

Board Meeting Highlights

Board of Directors Meeting — Sept. 13-15, 2000

- **New procedure for parentage verification begins Jan. 1**
- **Pen-of-three carcass-steer class approved for NJAS**
- **Angus Journal to publish separate June, July issues**

EXECUTIVE COMMITTEE

The committee discussed the future effects of DNA technology on the American Angus Association. This followed a presentation by Daniel Pomp from the University of Nebraska-Lincoln. The committee agreed the general area of DNA will undergo dramatic change in the future, and a competitive industry is evolving in this area. The committee felt that the Association needs to keep informed and involved with all aspects of DNA work in the future.

Dick Spader, executive vice president, reported on a meeting he, Bill Bowman, Larry Corah, Ron Bolze and Rod Schoenbine had with Chuck Hines and Michael Davis at Ohio State University (OSU) regarding the conversion from blood-typing to DNA-typing for parent verification. He reported that blood-sample cards are being ordered and that the fee for DNA analysis for parent verification most likely will be \$35/sample. Most of the process will remain the same. The Association currently blood-types about 4,500 head each year. Plans are to make the conversion on Jan. 1, 2001. The committee expressed its interest in continuing the agreement with OSU because of the professional commitment the university has made to the Association's parentage-verification efforts for the past 40 years.

A motion was approved to direct Association staff and legal counsel to conform the Association's "Rules" and the "Suggested Sales Terms and Conditions" to reflect the change from blood-typing to DNA-typing as they relate to parent verification and to make a draft of such newly conformed rules, terms and conditions available to the Board at its meeting in Louisville, Ky., in November.

Jim Shirley, regional manager (RM) representative, gave a report on a meeting in July regarding responsibilities of the field staff. The following recommendations were made:

1. Due to extensive breeder involvement,

all RMs should attend the National Western Stock Show (NWSS) in Denver, the North American International Livestock Exposition (NAILE) in Louisville and the National Junior Angus Show (NJAS). RMs should be encouraged to attend the National Angus Conference when possible. All RMs should attend at least one Board Meeting a year.

2. The development of preplanning software to assist in preparation of show programs should be expanded.
3. The number of staff and RMs attending shows and state fairs should be re-evaluated.
4. Continue to monitor the responsibilities of RMs, and make recommendations when appropriate.
5. If any new territories are added, all regions of the United States need to be re-evaluated relative to the distribution of activities and level of Association and *Angus Journal* business by state.
6. Review the RM job description.
7. Promotion and education need to shift from a one-on-one basis to group activities in an effort to best use available time.

A letter from Minnie Lou Bradley from Texas was discussed. Following discussion, the committee took no action.

Spader gave a final report on a questionnaire sent to the membership regarding services provided by the Association. More than 2,500 surveys were returned for an 11% response. The overall ratings in the six categories ranged from 3.2 to 3.7 of a possible 4.0 for the services rendered to members. A number of written responses were distributed and reviewed by the Board.

Spader advised the Board that the Commercial Relations Department is expanding rapidly and an assistant director will be needed in the future. A motion was approved to hire an assistant director of commercial relations.

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., Sept. 14. The following officers and directors were present:

Bud Smith, President
 Howard Hillman, Vice President
 Leroy Baldwin, Treasurer
 Keith Arntzen
 Leo Baker
 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

Activities Director Bryce Schumann brought the committee up-to-date on the NWSS at Denver, Colo., Jan. 10-13, 2001.

James Birdwell of Fletcher, Okla., accepted the invitation to be auctioneer at the 2001 National Western Angus Sale.

Dick Hubman of Central Point, Ore., has been confirmed to judge the 2000 NAILE show.

The American Royal Livestock Show, Oct. 30, 2000, has been designated as a super ROV show.

Gary Kendall, manager of the Western National Angus Futurity, submitted names for a judge of the 2001 open show, April 29-30.

Schumann presented the report from the 2000 Angus Heritage Foundation committee. Their selections were Bill Borrer of Tehama Angus Ranch, Gerber, Calif.; Pat Goggins of Vermilion Ranch, Billings, Mont.; and Bob Van Stavern of Columbus, Ohio, as the living nominees. Clarence Hillman was selected as the deceased inductee.

There were 325 registrations for the National Angus Conference and Tour in Lexington, Ky., Sept. 25-27.

