

Board Action

Highlights of the Feb. 26-March 1, 2002, meeting of the American Angus Association Board of Directors

Pursuant to notice, the meeting of the American Angus Association Board of Directors was called to order in the boardroom of the American Angus Association, Saint Joseph, Mo., Feb. 26-March 1, 2002. The following officers and directors were present: Leroy Baldwin, president; Steve Brooks, vice president; Joe Elliott, treasurer; Keith Arntzen; Leo Baker; Jim Bradford; Minnie Lou Bradley; Ben Eggers; Mark Gardiner; Jot Hartley; Paul Hill; Jay King; Brian McCulloh; Lowell Minert; Abbie Nelson; Dave Smith; and Richard (Dick) Tokach.



Board names John Crouch executive vice president

The American Angus Association Board of Directors named John Crouch executive vice president for the Association, effective Feb. 26. He was officially given the reins of the world's largest beef breed organization after serving four months as interim executive vice president, following the death of Richard L. Spader last October.

"The American Angus Association's officers and directors have unanimously chosen John Crouch to fill this position of leadership for our Association," says Board President Leroy Baldwin, Ocala, Fla. "John's more

than 25 years of experience with this organization has prepared him for this leadership role for both the Association and the beef industry."

Crouch has served as the Association's director of performance programs since 1981 and in that time has directed programs that contributed to the formation of the world's largest database of beef cattle records. He also managed the Angus Herd Improvement Records (AHIR) program and the genetic evaluation program for the Association's National Cattle Evaluation, *Sire Evaluation Report* and *Pathfinder Report*. He was instrumental in the development and adoption of centralized ultrasound processing (CUP), which has allowed breeders to more efficiently collect and benefit from information regarding carcass composition and quality.

His tenure with the Association began in 1974 as a regional manager in Georgia, Florida, North Carolina and South Carolina. He was inducted into the Angus Heritage Foundation in 1999 for his contributions to the breed. He has worked closely with the Association's Breed Improvement Committee and many specially appointed committees and task forces.

His industry involvement includes serving on the board of directors of the Beef Improvement Federation (BIF), where he has worked on numerous committees. He received that group's Pioneer Award in 1998.

He is also a member of the American Society of Animal Science (ASAS) and a popular beef industry speaker, having lectured in more than 40 states and numerous foreign countries on beef production and genetics.

Crouch grew up on a registered Angus farm near Jonesborough, Tenn. He graduated in 1963 from the University of Tennessee-Knoxville with a bachelor's degree in animal husbandry. There he was a member of the first-place livestock judging team at the 1962 International Livestock Exposition in Chicago, Ill. He was also a member of Alpha Gamma Rho, Alpha Zeta and the Block and Bridle Club.

After graduation he served as a lieutenant in the U.S. Army and then returned home briefly to manage the family Angus operation and other beef cattle herds before joining the Association.

He and his wife, Judy, reside in Saint Joseph, Mo., and have five children and 15 grandchildren.

EXECUTIVE COMMITTEE

A progress report was presented on the concept of providing documentation on Angus-derivative cattle.

A motion to provide the results of state votes for delegates and alternates on request was tabled until June.

The committee considered several other issues, but no final action was taken.

ACTIVITIES COMMITTEE

The Board approved splitting the class for January and February calves into two separate classes on the standard classifications for open Angus shows.

As approved by the Board, Canadian registered cattle must be registered with the American Angus Association by the entry deadline of the individual shows to be eligible for Roll of Victory (ROV) points.

The Board approved that the West Virginia State Fair will be added as a recognized ROV show beginning in the 2002-2003 show year.

As approved by the Board, the ROV rule involving championship points in split divisions will be amended. The amendment will allow grand and reserve championship cattle that win split-calf divisions at the North American International Livestock Exposition (NAILE) and the National Western Stock Show (NWSS) ROV shows to receive the same number of points as other divisions for the show.

Discussion was held on changing the point calculation for ROV Breeder of the Year. It was decided to use only the top two super-point shows and the top two recognized shows, per animal, for calculations for the show season.

Various schedule changes for the NAILE were discussed. The Board voted to recommend to the NAILE officials that the cow-calf and bull classes be shown on Monday during the American Angus schedule at the NAILE and heifer classes be shown on Tuesday.

The 2002 NWSS bull sale report was presented. Expenses, income and advertising for the 2002 bull sale were discussed. Collections for the sale were also discussed.

New contests added for the 2002 National Junior Angus Show (NJAS) will include the creative writing and state project of the year contests. A mentor program was also added.

