody brought any of those.

19 Let's proceed with our agenda. The next  
20 item under old business is the King Spindor topic. And  
21 because I get lots and lots and lots of phone calls,  
22 e-mails and personal contact from people like what's  
23 happening with this, has there been any motion or any  
24 action on the criminal aspect of it, why aren't we  
25 collecting the money, and because the DA that is in

1 charge of the criminal aspect of the King Spindor thing  
2 had quit communicating with our liaison Mr. Buenger and  
3 with me, I decided to send him a letter to maybe move  
4 him off center or for him to finally tell us no he's  
5 not going to prosecute. It worked. He did reestablish  
6 contact with us. He has assured us that he is  
7 intending to prosecute them criminally. He would not  
8 give us a deadline. He said the only thing I'm not  
9 going to do is tell when you I'm going to do this, but  
10 he is going to do this. So based on that, just be  
11 assured that the assistant DA, a gentleman by the name  
12 of Lobingier, has assured us that they are going to  
13 proceed with prosecution. We just don't know when.  
14 And he doesn't know when. In addition to that, we have  
15 been for many months trying to find us a collection  
16 attorney to try and collect the rest of the money that  
17 they owe us. Believe it or not, that's been a very  
18 difficult thing. At one point, I asked Brenda get the  
19 Yellow Pages out under lawyers and you go down there  
20 line item by line item, anybody that even mentions that  
21 they do some collection work, call them. We've done  
22 that. Some guys responded back. Most did not. So  
23 this has been a very frustrating thing to us. I am  
24 pleased to announce that we have finally hired an  
25 attorney. What is Mr. Jensen's first name? John

1 Jensen. He is with a firm called Jensen and Jensen.  
2 He's in Arlington and he has agreed to pursue this  
3 thing with vigor. Don and Suzanne have already been  
4 served with papers to present themselves to his office  
5 tomorrow, or subpoenas for deposition regarding their  
6 financial status, he's going back five years and  
7 literally financially undress them. They will have to  
8 produce income tax returns, bank statements, bills of  
9 sale, all financial things, there 62 items I believe,  
10 is that right, Charlie? That they have to produce.  
11 And this will create an opportunity for us to go after  
12 those assets, all the legal maneuvers have been covered  
13 and finished to go after those assets to the point of  
14 our collection. So I would anticipate, based on that,  
15 that very soon we will have that figure that we are  
16 carrying as an asset a factual figure. And it will be  
17 bigger than that because, remember, they have interest  
18 added daily. They also on that original arbitration we  
19 were awarded, should we have to go through this  
20 process, an extra \$5,000 attorney fees to be tacked on.  
21 We expect that Mr. Jensen, his total bill is going to  
22 come in under that 5,000. We gave him a \$1,000  
23 retainer already and, of course, any of his expenses  
24 will be worked against that. So that's your update.  
25 Hopefully in January, we'll have -- we'll have some

1 more money in the bank. They've paid approximately 26  
2 or 27 percent is all they've ever paid. Any particular  
3 questions regarding that subject?

4 Awards criteria. Deb Lesyk, our Canadian  
5 Board member, had asked that this be discussed. All  
6 the information she requested was provided to her and  
7 she has created a document. Because she's not going to  
8 be here today, she asked Brenda to go over the material  
9 she wants us to make some decisions about. Brenda.

10 MS. CANTRELL: Before I begin, I want to  
11 make it very clear that these are Deb's suggestions.  
12 We only had three Board members besides Deb that  
13 participated in giving us their ideas. That was Carl,  
14 Lyn and Charlie. So I want to thank you all for doing  
15 that for us. Searching for history on awards has been  
16 interesting and those awards that have names attached  
17 to them should remain and the families of those  
18 individuals should and could be contacted to be  
19 involved in a selection and/or presentation of the  
20 award. It will be very fitting that a picture of the  
21 person named in the award be included so they continue  
22 to be remembered for their contributions to the TLBAA.  
23 If we support the awards presented, then there should  
24 be more information about them, their history and  
25 previous winners. All the information should be on

1 display at our annual meeting. I will tell you that  
2 I'm the one that put together the TLBAA end of the year  
3 awards and criteria based upon the information that I  
4 had available to me. There's not a lot of history on  
5 how the awards were put together or the criteria for  
6 them. Her recommendations are to maintain the  
7 following six awards and to discontinue the other four  
8 as they are either redundant or developed without  
9 substantial criteria to support them. The Alma Carter  
10 Lifetime Award Achievement Award, the Dave Evans  
11 Breeder of the Year Award, the Bob and Linda Moore  
12 Youth Award. Although the limited criteria for this  
13 award doesn't speak directly to youth, it would be a  
14 recommendation to include youth and youth involvement  
15 when updating the criteria. The Jack Euleless President  
16 Award. Leave off the word affiliate, but in the  
17 criteria, affiliates will be encouraged to send in a  
18 nomination so that more names may be added to the list  
19 of the candidates. I believe the reason she is asking  
20 for this is lack of participation from our affiliates.  
21 When we send out nomination forms, we're not getting a  
22 lot of participation from them. Rising Star. She  
23 recommended that this award be renamed the Mel Raley  
24 Rising Star award. Trails Supporter of the Year. She  
25 recommended this award renamed the Alan Clemmonson

1 Trails Award. For any of you that don't remember Alan  
2 who is a very big supporter of the Trails, he was a  
3 photographer, he did some writing for us, he  
4 represented the Trails at numerous functions across the  
5 country when we could not be there and that would be  
6 very good. He was also a Board member. It seems only  
7 fitting to have the awards named for individuals. If a  
8 decision is made to accept the above, then updated  
9 criteria can be developed and finalized. The awards  
10 that she has not recommended to be continued are Top  
11 Gun. This is recognized monthly in the Trails, so as a  
12 year-end award really necessary. Foundation Award.  
13 With all the discussion about the Foundation right now,  
14 think this might be a year to this let this one go.  
15 Its criteria seems redundant and maybe it was  
16 originally created just to have another award banquet.  
17 President's Award. This is similar to the Jack  
18 Phillips award and the current chairman could/would be  
19 involved in the selection of individuals receiving that  
20 award. Movers and Shakers. This too is recognized in  
21 the Trails, so a year-end award is not necessary. It's  
22 also very limited award as it is mainly for the members  
23 that have larger herds that aren't necessarily  
24 considered breeders but have the advantages of buying  
25 and selling lots of animals in a year. There is one

1 other award that was presented at the World Show that  
2 needs some clarification. The Col. Fraser West Twist  
3 Award.

4 COL. WEST: Do you want me to speak on  
5 that?

6 MS. CANTRELL: Yes, would you please.

7 COL. WEST: I didn't establish this award.  
8 The Board did. And the reason they did is for years I  
9 talked about the Texas twist cattle and I said this is  
10 what you always see in advertising and this was an idea  
11 that I presented over the years so somebody at the  
12 Board decided to make an award. At the World Show it  
13 was going to be for a steer and then in the fall, which  
14 is now, it would be for a cow. And I asked Maurice --  
15 and Dr. Kropp helped me before, and I asked Maurice if  
16 the award is still on, that we go through there and  
17 establish -- look at all the cattle, the cows that we  
18 got here now. That's the reason that we wanted to have  
19 not necessarily the longest horn, but the nice  
20 symmetrical Texas twist, which all our cattle are known  
21 for. They are not known for straight out horns.  
22 Nothing against straight out horns, but when you see  
23 any advertisement, and even the old logo of the  
24 national cattlemen had a Texas twist on them. Now  
25 they've got a half, half cow. Other than that, I'll

1 try to answer any questions.

2 MS. CANTRELL: Thank you, Colonel. Any  
3 questions for him?

4 MR. QUARY: Brenda, I have a question.  
5 It's not the Fraser's award, but it's with one of these  
6 other awards that's been recommended to be  
7 discontinued.

8 MS. CANTRELL: Okay. Can I get to those?  
9 Because I don't think I've read the discontinued ones  
10 yet.

11 DR. MOELLER: Well, they're not  
12 discontinued.

13 MR. QUARY: The one I'm talking about is  
14 the Foundation Award.

15 MS. CANTRELL: I see.

16 MR. QUARY: Okay. This Foundation Award up  
17 until last year was known as the Bob Moore Foundation  
18 Award. And it's been that name since its inception,  
19 and the reason being that Bob Moore donated \$20,000 to  
20 the Foundation to initiate this award and to sponsor  
21 it. Somehow last year, and I don't know exactly what  
22 happened, but his name got dropped off the award and  
23 now we're talking about eliminating the award. And I  
24 think this is one that has already been funded. Where  
25 the funds went, I don't think anybody knows, but I

1 definitely think it should stay in existence and be  
2 awarded to somebody with Bob's name attached to it.

3 COL. WEST: I concur. Bob and Linda did as  
4 much for the youth as anybody else, and Bob put his  
5 money where his mouth was. I vote we should continue  
6 it. Name it for him.