Schumann reported on inquiries regarding nontraditional sources of income to support the Association programs and the Angus Foundation. They discussed charitable remainder trusts. The Angus

CONTINUED ON PAGE 192

Foundation would provide attractive benefits to persons considering these types of trusts.

It was approved to establish a pen-of-three carcass-steer competition at the NJAS.

The Leaders Engaged in Angus Development (LEAD) Conference was in Fort Collins, Colo., with 119 participants from 22 states. James Fisher, director of junior activities, made note of the outstanding support from Colorado State University for the conference. The 2001 LEAD Conference will be in Nashville, Tenn.

The 2001 Western Regional will be in Reno, Nev., April 28; the 2001 Eastern Regional, in Tupelo, Miss., June 22-24; and the 2001 NJAS, in Denver, Colo., July 9-14.

The 2001 Foundation Heifer Package includes a "pick of heifer calf crop" donated by Sitz Angus Ranch of Dillon, Mont.

The 2002 NJAS will be in Milwaukee, Wis., July 8-13.

The following shows were approved for regional-preview status for 2001: the Atlantic National in Timonium, Md.; the Mid-Atlantic Junior Angus Classic, Harrisonburg, Va.; and the Northwest Regional Preview, Prineville, Ore.

The request from the Western States Angus Association that the 2002 Western Regional Junior Show be conducted in Reno, Nev., with the Western National Angus Futurity, was approved.

A request from the Maryland Junior Angus Association was approved for the site of the 2002 Eastern Regional Junior Show.

The committee approved the motion to add a new Rule 9 to Section IX of the rules in the *Breeders Reference Guide* and a new general rule modifying the previous "actual possession" rule.

Section IX of the Association Rule Book

New Rule 9

Rule 9 Certain Junior Shows

The Board of Directors may, from time to time, also adopt and disseminate rules and guidelines to be used at selected junior shows at which the Association appropriates funds toward the payment of premiums. Such rules and guidelines may be enforced by authorized representatives of the Association.

General Rules

(To be included in the junior shows pamphlets.)

New General Rule 4 (**boldface type is new**)

Rule 4. Junior member exhibitors shall maintain actual possession of their entries from the ownership deadline through the final day of the show. However, family possession of the entries shall also be permitted.

a. If any junior member exhibitor possesses information that another junior member has or intends to enter and exhibit an animal over which he or she has not maintained actual possession within the meaning of this rule, such junior member exhibitor shall have the right to make a written complaint to the director of junior activities.

b. To be considered valid, a written complaint must:

i) set forth those facts upon which the complainant

- bases his or her allegation(s) that the actual possession rule has been violated;
- ii) be signed by the junior member exhibitor making the complaint; and
 - iii) be presented, in writing, to the director of junior activities no later than 10 days before the deadline for cattle being on the grounds at the show in issue.
- c. The director of junior activities may investigate only written complaints and those determined to be valid. Such investigation may include directing authorized representatives of the Association to confirm the actual possession of the animal in question. If the director of junior activities determines there are reasonable grounds to believe a violation of this rule (or any rule set forth herein) has occurred, then such director may bar a junior member's entry from showing.

NOTE: It is the intent of this rule that the junior member exhibitor should be the individual with primary responsibility for the actual day-to-day care of the entry. This rule recognizes situations may arise where a member of the immediate family of the junior member exhibitor also may share in the care or possession of an entry.

FINANCE COMMITTEE

The Finance Committee reviewed the financial reports for the 11-month period ending Aug. 31, 2000. The cash balance on the consolidated financial report was \$2,444,357.73. The investment portfolio consisted of government notes, agency notes, bank certificates of deposit, bond mutual funds and stocks managed by Chase Investment Counsel Corp. with a total value of \$10,615,441.62. The total of all assets was \$20,818,384.99. The building expansion in Wooster, Ohio, was financed with debt of \$1,046,643.66 of which \$23,759.95 was a current liability and

\$1,022,883.71 was payable in future years. The excess of revenue over expenses for the period was \$2,931,244.48.

The committee adopted a budget for the fiscal year ending Sept. 30, 2001. The budget consisted of revenues of \$8,343,800 and expenses of \$8,317,200. Revenue from registrations and transfers were budgeted slightly above the current fiscal year's projected income. Other revenue-producing areas were projected with trend increases. The increase in expenses of 11% in the 2001 budget was for the expansion of Association programs.

The committee discussed the costs associated with achieving the goals set in the Association's long-range plan and the need to provide funding to attain these goals.

