

Board Minutes

Board of Directors Meeting — Feb. 24-26, 1999

- Policy adopted regarding branded beef marketing programs
- Board approves name change for AHMS
- API receives the go-ahead on Web site proposal

■ EXECUTIVE COMMITTEE

The Executive Committee received a report on the results of a herd investigation conducted at a member's farm pursuant to a previous Executive Committee directive. Following a review of the results of the investigation and a discussion of the applicable bylaw and rules of the Association, it was passed that staff be directed to notify the breeder member in writing of the results of the herd investigation.

President Borrer presented a proposal to consider a change of committee structure for the Association. The proposal was to eliminate two existing committees, Rules & Arbitration and Planning & Industry, and to replace them with a new Industry Relations Committee and Long-Range & Administrative Planning Committee. The proposal was approved.

The Executive Committee reviewed the format for candidate presentations at the Annual Meeting in Louisville. It was the consensus of the Executive Committee that each candidate answer questions immediately after their individual presentation. Staff will examine ways to solicit questions from the audience and present them to the candidates. The Executive Committee recommended the elimination of seconding speeches for Board candidates.

The committee and Board approved a policy regarding branded beef marketing programs that compete with the Certified Angus Beef (CAB) Program. The adopted policy is:

The American Angus Association recognizes the existence of numerous end product marketing programs that compete with its own Certified Angus Beef (CAB) Program. These programs in most cases use the word "Angus" in their name and have specifications that can, and most times do, vary from the live and carcass specifications of the Certified Angus Beef (CAB) Program.

As a national association with a

diverse membership, the Association recognizes that members are involved directly or indirectly with some of the competing branded beef programs in the industry today. It is not the policy of the Association to promote end product marketing programs that compete with the Certified Angus Beef (CAB) Program, but the Association feels it will maintain a cooperative relationship with these competing programs that wish to work with existing departments of the Association and will assist them whenever possible. Such an approach is in keeping with the Association's stated purpose to promote the interests of the Angus breed and its membership. It also helps accomplish the mission statement and goals set forth by the American Angus Association Board of Directors.

A letter from Angus breeder Mike Jones of Dearborn, Mo., was discussed regarding animals purchased at what was billed as a herd dispersal under an individual's name. The sale was apparently a consignment sale by a number of breeders from different parts of the country.

A letter from a breeder was then discussed regarding the duplication of tattoos that occurs in Angus cattle. It was the feeling of the committee that the Association could not effectively assign and control the tattooing of animals and that the current policy was adequate.

At the Sept. 18, 1998, meeting of the Rules Committee, the committee directed staff and legal counsel to look into the possibility of drafting and circulating a proposed rule that would codify the current custom and practice in the industry that makes it the responsibility of the breeder, first owner, subsequent owner(s) and current owner of record to notify known purchasers of semen, embryos or progeny of any animal regarding a change in parentage, as represented by the Certificate of Registration. Action was deferred to the June 1999 Board meeting.

Pursuant to notice, the meeting of the American Angus Association Board of Directors was called to order in the board room of the American Angus Association. The following Officers and Directors were present:

William Borrer, president
 Charles (Bud) Smith, vice president
 Howard Hillman, treasurer
 Keith Arntzen
 Leroy Baldwin
 Henry Bergfeld
 Jim Bradford
 Minnie Lou Bradley
 Steve Brooks
 John Curtin
 Joe Elliott
 Ben Eggers
 Jot Hartley
 Brian McCulloh
 Cecil McCurry
 Lowell Minert
 Abbie Nelson

■ ACTIVITIES COMMITTEE

The Board approved that heifer and bull entries will be weighed at the North American International Livestock Exposition (NAILE), Louisville, Ky., and the National Western, Denver.

Mary McCurry, American Angus Auxiliary president, gave the Auxiliary report. The Auxiliary is now online with information posted to the Association's Web site.

This year the scholarship program will be increased to \$15,000.

The Auxiliary will debut a *Certified Angus Beef*™ Cook-Off cookbook in 1999, featuring winning entries from the past 15 years.

A new Crystal Award will be presented to the boy and the girl who earn the most points from participation in educational contests and events during the National Junior Angus Show (NJAS). The award is targeted for National Junior Angus Association (NJAA) members who are not showring-oriented or who have more of a commercial Angus background.

Janelle Sommers, NJAA Board chairman, reported the National Junior Board will meet March 18-22 to plan upcoming activities, including the 1999 LEAD Conference in St. Joseph, July 22-25.

The NJAA Calendar ad sales brought in \$19,910. Applications for the new Angus Foundation scholarships are now available on the Angus home page on the Internet.