7 MS. HIGHTOWER: Would it be possible to  
8 combine the two as a family, Linda and Bob Moore  
9 instead of having two "Moore" awards. Combine the two.

10 DR. MOELLER: Let Brenda finish.

11 MS. CANTRELL: She would also like to  
12 recommend that any future awards be funded by their own  
13 sources and that selection criteria be presented to the  
14 Board before the award is approved. Her example is if  
15 I wanted to propose an award to recognize international  
16 breeders contribution involvement to the TLBAA, then I  
17 would be responsible to develop the criteria, submit to  
18 it the current board for approval, and be financially  
19 responsible to reimburse the TLBAA when they purchase  
20 the plaque. It gives validity to the award, a resource  
21 person to work with to review the criteria and the  
22 history that identifies why and how the award  
23 originated. She was unable to be with us to discuss  
24 that and she strongly feels that each award should have  
25 criteria that would include current membership in good

1 standing.

2 DR. MOELLER: Some of these suggestions are  
3 valid. Some are a little bit redundant. Because there  
4 is a history with our awards, I think it's important  
5 that we have people evaluate these awards before we  
6 recommend they be eliminated. Therefore, I am going to  
7 name a committee. This committee is going to consist  
8 of Deb Lesyk because she has done this, Brenda because  
9 she's aware of what's currently going on with various  
10 members and has been aware for the last few years,  
11 Carolyn Hunter because of her historical knowledge of  
12 how some of these awards were first decided on and  
13 what's happened with them, I've asked Col. Fraser West  
14 to be on this committee, and I am asking Gayle Cosian  
15 who is a member at large also to be on this committee.  
16 I'm going to ask Brenda to be our chairman and if we  
17 act on these things in a timely manner, which we have  
18 to, they have my permission to do a conference call if  
19 we have to since we've got some nice rates on that.  
20 Don't assume because of these recommendations that the  
21 awards are going to be eliminated. They may not be.

22 COL. WEST: I agree that if you establish  
23 an award, you should fund it. My wife and I have  
24 funded for over 20 years at our county fair silver belt  
25 buckles and also at the U.S.C. association we have the

1 silver champagne bucket and belt buckles. So I agree  
2 that they should fund them themselves if they want to  
3 come up with something.

4 DR. MOELLER: Okay. Unless somebody has  
5 some input on that, that's how that's going to be taken  
6 care of. Again, the committee will be Deb Lesyk,  
7 Brenda, Carolyn, Col. West, Gayle.

8 The next item on here is ethics and conduct  
9 document. This document has been floating in and off  
10 our table for several months, at least a year and a  
11 half, maybe two years. I think we need to address  
12 this, however we're going to address it, adopt it,  
13 eliminate it, but let's be done with it. So Mr. Richey  
14 has taken the initiative to spearhead some of the  
15 research and consolidation of the documents and I will  
16 turn the podium over to Mr. Richey.

17 MR. RICHEY: Thank you, Dr. Moeller. I  
18 brought some copies of these. Got about 20 for anyone  
19 who would like one. I'll go ahead and get started. It  
20 is a pleasure to be able to present these two documents  
21 to the members for their consideration. The Texas  
22 Longhorn Breeders Association of America Code of  
23 Business Conduct and Ethics For Employees and  
24 Directors. And just a brief history, Dr. Moeller  
25 alluded to this has been floating around for a while.

1 Basically following the aftermath of the King Spindor  
2 scandal, several members felt like the time was right  
3 to try to put into writing some type of ethics and  
4 business conduct and I believe Ben Gravett was  
5 president at the time and he appointed a committee of  
6 three people, the then secretary Christy Randolph and  
7 Evelyn Rasmussen and Darlene Aldridge got together and  
8 it's my understanding that they used existing  
9 businesses, they looked at their codes of conduct and  
10 business conduct as well as non-profit businesses and  
11 they sort of sifted through that and pulled up what  
12 they thought were the salient points and then also  
13 added language that they felt was more specific to our  
14 particular organization and how that relates to cattle.  
15 That was then presented to the Board last January.  
16 There was some discussion. The issue was tabled and  
17 presented to Mr. Wright who was instructed to look over  
18 the document and try to pare it down. It was felt like  
19 the document was overly wordy and too long. Following  
20 his dismissal, it sort of languished. I spoke with  
21 Dr. Moeller in August and asked if we could try to  
22 revive it and he agreed if we would go back and check  
23 the minutes and fulfill Mr. Wright's mandate and bring  
24 it to the Board today. I then contacted Darlene  
25 Aldridge. She agreed to, as one of the original

1 authors, to go through it and try to pare it down to  
2 the bar bones while still retaining the content and the  
3 tone, and then over a period of about three weeks and  
4 several phone calls we kind of bounced it off each  
5 other and if I made any contribution it was basically  
6 editing, asking about why did you use this word or that  
7 word, and we finally agreed that we'd gone about as far  
8 as we could and so what you see before you is the  
9 result of, as he said, a year and a half, maybe as much  
10 as two years effort. I can't really say anything about  
11 it until somebody, you know, I guess brings up their  
12 question. So at this point I would just like to make a  
13 motion that we accept the two documents as printed and  
14 as passed out.

15 DR. MOELLER: Is there a second?

16 MR. TAYLOR: Second.

17 DR. MOELLER: Donnie Taylor seconded that  
18 motion. Okay. Now we will open this up for  
19 discussion. Anybody have any comment regarding this  
20 motion? Colonel?

21 COL. WEST: Like many of you here,  
22 including the audience, you have been members of  
23 various committees, commissions and so forth. I have  
24 taken two oaths in my life, not on any commission or  
25 board or anything I've been on except when I enlisted

1 in the Marine Corps, I swore allegiance to the  
2 Constitution. When I was commissioned, I was sworn in  
3 again, slightly different oath. Other than that, I  
4 have never had to swear to a damn thing. I see nothing  
5 wrong with an employee having Texas Longhorn cattle.  
6 Most committees and everything are interested, or their  
7 kids or somebody, and I see nothing wrong with that.  
8 You could restrict it that they couldn't sell maybe  
9 except by private treaty. I see nothing wrong with  
10 that. And so I don't -- I'm going to vote against the  
11 first one, the employee one based on that, and I'm  
12 going to vote against the one on the Board of  
13 Directors. My God. In the future, a board has to come  
14 in and swear an oath to serve on the Board of  
15 Directors? That is totally ridiculous. Totally. End  
16 of comment.

17 DR. MOELLER: Any further comments?

18 MR. ZUNKER: One that I think on the  
19 employee that I would question would be section 4 under  
20 the acceptance of gifts and entertainment, and I kind  
21 of feel like this is too restrictive. I can understand  
22 the need to be restrictive, but it reads no gift or  
23 entertainment from a TLBAA member should ever be  
24 offered, given, provided or accepted by an association  
25 employee or a relative of an employee. And I think

1 that maybe we need to reword that and maybe put a  
2 dollar amount or something. I just can't see at  
3 Christmas time if we had a member who said, gosh, I  
4 want to send all the employees at the office a turkey,  
5 we're saying that the employees couldn't accept that  
6 and, you know, maybe there is some leeway here - I  
7 don't know - but I just don't feel like that's the  
8 right way to approach that. Maybe if we could put a  
9 dollar amount, that they couldn't receive a gift or  
10 something over a certain dollar amount within a  
11 calendar year. But I surely don't want to have our  
12 members not be able to say thank you to our employees  
13 that limiting, by saying nothing.

14 DR. MOELLER: If you remember during the  
15 last -- within the last year, Dr. and Mrs. Hightower  
16 donated a heifer to be sold at one of our sales, which  
17 the total proceeds were designated to go to our  
18 administrative office. Under this they couldn't have  
19 done that.

20 MR. RUZAK: I'd like to make some comments  
21 and also have a hand-out for you. With the 2008 tax  
22 return, all the Board members would be required to sign  
23 a policy conflict of interest policy statement. And so  
24 if you could hand this out. This is right out of the  
25 IRS manual. It addresses the code of ethics in a way

1 and it doesn't really say that all conflicts are bad.  
2 I mean, you may have a conflict. For example, if you  
3 want you or your family want to have any kind of  
4 business like even making a loan to the association,  
5 that's a conflict according to the IRS. But if a  
6 person that it would be in conflict with presents its  
7 case and says what he wants to do then excuses himself  
8 from the meeting, then the Board, the remaining members  
9 of the Board decide whether this is a good deal for the  
10 association or not. If it is, they can enter into this  
11 contract with a Board member or a family member of the  
12 Board member and it's then okay to do this. And  
13 this -- or if you want an employee, say you want to  
14 employ Charlie Buenger to do some legal work. That  
15 would be the same sort of arrangement. You would have  
16 Charlie present his case what he wants to do for the  
17 association, then he excuses himself from the meeting  
18 and the rest of the Board would either vote yes or no,  
19 or can they get it done someplace else for more or  
20 less. The other thing that this covers, and this I  
21 think goes back to your question about the Hightower  
22 gift, it says that -- well, this covers two things. Or  
23 many things. But it says there could be a conflict if  
24 a member or family member might benefit from private  
25 interest of an officer, director or an organization's

1 employees - Brenda for example - and the other thing  
2 that it covers, it says that compensation can be direct  
3 or indirect remuneration as well as gifts or favors.