Thirty-two applications were received for the intern position in the Junior Activities Department.

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FINANCE COMMITTEE

The committee reviewed the financial reports for the four-month period ending Jan. 31, 2002. The cash balance on the consolidated financial report is \$2,599,986.29. The investment portfolio of \$10,526,627 consists of government and agency notes, money market accounts, bank certificates of deposits, bond mutual funds and stocks managed by Chase Investment Counsel Corp. The total of all assets is \$20,324,143.85.

Long-term debt includes a note payable in the amount of \$424,533.32 for the expansion of the Certified Angus Beef LLC (CAB) facility in Wooster, Ohio. Also included in long-term debt are funds totaling \$529,993.96 for accrued health benefits for retired employees and \$195,618.96 for the deferred compensation liability. The net income for the period is \$1,312,066.25.

The committee discussed the investment portfolio. New money was added to the Association reserves during the current fiscal year for the Information Systems (IS) Fund and Post Retirement Fund of \$250,000 and \$100,000, respectively. The performance of the equity portion of reserves was 6.3% for the fourth quarter ending Dec. 31, 2001, and a 13.6% loss for the 2001 calendar year. The composition of the consolidated portfolio is 41% equities and 59% fixed income securities.

Gary Frazer, Clifton Gunderson LLP, addressed the committee, commenting on two issues dealing with the audit for last fiscal year and responded to questions from the committee. Mr. Frazer explained the method for recording the CAB Olympic Sponsorship commitment and the post retirement medical benefit recorded in the financial records for the year ended Sept. 30, 2001.

PUBLIC RELATIONS COMMITTEE

The Public Relations Committee discussed a survey from the 2001 National Angus Conference and Tour in North Platte, Neb. The 2002 National Angus Conference is set for April 23-26 in Sacramento, Calif. Plans are underway for the 2003 National Angus Conference in Bismarck, N.D., Sept. 24-27.



The Association and CAB shared a trade show booth at the Cattle Industry Annual Convention and Trade Show in Denver, Colo. CAB was a sponsor of the opening reception and provided samples of several products.

Results from the 2002 Commercial Cow-Calf Producer Survey were distributed and discussed. The survey is completed on a biennial basis and polls 400 commercial producers. Data showed 57% of producers had purchased Angus bulls in the past 12 months, 56% plan to purchase Angus bulls in the next year, and 68% indicated Angus was part of their cow herd's genetic profile.

Results from a *Drovers* magazine e-mail newsletter survey showed 59% purchased Angus bulls in the past 12 months, and 55% intended to purchase Angus bulls in the coming year.

A four-page insert, which was in the January issue of *BEEF* magazine, was distributed and discussed. This type of medium will likely be considered for next year's media schedule.

Changes in the media schedule due to a \$50,000 budget cut made in radio and Internet advertising was discussed. Richard (Dick) Tokach suggested establishing a co-op radio-advertising program with state associations. The Board approved that \$15,000 be added back to the advertising budget, with a review for additional budget requests at the June meeting.

An awareness and perception research survey completed by NKH&W, of both Association members and nonmembers, was presented.

The committee discussed the current "black hide" advertising campaign. The



Board approved that the Association continue to run the campaign in 2002-2003. Motion passed unanimously.

BREED IMPROVEMENT COMMITTEE

Doyle Wilson, Iowa State University (ISU), reviewed the methodology currently used in

the calculation of the ultrasound percent retail product (%RP) expected progeny difference (EPD). He also addressed the ongoing research project at ISU aimed at improving the prediction of %RP from live weight and additional ultrasound measures.

Sally Dolezal prepared a summary of a study on the use of performance records on embryo transplant (ET) calves, which was distributed and discussed. The study examined the potential of adjusting weights on individual ET calves for maternal recipient dam effects to allow the computation of ET calf interim EPDs. Decisions were made to implement the generation of interim EPDs using performance records on ET calves produced by registered Angus recipient cows and to proceed with work to adapt the National Cattle Evaluation (NCE) model to incorporate this in the future.

The committee reviewed the revision of Angus Herd Improvement Records (AHIR) program information provided with weaning and yearling summaries. It was decided to produce a Sire Progeny Average Ratio Report that will include the average ratio, number of progeny and number of groups for each sire represented in an AHIR process group to be sent with weaning and yearling summaries.

Revamping the summaries produced for weaning and yearling weights, as well as making some alterations to the ultrasound summaries, will account for a 35%-50% savings on paper used for the AHIR program. The paper, printing and resulting postage savings would conservatively be more than \$10,000.