Upcoming events include:

1999 Western Regional Junior Angus Show, April 22-27, Reno, Nev. — Randy Perry, judge

1999 Atlantic National Regional Preview, May 26-31, Timonium, Md. — Jack Ward, judge

1999 Eastern Regional, June 18-20, Clemson, S.C. — Phil Trowbridge, judge

1999 Northwest Regional Preview, June 20-22, Kennewick, Wash.

1999 North Central Regional Preview, June 23-27, Springfield, Ill.

1999 NJAS, July 7-12, Tulsa, Okla. — Judges: Dave Duello, steers; Jim Pipkin, bred-and-owned heifers, bred-and-owned bulls and cow-calf pairs; Don Boggs, owned heifers; E.G. Foote, Mary Ann Ward and Jim Bush, National Junior Angus Showmanship Contest.

2000 Western Regional, April 29-May 1, Reno, Nev.

2000 Eastern Regional, June 23-26, Lebanon, Ohio

2000 NJAS, July 10-15, Des Moines, Iowa

2001 NJAS, July, Denver

Cow-calf and steer divisions will be added to the Western Regional Junior Angus Show beginning with the 2000 show.

Judges and spectators at the NAILE and the National Western shows will be furnished birth weight, weaning weight, milk and yearling weight expected progeny differences (EPDs).

■ FINANCE COMMITTEE

The Finance Committee reviewed the financial reports for the four-month period ending Jan. 31, 1999. The cash balance of the Association's consolidated report is \$1,232,468.48. The investment portfolio consisting of government notes, government-backed agency notes, bank certificates of deposit, bond mutual funds and stocks managed by Chase Investment Counsel Corp. totals \$8,740,630.83. Notes payable for the building expansions in Wooster, Ohio, and St. Joseph, Mo., are \$1,599,736.36. Excess of revenue over expenses for the period is \$1,423,218.96.

The Finance Committee reviewed the Association's investment portfolio. The market value of the portfolio on Jan. 31, 1999, was approximately \$9.7 million. The equities portion of the portfolio was about \$4.3 million, which was 44% of the total. The total return on the equities portion of the portfolio for the 1998 calendar year was 40%. The average annual rate of return since Chase Investment Counsel Corp. began managing the funds on July 1, 1991, was 20.6%.

The Finance Committee discussed the current financial condition of the Association, including the possibility of a deficit larger than the \$100,000 currently budgeted for the 1999 fiscal year (FY). The Board voted to mail only the spring *Sire*

HERE'S PROOF IT PAYS TO PRODUCE HIGH QUALITY ANGUS CATTLE.

SUPREME CATTLE FEEDERS, INC. MEDICAL SURVIVAL GRASSY PASTURE		SUPREME CATTLE FEEDERS, INC. FRESH PASTURE ROCKET FEED	
AVG. WEIGHT	1,200 LBS.	AVG. WEIGHT	1,200 LBS.
WEANING	515 LBS.	WEANING	515 LBS.
AVG. WGT. IN 2 YEARS	20,000	AVG. WGT. IN 2 YEARS	20,000
LOW CHARGE	11.00%	LOW CHARGE	11.00%
WEANING	75.00%	WEANING	75.00%
AVG. YIELD DRESSING	1.20	AVG. YIELD DRESSING	1.20
AVG. YIELD	500 LBS.	AVG. YIELD	500 LBS.
AVG. VALUE	\$600.00	AVG. VALUE	\$600.00

FREE [Text partially obscured]

ANGUS
The Original Breed

1-800-551-5ART

A readership study of this ad conducted by *Drovers* ranked it well above average for its category in attention-getting ability, believability and informative value.

Evaluation Report to the commercial-buyers list in 1999 and to make the fall report available free on a request basis to that list.

Paul Reilly with the Certified Public Accounting firm of Clifton Gunderson met with the Finance Committee. He discussed the parameters for auditing the financial records of the Association, discussed the annual management to the Board and responded to questions.

The Finance Committee reviewed the financial aspects of the computer development project.

■ PUBLIC RELATIONS COMMITTEE

The Public Relations Committee reviewed reader response to the Association's 1998-99 advertising program. From October 1998 to February 1999, the Association received 3,695 requests for *The Angus Plan for 2000 and Beyond*. Most requests were made via reader response cards, with the most responses received from *Progressive Farmer* magazine.

An ad readership study conducted by *Drovers* ranked the Angus ad well above average for its category in attention-getting ability, believability and information value. Additional ad studies will be in the March issue of *Beef Today* and the May issue of *BEEF*.

A survey was mailed to 152 attendees of the 1998 National Angus Conference in Pullman, Wash. A total of 64 surveys was returned for a response rate of 42%. All speakers were rated above average with many positive comments about the conference, as well as the Washington Angus Tour.

The 1999 National Angus Conference will be Sept. 10-11 in Amarillo, Texas. A two-day tour hosted by the Greater West

Texas Angus Association and the Texas Angus Association will precede the conference, Sept. 8-9.