4           So for example, under the policy that you  
5 handed out or that you have in front of you, if you  
6 want to Red McCombs sale and ate his lunch, you might  
7 be influenced by, according to the present deal, that  
8 you are not independent. But if you have something in  
9 the guidelines that says here, then you would be  
10 covered that it's not a substantial item that you are  
11 getting. The same way with the gifts that the  
12 Hightowers made. So I would recommend that if you are  
13 going to have a policy, that you structure it along  
14 these lines which would basically cover what you want,  
15 but it would be more I think acceptable to the Board  
16 than what the present proposal is.

17           DR. MOELLER: So you would be speaking  
18 against this code as presented today?

19           MR. RUZAK: That's correct.

20           MR. WEHRING: That's a code of ethics  
21 that's within itself legal by law, right or wrong.

22           MR. RUZAK: This one, as I said, is right  
23 off the IRS website and it's for the 2008 tax return  
24 for the association every member will be required to  
25 sign one of these and if you do not sign it there's a

1 question on the return that says no you do not have  
2 that policy.

3 DR. MOELLER: Dr. Dameron.

4 DR. DAMERON: I think this has been proven  
5 obviously in a court of law and that we should adopt  
6 this thing that Mr. Ruzik has brought here. It would  
7 be less -- these things we've got here is going to be  
8 constant meshed in controversy and we need to avoid  
9 that. I mean, this, if we go by this, if we're going  
10 to take complaints all the time from everybody and then  
11 you're going to have to try to settle that, we won't  
12 even be able do this with arguments on this little two  
13 bit stuff, and we need not to do that.

14 DR. MOELLER: I recognize the gentleman  
15 from the east cost.

16 MR. BRANTLEY: I think we are punishing  
17 ourselves to a certain degree for the shenanigans and  
18 thievery of the past. I think we're all ethical here.  
19 I think that's what we're trying to do with our  
20 transparency, is the quote that we used money months  
21 ago, I think we're all aboveboard here, I think we're  
22 going to hold ourselves to a higher degree of conduct.

23 DR. MOELLER: I will take two more  
24 comments. Scott.

25 MR. SIMMONS: I don't understand all this

1 stuff in its entirety, but I believe some of our staff  
2 goes to these sales and they stay at members' houses.  
3 Am I understanding that right?

4 MS. CHIPMAN: If we go to a show because  
5 our budget is what it is, especially in the show area,  
6 a lot of times we, in order to save the association  
7 money and not have to have a hotel room or an expense  
8 like that, we are welcomed into the homes of affiliate  
9 presidents or, you know, members. The Hightowers  
10 hosted me for the Texas State Fair and because we were  
11 able to do that, I was able to participate in that show  
12 from the office. And so I think that's what Scott is  
13 try is trying to say is that that practice may conflict  
14 with what is in this code of ethics.

15 DR. MOELLER: Kaso.

16 MR. KETY: Robert, my question would be  
17 with the Board of Directors in the section 2, the third  
18 paragraph down where it says the conflict of interest  
19 for a director to also work for a competitor or a  
20 customer a supplier or a sales management company and  
21 something that just came to my mind was the, say, like  
22 Donnie Taylor who works cattle at a lot of different  
23 sales and functions, or myself who is asked to do  
24 pedigrees at different sales and things around, and  
25 just if that would constitute the conflict as far as

1 what you've got in your mind that those things wouldn't  
2 be appropriate.

3 DR. MOELLER: Are we ready to call the  
4 question?

5 MR. TAYLOR: Call the question.

6 DR. DAMERON: Can I amend it to just use  
7 the IRS Code and let the rest of it go?

8 DR. MOELLER: Let's vote on the motion  
9 before us. If we need to make another one, we will.  
10 There's been a call for the question. All in favor of  
11 the code of ethics as presented this morning by  
12 Mr. Richey, signify by saying aye.

13 MR. RICHEY: Aye.

14 DR. MOELLER: Those opposed?

15 (Nays)

16 DR. MOELLER: The motion is defeated. Are  
17 there any other motions regarding this subject?

18 MR. KETY: I have a comment. The idea of  
19 given what's happened in this association in the past  
20 and I think we can look back and that will take us into  
21 the -- probably the early to mid '80s when the  
22 shenanigans started happening and it wasn't until last  
23 year that we were able to expose a lot of it and get it  
24 cleaned up, I don't think that we just need to bury the  
25 idea of, you know, ethics reform or have a code of

1 ethics. I just think maybe we need to rework the  
2 document at hand and maybe look into it a little bit  
3 further and come up with something else that may be a  
4 more agreeable to everybody.

5 DR. MOELLER: Mr. Johnson?

6 MR. JOHNSON: I agree with Kaso. For the  
7 most part, a lot of it is very good. The fact that  
8 they can't visit a friend if it is a friend, that's  
9 ridiculous. We can't give them a Christmas present.  
10 That's ridiculous. I mean, we're nitpicking again.  
11 The fact that they can't own cattle, that's what got us  
12 in trouble with the last group of thieves -- I mean,  
13 gentlemen and ladies. I better be careful because I  
14 don't want to offend nobody. But that's what happened.

15 DR. MOELLER: Mr. Wehring?

16 MR. WEHRING: In ethics, whether it's  
17 business or personal, that comes from something outside  
18 of a book or a piece of paper. If a thief is a thief,  
19 he's a thief. If he's a liar, he's a liar, he's a  
20 liar. Whatever employee we have, in my business or in  
21 this association, you hire them on their credibility,  
22 you watch them, you check them out, and you fire them  
23 if they don't do their job, bottom line. We're playing  
24 like this is a kindergarten. It's a business and it  
25 needs to be run as such. To dictate, I can't dictate

1 her morality. You can't dictate my morality. So why  
2 are we trying to dictate everybody's what their ethics  
3 are? You either got them or you don't. I think it's  
4 ridiculous.

5 DR. MOELLER: Fraser West.

6 COL. WEST: I agree with Carl and Stephen  
7 for bringing it up. For those of you that have never  
8 been in the service, the policy of all the Armed  
9 Forces, you can't accept a gift of intrinsic value.  
10 That's just -- they leave it right there.

11 DR. MOELLER: Okay. All right. For lack  
12 of another motion right now, I think I take the general  
13 comment or recommendation that if somebody cares to  
14 revisit this issue, they are welcome to do so at  
15 another board meeting.

16 Moving on. We've got the bylaws. Again,  
17 this is another issue that we floated around and tabled  
18 and floated around for months and months and then  
19 Maurice has kind of been in the lead with this thing  
20 all along, I finally asked Maurice to please bring  
21 something to the table that we could vote on or not  
22 vote on today. Having said that, Maurice, do you want  
23 to take over?

24 MR. LADNIER: We started on this a year ago  
25 and we've come up with some changes in the bylaws and

1 we didn't have time to get it in, we have a 30 day  
2 period before it goes to the membership meeting to get  
3 this presented and I think we got to run it in the  
4 magazine before we can put it into law. There are some  
5 changes that we discussed.

6 DR. MOELLER: We're in the time limit if we  
7 get this done today.

8 MR. LADNIER: Right. The first thing, we  
9 added a number on our charter number which was left off  
10 in the book. I have a copy of it. Mr. Buenger got it  
11 for me. And section 2, we added the actual residents  
12 within a particular division or region making it his or  
13 her permanent home and it did not read like that. If  
14 somebody decided they were going to move somewhere  
15 previously in the past that they could go run in a  
16 different area than they lived, we've added this to  
17 take care of that problem. The rest of it is basically  
18 the same until you get down in the paragraph under E,  
19 the nominees receiving what we've done with this  
20 paragraph here --

21 DR. MOELLER: I'm lost, Maurice. What page  
22 are you on?

23 MR. LADNIER: I am on the second page in  
24 the middle of the page. Third paragraph. Everything  
25 is the same, Fritz, up until we get to the nominees

1 receiving the most ballots and so forth. Underneath  
2 it, if a nominee wants a recount, we had no provision  
3 prior to that and we got into this three or four years  
4 ago and we had a hell of a problem with that. We all  
5 agreed that if we get this in here to where there is  
6 some provisions for a recount or contested recount of  
7 ballot whatever, we have this to cover that and it  
8 reads if a nominee wants a recount of a ballot in their  
9 election, they will have to submit a formal request for  
10 a recount to the Board not more than 60 days after the  
11 election results have been announced at the annual  
12 meeting. The election committee would then physically  
13 go to the CPA firm and watch the recount of the report  
14 and I think we all done went through this already.  
15 That sounds reasonable. We've got to have some  
16 provision.