The committee commended Lou Ann Adams and the IS Department for its continued development of and enhancements on the member logon portion of the Angus Web site.

Following completion of slated agenda

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items, a general discussion took place on clipping for ultrasound measurements, the processing of the ultrasound data through the National Centralized Ultrasound Processing Laboratory & Technology Center (CUP) Lab, Ames, Iowa, and the adjustment factors for intramuscular fat (IMF) measurements of 2-year-old dams.

COMMERCIAL & INDUSTRY RELATIONS COMMITTEE

A discussion was held relative to corporate sponsorship and its impact on the American Angus Association long-range goal No. 8 — Explore nontraditional sources of revenue to support Association programs and pursue growth of the Angus Foundation. Staff outlined partnerships that were formed in the past several months, and staff was directed to continue promoting the benefits of future partnerships to interested corporate entities.

Staff presented a status report regarding the National Animal Identification movement. Recently, Cattle-Fax designed an allocation program for American



Identification Numbers (AINs), similar to the program currently in use by the American Angus Association. There will be a “per number” charge associated with these numbers, but the American Angus Association has been assured that its block of numbers will be exempted from charges, since they have “owned” a section of one billion AINs since the spring of 2000.

The 2002 Angus Beef Record Service (BRS) black book campaign was deemed a success. To date, approximately 750 books have been distributed from the Association office as a response piece to our national ad campaign. In addition, about 4,000 books were offered at various trade show booths and distributed by regional managers (RMs) at events across the nation. Plans are underway to continue this promotion for 2003, with increased promotion planned for customized books offered to individual members’ operations.

The Angus BRS program has also had

significant publicity from the media recently. Samples of Angus BRS articles published in the *Livestock Market Digest* and *Successful Farming* were shown to committee members. In addition, Commercial Relations Department staff members have performed interviews with WIBW-AM radio, the Brownfield Network, Orion Samuelson’s *U.S. Farm Report*, and various other media hosts, thanks in large part to our renewed radio advertising presence. Articles written by commercial relations staff for the *Angus Journal* and *Angus Beef Bulletin* have also been generating strong interest by commercial producers gradually digesting this information about Angus BRS.

We continue to see good interest in Angus BRS. To date, 113 herds have enrolled a total of 6,956 dams, a 39% increase in the number of dams since the September meeting. Since its inception, 2,701 weaning weights have been processed through Angus BRS.

Chairman Minert encouraged committee members and staff to continue devising ways to achieve long-range goal No. 6 — Create programs that add value for commercial producers who receive a properly transferred registration certificate. A discussion proceeded relative to the Angus-derivative concept. After extensive dialogue, committee members suggested that the full Board revisit this issue.

MEMBER SERVICES COMMITTEE

Staff gave an update on the Information Systems Department. Programming for the Web site continues to be the main focus. Member Logon continues to see enhancements. An online store that sells Angus Foundation and Association items went live in late November 2001. A Search Site option was added to the Web site. Future Internet projects include a register and transfer option in Member Logon, a photo gallery for the *Angus Journal* and numerous enhancements to the National Junior Angus Association (NJAA) Web site.

The status for the Angus Information Management Software (AIMS) Department was reported. The committee was brought up-to-date on the AIMS Ranch Hand program, a software package for Palm OS

PDAs (personal digital assistants). The actual software that runs on the PDA is essentially done, and work is nearing completion for the AIMS desktop portion. AIMS version 2.2 will include the necessary changes for AIMS Ranch Hand. As approved by the Board, the first AIMS Ranch Hand package for an Association member will cost \$100. Staff will bring a proposal to the June board meeting for the possibility of secondary pricing for multiple copies of AIMS Ranch Hand sold to a member.

Staff of the Member Services Department reported that the first seven cell-cloned animals were registered in December. The committee reviewed Section II, Rule 2 (c) of the *Breeder’s Reference Guide*. The Board approved adding the words “or blood typing” after “DNA marker-typing,” so that the new rule now reads as follows (with the newly inserted language in bold):

*Section II: Registration
Rule 2 Eligibility of Animals
Whenever the eligibility for registration of any animal is in doubt because of uncertain or unknown parentage, DNA-marker-typing **or blood typing** by the Association shall be required. If through DNA-marker-typing **or blood typing** the animal is proven to have incorrectly listed parentage, the animal will not be eligible for registration unless parentage is confirmed.*

Discussion was heard regarding listings and definition of genetic factors, and staff in conjunction with legal counsel was directed to present additional information and a recommendation at the next board meeting.