A Spanish version of *The Angus Advantages* brochure was produced. A Spanish translation of the *Bull Buying Strategies* brochure is also in progress.

A brochure has been developed for ARCNet (Angus Resource Clearinghouse Network), a service of the Commercial Relations Department.

The Association and the CAB Program shared a booth at the National Cattlemen's Beef Association (NCBA) convention and trade show in Charlotte, N.C., highlighting programs offered by the Association and divisions of the CAB Program. Samples of *Certified Angus Beef* value-added products were distributed to attendees.

A report was given on the distribution of news releases and event publicity via the Association's home page. Since Dec. 3, 1998, 2,512 Internet users have visited the Roll of Victory (ROV) show results on the site. The department uses e-mail to distribute news releases to in-house staff and hopes to do the same with regional managers this spring.

The Board approved a motion that all regional managers be equipped with laptop computers and receive necessary education and training to use them for day-to-day communication.

An open discussion took place regarding what will affect commercial producers' bull-buying decisions. Committee members established three key points:

1. Using Angus genetics in a commercial operation will not only improve end product quality but also will add profit to the producer's bottom line. We must find better ways to make

producers aware of the *unseen* premiums of producing Angus cattle.

2. Encourage commercial producers to measure success both in terms of carcass traits and on-the-farm production efficiencies. Establish that Angus genetics can be the tool to use when making improvements in both areas.
3. While demand for beef has been decreasing during the past 10 years, total pounds of product sold through the CAB Program has grown 575%. In the future, selling beef will mean selling *Angus* beef. Using Angus genetics will be the only way to stay competitive.

Concern was voiced about the lack of public awareness about beef, the production and land stewardship efforts of beef cattle producers, and basic knowledge of agriculture. Association and CAB staff were directed to develop a public awareness plan and budget proposal for the June Board meeting.

■ BREED IMPROVEMENT COMMITTEE

American Angus Association Centralized Ultrasound Processing (AACUP) activity has been extremely high to date. Approximately 10,000 animals have been processed through the program in the first seven weeks of 1999. An analysis of ultrasound data will be conducted in the fall of 1999 when an ultrasound research EPD will be calculated.

Funding for continuing National Cattle Evaluation research in the amount of \$60,000 for FY 2000 incrementally increased by \$3,000 per year for 2001 and 2002 was approved.

No action was taken on a request for a joint genetic evaluation from the Canadian Angus Association. The request was referred to the Long-Range & Administrative Planning Committee for further study.

A review of previous Angus data research relative to reproductive efficiency was conducted by Doyle Wilson and John Crouch. Previous studies have not justified the implementation of further genetic values for reproduction. Studies and research will continue.

Revisions in the Angus Herd Improvement Records (AHIR) fee structure were discussed with no action taken. Due to the complexity of this matter, it was referred to the Finance Committee.

Staff was asked to reorganize the Performance Programs Department to

accommodate increases in the workload.

The NCBA Tenderness project is progressing nicely with the majority of the work expected to be finished this spring.

■ INDUSTRY RELATIONS COMMITTEE

Staff gave an update on ARCNet. To date producers have submitted 121 individual listings on replacement females and 54 listings on feeder cattle. Dates have been submitted on 38 Angus-influenced commercial sales to be listed on the calendar on the Internet site. The ARCNet portion of the Association's Web page has received 4,674 hits since its inception in September 1998.

The ARCNet brochure and forms have been provided to several breeders to disperse to their customers, the result of a mailing earlier this year. Plans are underway to also include a "Cattle Wanted" section of ARCNet to fulfill the needs of buyers searching for commercial Angus cattle.

In order to fill the needs of the commercial cattlemen searching for specific seedstock, the Board approved that staff develop a plan to establish a fee-based, searchable database of registered bulls with performance data for sale as a part of the ARCNet program, including a feasibility and fee structure associated with the service.

Discussion was held on the creation of a uniform logo for designation of Angus-sired cattle marketed through public auctions. Discussion involved the possible need for any trademark or service mark registration and the specific percentages of Angus genetics needed to use the logo. The committee felt that a consistent logo should be used by video auction companies in their sale books or by other auction markets in their promotions. Staff was instructed to research logo examples, ideas and further information to present to the committee at the June Board meeting.

Ben Eggers presented highlights of the actions taken during the 1999 NCBA Convention.

An update was given to the committee on the current trends in developing a National Cattle Identification System. Staff was instructed to continue researching the Association's role in developing a national ID system, with a report to be given at the next Board meeting.

Dates were announced for this fall's National Angus Conference. Larry Corah, CAB Program assistant executive director, reported on a regional forum to be held in Bozeman, Mont., on Aug. 16-17, 1999.