17 DR. MOELLER: Who elects that committee?

18 MR. LADNIER: I guess the Board.

19 DR. MOELLER: So we would have to add "by  
20 the Board."

21 MR. LADNIER: Okay.

22 MR. ZUNKER: May I ask a question about  
23 that?

24 DR. MOELLER: This particular section?

25 DR. MOELLER: Sure. Ask Maurice.

1 MR. ZUNKER: Maurice, I'm all in favor of  
2 that. I think that's great. Is that going to be an  
3 additional cost to us to have that recount at the CPA's  
4 office?

5 MR. LADNIER: I'm sure it will.

6 MR. ZUNKER: Typically I know in our county  
7 elections if somebody asks for a recount they have to  
8 put up money for that recount and I wouldn't want  
9 somebody just saying, oh, I want a recount just because  
10 they want a recount and the results come out the same  
11 and we paid for it.

12 DR. MOELLER: Good point.

13 MR. LADNIER: In the county election, I can  
14 tell you how to get a recount there. You sign a surety  
15 bond of X number of dollars. So if you want to do  
16 this, you can pay for it, I would assume.

17 DR. MOELLER: Any fees encountered by the  
18 association would be paid by the questioning nominee.

19 MR. ZUNKER: I would sure like to see that  
20 because I wouldn't want every one of them to be  
21 contested and recounted and we being paying for it.

22 DR. DAMERON: Why don't you put a fee of  
23 \$5,000 and expenses taken out of that if you lose.

24 MR. WEHRING: Kind of like a bond?

25 MR. BUENGER: That's all there is. You're

1 not talking about that many ballots.

2 MR. ZUNKER: I don't want every one to  
3 request a recount.

4 MR. LADNIER: Whatever we do, we need to do  
5 it today. We've been dragging with this thing forever.

6 DR. MOELLER: There are other costs  
7 involved other than the actual costs. If you're  
8 elected to go on that committee, who is going to pay  
9 for you to come from down south to go to CPA firm and  
10 review those ballots?

11 MR. LADNIER: Nobody paid me to come here.

12 DR. MOELLER: Well, I understand. But you  
13 caused that. If I want a recount on the election, I'm  
14 causing you to come up here.

15 MR. LADNIER: Can we not put in there that  
16 all the expenses be incurred by the contestant?

17 DR. DAMERON: Make him post a bond.

18 MR. BUENGER: Do I have the floor?

19 DR. MOELLER: Yes.

20 MR. BUENGER: The whole purpose of this was  
21 because of previous elections being rigged and it came  
22 to a head.

23 DR. MOELLER: Insinuations that they were  
24 rigged.

25 MR. BUENGER: Yeah. Well, you know, if you

1 had to put up \$5,000 back then, you'd have never found  
2 those ballots. So if you make it that onerous,  
3 somebody who has a good reason to want a recount won't  
4 do it. You need to make it fair. We all volunteer our  
5 time to do all this. I can't tell you how much time  
6 and money I've spent doing this. And so let them pay  
7 the actual cost. If we have to pay a CPA to recount,  
8 let the candidates be there and watch it be recounted  
9 and he can pay the accountant. But I don't think that  
10 we ought to make it so onerous by making them pay for  
11 air fares and this and that. In fact, I don't know why  
12 the election committee needs to be there. The  
13 candidates themselves or their designees can go to the  
14 accountant's office and watch them recount. That's all  
15 you need.

16 DR. MOELLER: That's a good point.

17 MR. LADNIER: That's fine.

18 DR. MOELLER: So you might want to even  
19 change this further by eliminating that election  
20 committee. Any other comments regarding this section?  
21 So how would you want that finally to read, Maurice?

22 MR. LADNIER: The contestant would then  
23 physically go to the CPA firm and watch the recount.

24 MR. TAYLOR: And pay all costs incurred.

25 MR. BUENGER: Add "at his costs."

1 MR. LADNIER: The only costs he would have  
2 would be with the CPA.

3 MR. BUENGER: You could just change it to  
4 read that last sentence.

5 DR. MOELLER: The last sentence would be  
6 changed to read what?

7 MR. BUENGER: The contestant would then  
8 physically go to the CPA firm to watch the recount at  
9 his cost.

10 DR. MOELLER: Everybody comfortable with  
11 that? Maurice, are you comfortable with that?

12 MR. LADNIER: Run it by me again.

13 MR. BUENGER: It would read the contestant  
14 or his designee would then physically go to the CPA  
15 firm and watch the recount at his cost.

16 MR. LADNIER: That sounds good to me.

17 DR. MOELLER: Continue please.

18 MR. LADNIER: Okay. We go into section 4,  
19 election of the officers. If you've got your book, it  
20 did read with the advice and consent of the Executive  
21 Committee. We took that out and put the Board of  
22 Directors in there. We want the entire Board involved  
23 on that. Do you see what I'm talking about there?  
24 Okay. And then originally we were going to pull the  
25 Executive Committee out, but we have dropped back, we

1 decided to leave it in, I think everybody has talked  
2 about that. We were going to leave section 7 as is.  
3 And that's all we had on this thing.

4 MR. JOHNSON: What was that one, Maurice,  
5 that you were talking about in section 4? I didn't  
6 catch that, please.

7 MR. LADNIER: Election of officers with the  
8 advice and consent of the Executive Committee. We have  
9 changed to it the entire Board. It says Board of  
10 Directors now. Before, you had eight people doing it.  
11 And now we've got 24 people doing it assuming all the  
12 slots are full.

13 MR. RICHEY: The section 7, Executive  
14 Committee, says remove section?

15 MR. LADNIER: No, we are going to leave  
16 that in. Originally we were going to try to do away  
17 with the Executive Committee but that won't work.

18 MR. RICHEY: So there's no change.

19 MR. LADNIER: We've got to have the  
20 Executive Committee for the foundation and it is a pain  
21 for Fritz or whoever your chairman of the Board is  
22 going to be to try to get 24 people together instantly,  
23 is what it amounts to.

24 DR. MOELLER: It's not going to be Fritz.

25 MR. LADNIER: I said or whoever, Fritz.

1 DR. MOELLER: Thank you.

2 MR. LADNIER: We got some changes made.

3 DR. MOELLER: Okay. Now let's go back to  
4 that nominating committee. My intent is to name a  
5 nominating committee today. What you are proposing,  
6 should this pass, is that the Board of Directors would  
7 name the nominating committee.

8 MR. LADNIER: They're going to get with  
9 you. They are going to make that decision. I assume  
10 we don't want you to do it on your own. That's what we  
11 all agreed on when we changed this a year and a half  
12 ago whenever it was.

13 DR. MOELLER: In our bylaws right now a  
14 nominating committee has to be named and it's fallen on  
15 the shoulders of the chairman to do that nominating  
16 committee.

17 MR. LADNIER: With the consent of the  
18 Executive Committee. And see, that's what --

19 DR. MOELLER: No. This is confusing. What  
20 is the chairman of the board's position in naming the  
21 nominating committee for next year? This is a  
22 nominating committee to recommend officers for next  
23 year.

24 MR. LADNIER: I don't know, Fritz, but it  
25 reads now -- all we've done is took the Executive

1 Committee out there and put Chairman of the Board --  
2 the Board of Directors in there.

3 DR. MOELLER: Why did you do that?

4 MR. LADNIER: Pardon me?

5 DR. MOELLER: Why did you do that?

6 MR. LADNIER: That's what we all talked  
7 about.

8 DR. MOELLER: I mean, I'm not for or  
9 against it. I'm just questioning. When I name a  
10 nominating committee for next year now I've got to poll  
11 the entire Board to get their consensus. It's a pain  
12 in the butt. Whereas before with the Executive  
13 Committee, one of the purposes of the Executive  
14 Committee is it eliminates a lot of the time  
15 consumption is a lot of reason for it. I can say this  
16 is my nominating committee and I can talk to seven  
17 people. This way I've got to talk to 24 people?

18 MR. LADNIER: We can change it. It doesn't  
19 matter to me.

20 DR. MOELLER: Why are you recommending that  
21 change?

22 MR. LADNIER: Because we all discussed that  
23 a year or so ago when we were going through all the  
24 hell that we went through.

25 MR. SIMMONS: I think a lot of that came

1 into play, whenever I came on board, it was a --  
2 everybody had already been previously picked, instead  
3 of the whole Board of Directors getting picked. The  
4 oncoming Board of Directors. Am I right on that,  
5 Maurice?

6 MR. LADNIER: Scott I --

7 DR. MOELLER: No, not the officers. We are  
8 just talking about the nominating committee.

9 MR. KETY: My understanding of it is, or my  
10 recollection is that for years, as most of us are  
11 aware, this Association was run not by the Board per se  
12 but by the Executive Committee and the full Board  
13 didn't have a chance for input and to have issues  
14 heard, and so I'm sure the reason why trying to bring  
15 the whole Board into this and not just an Executive  
16 Committee is to get more participation and more of a  
17 voice for everybody on the Board.

18 DR. MOELLER: Let me correct you about  
19 something. Any decisions made by the Executive  
20 Committee have to be ultimately approved by the Board  
21 as a whole so they don't make independent decisions.