CERTIFIED ANGUS BEEF LLC

The financial reports for the period ending Jan. 31, 2002, were presented.

The Board was updated on the acceptance rates and sales by each division. There is still optimism that sales will finish the year ahead of last, but given market conditions, it does not appear that the budgeted 9% growth figure is attainable.

The Board approved a motion



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to transition certain general accounting functions for Certified Angus Beef LLC (CAB) to the Wooster, Ohio, office. Staff is working together to begin the process immediately, and it is anticipated that the transition will take several months to complete.

Staff presented an overview of the company's Olympic hospitality program and publicity received during the 2002 Olympic Winter Games.



The company hosted 90 guests during the 17 days of the Games and received rave reviews for the hospitality program and product promotion.

A brief update was given on the progress made in the area of strategic partnerships, with a complete update to be shared with the Board in June.

Staff presented an update of the Feedlot-Licensing Program (FLP), including an overview of currently licensed yards, potential licensees with whom CAB is in discussion and a new, tiered structure for licensees to elevate and reward those with a higher level of commitment to the FLP.

Staff presented an overview of the DNA research project, including history and dollars invested to date. A proposal has been submitted to the Ohio Technology Action Fund for a grant to continue to refine this technology. A response is expected by late May.

ANGUS PRODUCTIONS INC.

The Angus Productions Inc. (API) year-to-date financial report has Total Income of \$1,682,045.05 and Total Expenses of \$1,685,488.95, for a Net Deficit of \$3,443.90.

The present circulation of the *Angus Journal* is 22,260.

A report on the new *Angus Journal* subscription policy for the first four months was presented. It was reported that a recent issue of the *Angus Journal* was being placed in each new member packet. It was voted by the Board to provide new members a two-month subscription to the *Angus Journal* with a follow-up solicitation letter.

New staff changes within the editorial department were announced. Stephanie Veldman accepted the position of assistant editor, a position made available when Brad

Parker was hired by the Nebraska Cattlemen. Lance Ziesch will leave API in April. Corinne Blender will begin as assistant editor June 3.

The Web Marketing Department reported on the real-time coverage of the 2002 NWSS and the National Angus Conference scheduled for April 23-24 in Sacramento, Calif. *AngusPhotos.com* is being developed as an online photo request site.

Special Services has produced 82 sale books and 33 brochures since the beginning of this fiscal year.

ANGUS FOUNDATION

The Angus Foundation scholarship applications are available on the Angus Foundation Web site at www.angusfoundation.org or by calling the Junior Activities Department of the American Angus Association. The Board discussed the possibility of adding more scholarships to those awarded by the Angus Foundation.

The 2002 Foundation Heifer Package donated by Shady Brook Angus Farm, Leoma, Tenn., was sold to Kahn Cattle Co. of Rydal, Ga., for \$25,000.

The figures regarding the sale of the Angus history books were reviewed. To date, 804 of the cloth, 532 of the leather and 21 of the signed and numbered books have been sold. In addition, book No. 1 was sold via live auction, and book Nos. 2-5 were sold via a silent auction with the proceeds from the sale of these books going to the Spader Memorial Fund and not included in the income attributed to the book sales.

Registration No. 14,000,000 will be auctioned in Reno during the Western National Angus Futurity (WNAF).

The second annual Angus Foundation

Golf Tournament will be conducted during the NJAS.

The Frank Murphy Profit Maker Prints are still available for a \$100 donation to the Angus Foundation. In addition, polo-style shirts are being added to the line of Angus wearables.

Future funding opportunities were discussed. A possible donor to the Angus Foundation has contacted the Association.

The first Angus Foundation newsletter, *Foundation for the Future*, was mailed in September 2001, and the response has been excellent. The next newsletter will be mailed in late March.

OTHER BUSINESS

As directed by the Board of Directors in October, a special Search Committee presented three excellent candidates to the Board for its consideration in filling the position of Executive Vice President of the American Angus Association. After interviews and deliberation, John Crouch was named the new executive vice president of the American Angus Association.

The Angus-derivative initiative was referred to the Breed Improvement Committee who, in concert with other qualified individuals, will work with staff to develop a proposal on implementing the program and present such proposal to members of the Board in writing prior to the June 2002 meeting.

The Angus Marketing Co-op, which was discussed and tabled at a previous meeting, was removed from the table. After discussion, it was referred to the Commercial & Industry Relations Committee for further study.

NEXT BOARD MEETING

June 1-3, 2002 — Saint Joseph, Mo.