■ LONG-RANGE & ADMINISTRATIVE PLANNING COMMITTEE

Staff reported total AHMS sales of 1,616 to date.

The Board approved the following charges for version 2.0 of the AHMS software:

1. Existing owners will be charged \$50 for upgrading to version 2.0, which does not include the Crystal Report Writer program.
2. Existing AHMS owners will be charged \$110 to upgrade to version 2.0 with the Crystal Report Writer program included.
3. Members purchasing AHMS for the first time will be charged \$495 for version 2.0 only and \$615 for version 2.0 with Crystal Report Writer.

The Board approved a name change for the software and department to more closely reflect the purpose of the package — Angus Information Management Software (AIMS) and Angus Information Management Software (AIMS) Department.

A progress report was given on the mainframe-to-client/server conversion project. Most of the development for project RODEO has been completed. The main focus is currently on extensive testing of the system. The new system will be implemented sometime between late spring and early summer.

The most recent major addition to the Web site is a home page and related material for the American Angus Auxiliary.

Letters from Mark Gardiner, Ashland, Kan., and Bobby Grove, Somerville, Va., were discussed.

Staff presented information to the committee about the present and future state of identification systems. The Board directed staff to create a step-by-step action plan to incorporate a national ID system along with the positive and negative aspects of the system.

Staff also was directed to get more information on the subject of merging the Canadian Angus Association and the American Angus Association EPD evaluation to be discussed at a future Board meeting.

■ CAB PROGRAM

In January the CAB Program held a successful three-day food-service and international specialist seminar in Orlando, Fla. The Program had more than 80 specialists attend from the United States, Canada, Mexico and Puerto Rico. The seminar covered proper procedures for restaurant licensing, premium programs, marketing all of the carcass, sales techniques, handling compliance issues, and testimonials from the group.

A similar seminar was held in Oklahoma. Approximately 30 key meat directors and managers from retail chains located throughout the United States, Canada and

Bermuda attended. The seminar was held at Oklahoma State University and covered many different subjects, including an emphasis on cattle production and feeding.

The Feedlot-Licensing Program is progressing well. Following the licensing of the first few feedlots to determine what the needs and issues are, the Supply Development staff has made a concentrated effort to put into place all of the support systems needed to fully launch the program. With the hiring of John Stika and Bryce Schumann, coupled with the new office in Kansas and the support issue addressed, the team is poised to introduce the program to many more of the feedlots that have been in a holding position.

The Supply Development team hosted its first quality assurance training session in North Platte, Neb., for licensed feedlots. Approximately 12 key feedlot personnel attended the first session. Fort Dodge Pharmaceutical Co. was contracted to assist with some of the training. Over the years, Fort Dodge has done an excellent job of developing videos and handouts, which were very helpful in launching a successful quality assurance training program.

At the recent NCBA convention in Charlotte, N.C., Dick Spader, the CAB Program staff and Program licensees were successful in defeating the Texas Beef Council resolution, which would have required the NCBA to make national beef checkoff funds available only to programs that did not have a breed specification for their branded products. This action, had it passed, would have been a major handicap for CAB Program licensees.

The CAB Program was very visible and highly profiled at the NCBA convention opening reception. All of the meat products served at the reception were *Certified Angus Beef* products. Waitstaff and bartenders wore *Certified Angus Beef* apparel, the room was decorated with *Certified Angus Beef* promotional materials, and game prizes were *Certified Angus Beef* promotional items. It provided tremendous exposure to key individuals for a minimal cost.

On the legal front, Brent Eichar has been working with Pillsbury Madison & Sutro to address various trademark issues. Recently the Program received word that *Clearly A Matter Of Taste*® was registered for Canada and CAB® was registered as a trademark in the United States.

The Program estimated product sales of more than 41 million pounds for January

1999. This is the first month sales have exceeded 40 million pounds and represents a 16.1% increase from the previous January.

■ ANGUS PRODUCTIONS INC.

The financial report from Angus Productions Inc. (API) showed a net loss of \$40,203.72. This loss is a result of additional expenses related to the American Angus Association budget.

To qualify the *Angus Beef Bulletin* for a second-class mailing permit, the *Bulletin* must have a minimum of 50% signed subscription-request cards from its readership. As of the Board Meeting, there

were 17,721 cards returned, and a progress report will be presented at the next meeting.

The editorial calendar was presented followed by a discussion concerning a readership survey from the February *Angus Journal* as well as future survey possibilities.

The Lytle Tom Family will be nominated for the 1999 NCBA Environmental Stewardship Award.

Funding in the amount of \$100,000 was approved for the Web site project and the hiring of additional personnel.

■ NEXT BOARD MEETING

June 5-8, 1999, Seattle, Wash.