22 MR. KETY: Not now. I'm saying before when  
23 we started this talk of redoing the bylaws.

24 MR. WEHRING: I was going to say that the  
25 Board of Directors does have a decision. With the

1 nominating committee, you don't like who you nominated,  
2 you get to renominate from the floor. If you don't  
3 like it, don't vote for them. You've got an  
4 alternative.

5 DR. MOELLER: Ms. Taylor?

6 MS. TAYLOR: With the advent of the  
7 conference call, I know that we did budget issues in  
8 the past and that worked very well. Fritz, I think  
9 that that gets rid of your concern about having to talk  
10 to 24 people. We could do a call and if we had, you  
11 know, suggestions from the floor, maybe the thought,  
12 Maurice, was that it would be more fair, more  
13 comprehensive, and that it was like us as a group  
14 nominating from within ourselves instead of a select  
15 few nominating their buddies. Not that that's what it  
16 would be, but maybe that was the idea.

17 MR. LADNIER: That was the idea.

18 MS. STACEY TAYLOR: And I don't feel that,  
19 with a conference call, I don't feel that would be  
20 difficult to do, Fritz, if it was the Board deciding it  
21 versus an Executive Board or a president.

22 DR. MOELLER: We are going to address it  
23 today.

24 MR. LADNIER: Can I read you something else  
25 here? I want to correct you on what you said while

1 ago. The Executive Committee shall possess and  
2 exercise all the powers of the full Board of Directors  
3 during recess thereof and shall report to the Board of  
4 Directors any actions taken. Your Executive Committee  
5 is power, according to this.

6 DR. MOELLER: That's not the way this  
7 administration -- do you want to make any other  
8 comments regarding your proposed changes before we have  
9 a vote? We need a motion.

10 MR. LADNIER: I'm going to move a motion  
11 that we accept this thing as it has been corrected  
12 today.

13 MS. STACEY TAYLOR: I would second that.

14 DR. MOELLER: Seconded by Stacey Taylor.  
15 Any further comments? All in favor of accepting these  
16 changes and with the realization that they need to be  
17 published and actually voted on - correct me if I'm  
18 wrong - by the general membership in January, that  
19 these are the recommendations that come from the Board.  
20 All in favor signify by saying aye.

21 (Ayes)

22 DR. MOELLER: Anybody opposed? None  
23 opposed. Motion passes.

24 Before with leave the subject, my  
25 suggestion for the nominating committee are Bob Larsen,

1 Jim Johnson, Gene Juranka. I think Gene and Bob served  
2 on that nominating committee last year. Is that  
3 correct, Gene? Did you serve on that committee? Well,  
4 I know Bob was our chairman last year. That I do know.  
5 That would be my recommendation. I'm open to  
6 suggestions from the Board. Any comments regarding  
7 those gentlemen? Anybody got a problem with them being  
8 our nominating committee? With the thought in mind, as  
9 Ty pointed out, they can come back -- they are just  
10 recommendations. We accept nominations from the floor.  
11 So that's a stop check in there if somebody is not  
12 happy with their suggestions. So is there any  
13 objections to that? If not, I will name that those  
14 people as our nominating committee. Hearing none, is  
15 there any old business that we need to deal with before  
16 we move on to new business? Mr. Johnson?

17 MR. JOHNSON: I'm not sure if we got it all  
18 covered or not. There was something about the Gulf  
19 Coast deals that we'd been putting off. Have we got  
20 any update on where that stands?

21 DR. MOELLER: Well, in conversations with  
22 some of the Board members, majority of the Board  
23 members and some of the membership, that issue is not a  
24 dead issue. We're not ignoring the issue. The  
25 suggestion was made that because this was an affiliate

1 matter, that the subject should be brought up at the  
2 affiliate president's meeting in January and ask them  
3 for guidance or input and recommendations to the Board  
4 before the Board acted on anything and that's kind of  
5 where it's left. We're kind of waiting for the January  
6 affiliate president's meeting and let them give us some  
7 input.

8 MR. JOHNSON: Well, then, based on that,  
9 I'd like to make a motion that we wait until January so  
10 we don't have dead business laying out here and not  
11 took care of and let the affiliate presidents at least  
12 come and get together and give us some input.

13 DR. MOELLER: Is there a second to that  
14 motion?

15 MR. WEHRING: Second.

16 DR. MOELLER: Mr. Wehring seconds that  
17 motion. Any other discussion regarding that?

18 All in favor of that motion signify by  
19 saying aye.

20 (Ayes)

21 DR. MOELLER: Is there anybody opposed to  
22 that motion? Hearing none, the motion passes.

23 Is there any other old business that we  
24 need to address before we move on?

25 MR. WEHRING: I don't know if it's old or

1 new business, but in our little binder here I would  
2 like for everybody to look at our accounts receivable  
3 in here and how down they are. I don't know that  
4 Shawnda spoke of those. But we've collected a lot of  
5 money. We've still got some people that need to pay  
6 us, but I think Shawnda is doing a great job trying to  
7 get us down on collections. And correct me if I'm  
8 wrong, but did we not, as a Board of Directors, pass  
9 that if you don't pay you can't play, that we don't --  
10 no certificates, no shows, no transfers until you pay  
11 your bill in complete. Not just send your money in for  
12 your little transfer, but shut down.

13 DR. MOELLER: Yes, that was discussed and  
14 passed.

15 MR. WEHRING: Well, we need to be doing  
16 that because we're not.

17 DR. MOELLER: I'd like to compliment  
18 Mr. Wehring, and it's no disparity on the previous  
19 treasurers, Mr. Wehring has worked diligently, taken a  
20 lot of his time and made personal calls to some of  
21 these delinquent people and worked his caboose off  
22 getting some of that money in. And if it weren't for  
23 him making personal calls and establishing policies  
24 with Shawnda, those accounts receivable would still be  
25 way out of control. So, my compliments to Ty.

1 COL. WEST: The only thing I could add is I  
2 would think that after 60 days, whatever is legal,  
3 Charlie, in Texas, add on whatever, one and a half  
4 percent or whatever is legal in Texas.

5 MR. WEHRING: Can't do it without them  
6 signing.

7 MR. BUENGER: Without a written contract,  
8 6 percent is the maximum.

9 DR. MOELLER: What was your other point,  
10 Ty? You're just saying that that policy is going to  
11 be --

12 MR. WEHRING: I just wanted to make sure  
13 that we had voted on that so I wouldn't be out of line.  
14 But, no, I would like for everybody to look at the  
15 accounts receivable. I mean, it's really done well and  
16 I'm very proud of it.

17 DR. MOELLER: Some other old business very  
18 briefly. Also on the table is our new world  
19 headquarters. That also has not been ignored. We are  
20 working on it this afternoon. I'm going to look at  
21 some properties with our Realtor. Anybody is welcome  
22 to come along with us. Zech has participated in it.  
23 Mr. Buenger has participated. Ty has participated.  
24 We're going to go look at some properties this  
25 afternoon so that's not a dead issue and we are still

1 working on it.

2 The ballots for --

3 MS. CANTRELL: The ballots were mailed  
4 yesterday.

5 DR. MOELLER: Ballots were mailed  
6 yesterday.

7 All right. Let's move on to new business.  
8 First order on here is listed, Carl, you had some --  
9 you wanted to discuss policy changes on the Trails  
10 magazine.

11 MR. BRANTLEY: Carl Brantley, Region 4  
12 director, Wilkesboro, North Carolina. We sell --  
13 Brenda, help me on this. I think we sell our cover  
14 twice a year. The Herd Sire Edition is sold in  
15 January?

16 MS. CANTRELL: The Herd Sire issue is  
17 typically sold at a West Sale. And the Membership  
18 Directory is sold at the annual banquet.

19 MR. BRANTLEY: And then the membership  
20 directory or the AI herd, the AI Edition, the  
21 membership directory and the AI Edition are good for  
22 two years, have a shelf life for two years on each of  
23 these magazines. I would like to have this changed to  
24 where those magazine covers are sold not at the West  
25 Sale but at the January, at the Select Heifer Sale or

1 the Horn Showcase Sale so that the rest of the general  
2 membership who would be in attendance at the big events  
3 from across the country here in Fort Worth could bid on  
4 them in person versus having to attend a small West  
5 Sale and be kind of excluded because they can't get to  
6 the West Sale for those things. And also I would like  
7 to make sure that, if it's the Herd Sire Edition, that  
8 a herd sire bull is put on there, not a cow or a steer.  
9 And if it's an AI Edition, that an AI certified bull is  
10 on the cover. And if it's a membership directory,  
11 either a member or the member's herds or what have you  
12 are on there. That's what I'm proposing here, and I'll  
13 open it up for discussion.

14 DR. MOELLER: My sugar level went down.  
15 Charlie you want to take over up there for me a minute?

16 MR. BUENGER: Anybody have any comments?

17 MR. WEHRING: I think it's good about the  
18 herd sire, the bull being on the cover. I think it's a  
19 great idea.

20 MR. BRANTLEY: If you pick up Field &  
21 Stream and the content is clay shooting, you don't have  
22 a puppy trial on the front, so to speak. I think the  
23 cover for the ones that we are selling should be  
24 specifically germane, and I think that's the term, to  
25 what the content of the magazine is.

1 MR. TAYLOR: Carl, did you make that as a  
2 motion?

3 MR. BRANTLEY: Yes, I will make that  
4 motion.

5 MR. TAYLOR: Second.

6 MR. BUENGER: The motion has been made and  
7 seconded. Any discussion?

8 You also talked about where to sell them?

9 MR. BRANTLEY: Yes.

10 MS. CANTRELL: The Horn Showcase will be  
11 the February issue.

12 MR. BRANTLEY: Which is the Herd Sire.

13 MS. CANTRELL: And the general membership  
14 meeting award banquet will be the July edition.

15 MR. BUENGER: Is that part of your motion?

16 MR. BRANTLEY: Yes, sir.

17 MR. BUENGER: And part of the second?

18 MR. TAYLOR: It's part of the second.

19 MR. BUENGER: Scott?

20 MR. SIMMONS: Are we going to do that this  
21 year?

22 MS. CANTRELL: Yes.

23 MR. BUENGER: Mr. Lind?

24 MR. LIND: We only sell two covers. I've  
25 heard all day about how we need more money. Why don't

1 we sell every cover?

2 MR. BRANTLEY: I agree with that as well.  
3 That was going to be a secondary point that I think  
4 that we should have either a contest by the membership  
5 to present a photo for the cover, or we sell those on a  
6 yearly basis, every one of them.

7 MR. BUENGER: Let's take one at a time.  
8 We've got a motion on the floor and a second. With  
9 regard to the first motion, is there any other comment?

10 MR. RICHEY: Could you repeat the first  
11 motion?

12 MR. BUENGER: I think the motion was that  
13 the covers that we sell, the Herd Sire Edition reflect  
14 that on the cover, a herd sire, that the AI Edition  
15 reflect a bull that's AI certified on the cover.

16 MR. BRANTLEY: And the membership be either  
17 of the members --

18 MR. BUENGER: The member or a member's herd  
19 or a member's animal, and that the covers be sold,  
20 February covers be sold at the Horn Showcase and that  
21 the July cover be sold in January at the annual  
22 meeting. Is that correct? That's the motion that's on  
23 the floor, Robert.

24 MR. RICHEY: Thank you.

25 MR. BUENGER: Anybody else have a comment

1 with regard to this motion?

2 DR. DAMERON: Well, I mean, you're looking  
3 at Starlight there I presume, right, is the problem?

4 MR. BRANTLEY: No.

5 DR. DAMERON: Well, at any rate, Startlight  
6 has sired more famous bulls in this breed than any  
7 other cow alive.

8 MR. BRANTLEY: She has produced more, yes.

9 DR. DAMERON: So that was the purpose of  
10 that, and there's also Stacey's bull calf that's on  
11 there.

12 MR. BRANTLEY: But I think that the  
13 contents, this is the AI, artificial insemination sire  
14 reference guide, I'm not aware biologically that a cow  
15 has insemination capabilities and that a cow sires  
16 offspring. A cow produces offspring.

17 DR. DAMERON: Her offspring beat everybody  
18 in here.

19 MR. BRANTLEY: I mean, to be technical, but  
20 I just want a --

21 MR. BUENGER: Hold on. You are both out of  
22 order. Mr. Dameron had the floor. Do you have  
23 anything else on your comment?

24 DR. DAMERON: Well, I mean, I liked your  
25 blonde wife on the cover the other day.

1 MR. BUENGER: I did, too.

2 DR. DAMERON: And so what's wrong with  
3 that?

4 MR. BUENGER: There was a cow on it with  
5 her.

6 DR. DAMERON: Oh. Okay.

7 MR. BRANTLEY: And she was a member and --

8 MR. BUENGER: Hold on. He's got the floor.

9 DR. DAMERON: There's four bulls on this  
10 one.

11 MR. BUENGER: I'm talking about the motion  
12 now. I know y'all are starting to talk about a  
13 particular cover. But do you have anything else about  
14 the motion that is on the floor? No? Anybody else?

15 MR. WEHRING: Yes.

16 MR. BUENGER: Ty.

17 MR. WEHRING: Both of them have a great  
18 point. Starlight -- and Starlight is a hell of a cow.  
19 Produced a lot of bulls. ZD -- not ZD Kelly, but a lot  
20 of the good bulls. And why can't they -- I mean, you  
21 surrounded with bulls, mama.

22 MR. BUENGER: Y'all are talking about a  
23 particular cover.

24 MR. WEHRING: Yeah, but I'm just saying if  
25 Zech spends the money to buy --

1 MR. BUENGER: Nobody is talking about a  
2 particular cover. The motion was made and it is what  
3 it is.

4 MR. WEHRING: Was that limited to one bull?

5 MR. BUENGER: No.

6 MR. BRANTLEY: No, not one bull. Any bull.

7 MR. WEHRING: Is it limited to five bulls?

8 MR. BRANTLEY: No, it can be a hundred  
9 bulls on there if Brenda can get it on there. But they  
10 have to be AI certified.

11 MR. WEHRING: I understand.

12 MR. BRANTLEY: They have to be AI  
13 certified.

14 MR. WEHRING: I'll go with that.

15 MS. STACEY TAYLOR: I'd like to call the  
16 question, please.

17 MR. BUENGER: Question has been called.  
18 All in favor? Let's see your hands. All in favor?  
19 All opposed? Okay. Motion passes.

20 Now, did you have another motion with  
21 regard to something there?

22 MR. BRANTLEY: The other ten covers, that  
23 we put those up for sale as well to create -- have  
24 those as a revenue generating medium.

25 MR. BUENGER: Let's do this, Carl, if it's

1 all right with you, with regard to that. Let's let  
2 Brenda come back with a recommendation.

3 MS. CANTRELL: Thank you.

4 MR. BUENGER: In January.

5 MR. BRANTLEY: In January.

6 MS. CANTRELL: That would be great. I'll  
7 have a proposal in January about how we can make that  
8 happen because it's a whole marketing subject that we  
9 have to come up with and I don't think that I'm  
10 prepared to talk about that today.

11 MR. BUENGER: Okay. That closes that  
12 subject.

13 MR. BRANTLEY: Thank you.

14 DR. MOELLER: Thank you, Mr. Buenger. My  
15 blood sugar is coming back up. Kaso had asked that we  
16 put the Longhorn Max subject on the agenda. Are you  
17 prepared to discuss that?

18 MS. CANTRELL: In the back of y'all's  
19 notebook is something that Terrell and Penny had sent  
20 to me. So their documents are in the very back pocket.

21 MR. KETY: I think there's two issues here.  
22 One is -- and I got this by virtue of being with the  
23 Registrations Department and we've got some discussion  
24 about this what is Longhorn Max, just to keep -- bring  
25 people up to the history of it, how it came to be with

1 the TLBAA, it is an exclusive software product for the  
2 TLBAA and I've asked Terrell Miller who with his wife  
3 developed the program to come up and give us some  
4 history of it. There's also a couple of financial  
5 questions that I think are Board issues that I would  
6 like to discuss in our Executive Session because I  
7 think that's a more appropriate place to discuss those  
8 issues. But right now, if Terrell would please come  
9 up. A lot of this has to do with computer problems and  
10 he will address some of the concerns that some of the  
11 members have relayed to him. That does not -- isn't  
12 necessarily a Board issue other than it concerns our  
13 membership, and I think if it concerns our membership  
14 we need to deal with it. And like I said, also  
15 afterwards, in the Executive Session, we've got a  
16 couple of financial matters to discuss.

17 So Terrell, if you would, just give  
18 everybody a brief history.

19 MR. MILLER: I'm glad to be here today.  
20 It's something I've wanted to get worked out for a  
21 while and there's been a lot of stuff going on over the  
22 past couple of years. The directors should have a  
23 little two-page document we put together. And I'll  
24 kind of go over it some but I also don't want to take  
25 too much time. When I walked off the campus of Texas

1 A&M in 1999, Penny and I started a software company  
2 called Cattle Soft. At the time it was a beef cattle  
3 software and my aunt and uncle helped us out a lot and  
4 they encouraged us to get into longhorns and so we,  
5 rather than just adding in a little screen in the  
6 Cattle Max software, changing entry EPDs and putting in  
7 your horn measurements, we built Longhorn Max. And at  
8 the time, we were really looking for the best way of  
9 what should we do, what would be best for us as 23 year  
10 olds right out of school and also what would be best  
11 for the breed. We talked with Don and Suzanne. At the  
12 time, one of their concerns, their biggest concern was  
13 exclusivity. It was pretty well laid down in front of  
14 us you're going to work with us. If you want our  
15 attention, you'll work with us only. And that's how we  
16 came to the agreement on the exclusivity. One of the  
17 concerns at the time, our beef product was selling for  
18 \$495 and they said there's no way longhorn breeders are  
19 going to pay \$500 for software. And so we -- our  
20 biggest concern and our biggest expense is really  
21 marketing and customer service. So one of the things  
22 we were able to work out, and again this is all a  
23 verbal agreement, and this is something that we want to  
24 get in writing, would be, to lower the price, rather  
25 than it being the 495 that our beef software was at the

1 time, instead, it's 295. And also we talked about the  
2 exclusivity. And what that meant was that our software  
3 would interface with TLBAA and TLBAA only. When other  
4 breeders would approach us about other associations, we  
5 politely explained our exclusivity, and, in exchange  
6 for that exclusivity, giving the TLBAA the unique  
7 competitive advantage over other associations, the  
8 association was to help us market the software and that  
9 marketing includes distributing our brochures in new  
10 member packets, it includes an ad in the Trails and it  
11 also included booth space at the shows. And that's  
12 really where the marketing came in. The idea was that  
13 somehow or another, those resources are going to have  
14 to be purchased, and by us offering the exclusivity,  
15 forgoing the revenue from working with other  
16 associations, that's how we came to that exchange. And  
17 to tell you a little bit about us, our beef product has  
18 been sold in over 30 countries on six continents. We  
19 haven't sold any reindeer breeders yet, but we're  
20 going to keep working at that. So we are very familiar  
21 with working with cattle associations. Our beef  
22 product interfaces with over 30 beef cattle  
23 associations all over the world so we are familiar  
24 with, as far as the exchanging of information, helping  
25 breeders register and transfer cattle and that type of

1 thing, so that's really where we have taken a lot of  
2 that knowledge and applied it into Longhorn Max. Much  
3 of what you see in Longhorn Max today is the result of  
4 the tremendous resources we put into our beef product  
5 that we are able to take that and move it over on to  
6 Longhorn Max. So rather than re-inventing the wheel,  
7 Longhorn Max was able to borrow a lot of its technology  
8 and a lot of its features from our beef product. Over  
9 the past two years, Longhorn Max has averaged less than  
10 \$1500 in monthly sales over the past two years. It's  
11 not a tremendous money maker for us. Penny and I  
12 continue with Longhorn Max because we enjoy the cattle.  
13 And we have worked with more breeds and more breeders  
14 and have heard of breeds has most folks couldn't even  
15 see or pronounce. But at the end of the day, ten  
16 minutes from Texas A&M and a third generation Aggie,  
17 that's the breed of cattle we run, is longhorns, and we  
18 are proud to be TLBAA members since the beginning. I'm  
19 open up to any questions. One thing I did want to  
20 mention is that the real benefit I think to the TLBAA  
21 is in the registrations and transfers. That's where a  
22 lot of money is coming from. Other than TLBAA, the  
23 American Angus Association is the only beef cattle  
24 association that has its official software. The Angus  
25 Association has a net loss of over \$250,000 a year

1 promoting their software and running the operations.  
2 But why do they do that? Because almost a third of  
3 their registrations come through their software. When  
4 we've bought cattle, transferred cattle, our software  
5 can print out the paperwork for them to minimize having  
6 to fill out and research pedigrees and look up breed  
7 data. And I guess I certainly want to be open to any  
8 questions. We're an open book.

9 DR. MOELLER: So right now you do not have  
10 in existence a contract with us.

11 MR. MILLER: That's correct.

12 DR. MOELLER: Written contract.

13 MR. MILLER: Correct.

14 DR. MOELLER: And you are asking that we do  
15 that.

16 MR. MILLER: I think we're all wanting one.

17 DR. MOELLER: Okay, can you provide -- go  
18 ahead.

19 MR. KETY: There's another aspect I don't  
20 want you to skip over. Would you touch on Longhorn  
21 Source for just a second?

22 MR. MILLER: Okay. The Longhorn Source is  
23 actually something that we are in the process of  
24 putting finishing touches on. One of the things that  
25 we really found talking to a lot of breeders is they

1 are looking for ways to promote their cattle. And we  
2 found that it's difficult keeping up with web sites and  
3 keeping all of that information updated. So we've  
4 created something called the Longhorn Source and that  
5 allows breeders who are using our software, as well as  
6 those who are, as long as they have a computer, to list  
7 cattle online in an online longhorn marketplace, and  
8 it's not a -- no commissions, no percentages, no  
9 membership fees, it's just a single listing price. And  
10 so it's a -- again, a private treaty marketplace. It's  
11 not an auction or anything like that.

12 MR. KETY: But that will be an exclusive  
13 TLBAA marketing tool through Longhorn Max?

14 MR. MILLER: That's something we'd like the  
15 association can help us promote it.

16 DR. MOELLER: Have you formulated a  
17 document you would like for us to look at?

18 MR. MILLER: I don't have one. I think  
19 that it's -- we really need to figure out kind of as a  
20 group what we want to do.

21 DR. MOELLER: Okay. We are going to  
22 discuss this in Executive Session. Does anybody have  
23 any particular specific questions for Mr. Miller?

24 MR. MILLER: We'll be around the show the  
25 next couple of days and will be glad to answer any

1 questions.

2 DR. MOELLER: Thank you, Mr. Miller. Kaso,  
3 can we move on from that subject?

4 MR. KETY: Yes, sure. Thank you, Terrell.

5 DR. MOELLER: Approval of new members.  
6 It's in your packet. I'll entertain a motion.

7 MR. BUENGER: So moved.

8 DR. MOELLER: The motion has been made. Is  
9 there a second?

10 MS. STACEY TAYLOR: Second.

11 DR. MOELLER: Ms. Taylor seconded that  
12 motion. All in favor of approving members, signify by  
13 saying aye.

14 (Ayes)

15 DR. MOELLER: Anybody opposed?

16 Hearing none, motion passes.

17 MR. BRANTLEY: Dr. Moeller, how many new  
18 members were there?

19 MS. CANTRELL: I didn't count them. I  
20 didn't count them. I'm sorry.

21 DR. MOELLER: We're still growing by leaps  
22 and bounds.

23 MR. BRANTLEY: That's where I was going  
24 with it.

25 DR. MOELLER: No matter what the supposed

1 conflicts and controversies are, we just keep acquiring  
2 new members.

3 MS. SHAWNDA TAYLOR: We have 261 new  
4 members for the quarter.

5 DR. MOELLER: Now, those are new members,  
6 not renews or anything like that.

7 MS. SHAWNDA TAYLOR: Those are new members.

8 DR. MOELLER: Before we proceed, Melanie,  
9 would you mind standing up? For those of you, just to  
10 put a face with the name, this young lady is in our  
11 Registrations Department and this is the lady you will  
12 be dealing with most of the time when you call in or  
13 have questions. Melanie, do you want to say anything  
14 to the membership like get your information straight or  
15 anything like that? What's the biggest problem you  
16 have with registrations?

17 MELANIE: Not filling out all the  
18 information.

19 DR. MOELLER: Okay. Does that take up a  
20 lot of your time?

21 MELANIE: Calving date gets skipped. Color  
22 descriptions get skipped. Instead of calling, maybe,  
23 and asking, trying to find a registration number for  
24 sires or dams, they just leave it blank. No private  
25 herd number. I'm pretty good at looking up stuff and

1 being a detective, but I don't have a crystal ball. So  
2 any information, please, names, there's a lot of  
3 animals out there with the same names that are just  
4 differentiated by private herd numbers in the name.  
5 And if you give me a name like Alamo and I pull it up  
6 and there's how many Alamos and there's no private herd  
7 number or anything, it kind of takes a little while and  
8 that's how pedigrees get messed up. So that's all I  
9 can say, I guess check over your work, take your time,  
10 make sure you got the right number.

11 DR. MOELLER: In spite of those  
12 inconsistencies, you're down to about a five-day turn  
13 around?

14 MELANIE: Five-day turn around.

15 DR. MOELLER: Melanie, thank you. Let's  
16 take note or comments and let's get that five days down  
17 even closer if we give her the proper information.

18 AI bull approvals. Those are on the last  
19 page of your packet. We have one, two, three, four  
20 five, six, seven, eight. Melanie, are all the  
21 information -- is this complete on all these bulls?

22 MELANIE: I have only one bull that the  
23 information is not complete on that I would like to  
24 recommend that y'all still approve. It's the bull, BW  
25 Desperado. I do have his DNA and I have all his health

1 tests; however, we are -- I cannot parent-verify this  
2 bull. I had no contact with the dam owner through  
3 mail, e-mail or phone. The phone is disconnected.  
4 I've tried sending letters, sent the DNA packet for the  
5 dam and got no response, and obviously the phone's not  
6 working. I tried e-mail but got no response. The sire  
7 is on this bull. I did contact Mr. Kety. He's not  
8 going to like me.

9 MR. KETY: No, that's fine. I'll tell them  
10 what I told you.

11 MELANIE: There is a brother to the sire  
12 still alive so I contacted Mr. Kety to see if he could  
13 pull DNA on that animal so we would have the DNA and it  
14 was not a priority at that time for Mr. Kety to take  
15 the time to go pull this animal up and do it.

16 MR. KETY: Now, that's not exactly what I  
17 told you, Melanie. It's not feasible. Where the  
18 animal is, there's no real way to do it without a big  
19 adventure. And I cannot -- I'm not saying I will not  
20 do it. I'm just saying I cannot tell you when I'll be  
21 able to.

22 MELANIE: It wasn't in our time frame. Let  
23 me put it that way.

24 DR. MOELLER: Do you have a comment?

25 MR. LIND: Why can't you say not certified?

1 You either got the stuff or you don't.

2 DR. MOELLER: Do I have a motion about  
3 these bull approvals?

4 MR. WEHRING: I'll make a motion to certify  
5 all bulls except BW Desperado.

6 MR. JURANKA: I second it.

7 DR. MOELLER: The motion has been made and  
8 seconded. All in favor of accepting these AI approvals  
9 with that exception, signify by saying aye.

10 (Ayes)

11 DR. MOELLER: Anybody opposed? Motion  
12 passes. I'll ask for matters from the floor. We are  
13 going to go into Executive Session when we complete our  
14 agenda and discuss some employee matters. Are there  
15 any other matters to be brought from the floor? Col.  
16 West?

17 COL. WEST: First of all, this is my swan  
18 song. Why? Three-term limit. So you all say, well,  
19 thank God we're getting rid of that old SOB. That's  
20 all I'm going to say. But I want to thank all the  
21 Board members for listening to me through the years and  
22 my ideas. I've been a great one to come here and  
23 present ideas and let you mull about it, like the  
24 Texas, the three division, that only took three or four  
25 years to get people thinking about it. So that's why I

1 want to go over these points. They're just my own  
2 comments. First is leadership. Praised in public.  
3 Criticized privately. Please. The thing, when you  
4 have critiques give your good points first, and then  
5 try to prove as you go along. That's another  
6 leadership thing. The thing that I really hope the  
7 future boards will not micro manage, only discuss  
8 policies and then let the staff and your Executive  
9 Committee implement. The next is, every time before  
10 you come here, try to bring ideas. Bring ideas, and  
11 then it may take a couple of years to get the ideas  
12 approved. But bring some ideas. Just don't come here  
13 and then jump up. In the service, we call that a  
14 spring butt. Let's not have that. The next thing is,  
15 forgive your enemies. I've forgiven the Japanese for  
16 giving me one short leg. They were damn good soldiers,  
17 the Japanese, so I forgive enemies. And I think that's  
18 the next point that I want to make is there's only two  
19 Board members in the past, Allen Clemmenson, has been  
20 mentioned, we tried to bring up to make an olive branch  
21 to ITLA, never got it approved, I think we -- in a lot  
22 of respects, I was one of the four people with Bill  
23 Anthony in the car when we cooked it up, I was a  
24 director when I saw that they changed the way that we  
25 voted, because, boy you had to be present at the old

1 board -- at the annual meeting to get a vote in.  
2 That's been changed. Thank God. The ITL approved  
3 that. But they are ahead of us. They've got a museum.  
4 We still don't have one. We've been talking about this  
5 thing, and having a shop, for years. Let's get going  
6 on the thing. The same way with our TMA. Maybe some  
7 of the big boys won't be around. It hasn't affected my  
8 portfolios yet, but it probably will. We're  
9 anticipating at least dividends are going to be way  
10 down, we have to change our way of life, why does our  
11 family have to change their way of life? I told Benny  
12 this morning and his wife that things change in life.  
13 We had four children, three daughters, one of the  
14 daughters wanted the kids to go to a Christian school,  
15 which they are, and we're footing the bill, but they're  
16 home, a 15 year old and 18 year old, and we have to  
17 drive them 60 miles a day twice a day, my wife and I,  
18 at our age it's pooping us out. Plus listening to them  
19 and training them. My God, the single mothers today,  
20 no wonder we have so damn much trouble. That's why I  
21 would like to see a draft, even though I was a  
22 volunteer, volunteer for the professionals, let's have  
23 a draft and we won't have so many snotty nosed kids.

24 MR. BUENGER: Put that in the form of a  
25 motion.

1 MR. BRANTLEY: Can I make a motion for  
2 that?

3 COL. WEST: Yeah. The thing is, we talked  
4 about this the museums. The Cowgirl Hall of Fame got  
5 all that going within twelve months. And I haven't  
6 been to their museum yet, but you should visit the  
7 Texas Hall of Fame Museum right here in the Stockyards.  
8 And that's only been going eight or nine months. The  
9 last thing is, no disrespect for our reporter here,  
10 that's one thing we could do away with, save some money  
11 and have a summary of our meetings because this Board  
12 is really on functioning, and we talk about cost  
13 cutting that you're going to go into I guess in  
14 Executive Session.

15 Any comments for this old SOB? Thank you.

16 DR. MOELLER: Thank you for your  
17 participation. Mr. Johnson?

18 MR. JOHNSON: Just one little dead item,  
19 kick it in the dirt a little bit more. These accounts  
20 receivable, I was just looking through here.  
21 Unfortunately, my name's on there. I'll talk to my  
22 wife and get it removed. But I see there's some other  
23 Board members on there. We've got to -- Carl, you're  
24 right, I wasn't going to point the fingers.

25 MR. BRANTLEY: You can point at me.

1 MR. JOHNSON: But we've got to lead by  
2 example if nothing else, fellows. We've got \$20,000  
3 tied up here in accounts receivable that ain't current.  
4 So if you see yourself here or you see like -- I won't  
5 mention no names. There's a couple of our affiliates.  
6 One of them owes us \$2425. If you are a member of that  
7 affiliate, talk to them and say, hey, come on fellers,  
8 cough up the cash. If you owe the money, pay it,  
9 whatever it is. You know, life ain't luxury items.  
10 It's work for items. Same here. Thank you. That's  
11 all I wanted to say about it.

12 DR. MOELLER: Thank you.

13 MR. JOHNSON: I was embarrassed to see my  
14 name in there. And I'm sure Carl don't like -- don't  
15 know what the oversight was.

16 MR. BRANTLEY: Good press is bad press; bad  
17 press is good press.

18 MR. JOHNSON: Whatever it is, let's try and  
19 get the money in.

20 DR. MOELLER: Thank you, Jim. We  
21 appreciate that comment. Carl?

22 MR. BRANTLEY: Dr. Moeller, on behalf of  
23 Region 4, I'd like to congratulate Larry Smith II of  
24 the ITLA for being re-elected to the ITLA.

25 DR. MOELLER: Thank you. He was

1 acknowledged.

2 MR. BRANTLEY: I wasn't aware of that, but  
3 I would like to congratulate him.

4 DR. MOELLER: I sent him a personal card.

5 MR. BRANTLEY: And the rest of their people  
6 that were installed.

7 DR. MOELLER: We anticipate that those  
8 avenues of cooperation are going to be maintained. Any  
9 other matters from the floor? Mr. Smith?

10 MR. SMITH: Larry Smith, President, Texas  
11 Longhorn Breeders Gulf Coast. I just had a question.  
12 I think it was the last meeting you passed a rule  
13 saying that an active member in good standing could  
14 advertise in the Trails and mention the other sales or  
15 other affiliates. Was that intentionally or did it  
16 just accidentally happen, the affiliates are excluded,  
17 affiliates can't mention anything in their ad? I've  
18 had ads turned down that we can't put in the Trails.

19 DR. MOELLER: I don't recall what the  
20 thinking was on that.

21 MS. STACEY TAYLOR: Could that be amended  
22 today?

23 MR. SMITH: Is there a reason why an active  
24 member can do it but an affiliate can't say anything?

25 DR. MOELLER: Do you remember anything

1 specifically about that? Charlie made the motion. I  
2 can't answer that question for you because I don't  
3 recall.

4 MR. QUARY: I remember pretty distinctly  
5 all the discussion, but I don't recall ever anything  
6 being mentioned about going to the affiliate level with  
7 it. It was just never brought up.

8 MR. SMITH: It was just read back to me  
9 that it said the affiliate members in good standing,  
10 period.

11 MR. QUARY: The motion was made for members  
12 in good standing and nothing was ever mentioned of  
13 affiliates. That's something that --

14 DR. MOELLER: Mr. Kety?

15 MR. KETY: To speak to that, I think that  
16 the thinking that went into that is -- and to change  
17 the policy to allow members to do that is that members  
18 have rights. If you are a member of an organization,  
19 you have rights, and the right to advertise your  
20 associations or where your cow, your TLBAA cow was  
21 going to be sold, you have that right, and that's why  
22 it was "members" was specifically pointed out because  
23 members had rights.

24 DR. MOELLER: We can revisit that. Not at  
25 this time, but we can revisit that.

1                   Any other matters from the floor? Hearing  
2 none, I'd like to adjourn this meeting.

3                   MR. JOHNSON: Make a motion we adjourn.

4                   MR. KETY: Second.

5                   DR. MOELLER: And we will re-adjourn in two  
6 minutes in Executive Session.

7                   (End of proceedings)

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