PUBLIC RELATIONS COMMITTEE

More than 3,800 responses had been received for the 1999-2000 national advertising campaign.

Final layouts for the 2000-2001 campaign were reviewed, including

three four-color spreads, corresponding one-page, four-color ads and one-page black-and-white ads. The new response packet will include information on the commercial relations and supply development programs.

The committee directed staff to look into obtaining additional advertising services from NKH&W, the Association's advertising agency. Staff will develop a presentation for the committee to review in November.

The 2000 National Angus Conference and Tour had more than 300 preregistered attendees. The 2001 National Angus Conference and Tour will be in Nebraska.

Efforts to promote the Angus Beef Record Service (BRS) include a new instructional brochure for producers and a media kit that was to be distributed in October.

Staff had been exploring the value of database marketing for the Association, but no recommendation was made. Staff was directed to

CONTINUED ON PAGE 196

bring a proposal to the committee in November.

An update was given on the number of news releases, photos and literature requests distributed in fiscal year (FY) 2000 and participation in trade shows. A National Junior Angus Show media kit was distributed to Iowa media and received favorable response. New literature and RM ads were reviewed. Increases in the cost of black-and-white photos were made to cover increasing paper and chemical costs.

BREED IMPROVEMENT COMMITTEE

Two ultrasound training and qualifications seminars were conducted in September at Ames, Iowa, for approximately 80 experienced and new technicians.

Ultrasound body composition expected progeny differences (EPDs) for percent intramuscular fat, ribeye area, rib fat, rump fat and percent retail product will appear on Performance Registration Certificates (PRCs) and performance pedigrees and in the *Sire*

Evaluation Report as quickly as programming can be completed. Interim EPDs for these traits will be calculated as soon as formulation can be implemented.

Staff will work to develop a voluntary system for gathering complete cow herd information for breeders enrolled in the Angus Herd Improvement Records (AHIR) program.

Staff was directed to further explore the feasibility of including New Zealand Angus Association data in the American Angus Association analysis.

Staff was asked to begin working on procedures for establishing a clearinghouse to monitor and store molecular information to be used for genetic-evaluation research at Iowa State University.

INDUSTRY RELATIONS COMMITTEE

Bill Bowman, director of commercial relations, gave an update on the Angus BRS. The committee received copies of the new Angus BRS promotional brochure, which gives a complete step-by-step

outline of the service. Articles and releases in various publications have generated good interest, and further promotions include an Angus BRS media kit and direct mail to potential users. The Information Services (IS) Department had developed the file formats for producers desiring to submit information to Angus BRS electronically, and they also were completing the development of the yearling, feedlot and carcass components. Test-data results from the weaning and reproductive measures were sent to the National Cattlemen's Beef Association (NCBA) in mid-June for Standardized Performance Analysis (SPA) certification, and the Association was awaiting the results of the committee's review.

Bowman presented updated numbers on the activity of the Angus Resource Clearinghouse Network (ARCNet) program. Since the June Board Meeting, approximately 12,000 feeder cattle and 3,000 replacement females had been listed on ARCNet, bringing total listings to about 80,000 head from 650 producers. The IS Department had finished an upgrade on the Bull Listing Service (BLS) portion of

ARCNet, with plans to enhance the feeder-cattle and female portions of the site this fall. All of the ARCNet sites had been moved to the new Internet server housed in the office. Domain names for ARCNet, BLS and two sites for BRS had been registered.

The concept of developing an Angus marketing cooperative was discussed. The committee asked the Association Board to establish a task force, with the members appointed by the president, to study the feasibility of a proposal to create a cooperative with the task force involving legal counsel, CAB Supply Development staff and Association staff. The motion passed unanimously.

Discussion on possible cooperative efforts with livestock-auction markets was considered in an attempt to increase Angus-influence marketing opportunities, while also helping to accomplish long-range goal No. 6: "Create programs that add value for commercial producers who receive a properly transferred registration certificate." The staffs of the Commercial Relations and Supply Development

CONTINUED ON PAGE 198

departments and the RMs were directed to work with individual Angus breeders, local and state Angus associations, and interested auction markets to provide support for Angus-influence sales featuring calves sired by registered Angus bulls.

LONG-RANGE & ADMINISTRATIVE PLANNING COMMITTEE

Scott Johnson, director of Angus Information Management Software (AIMS), updated the committee on the maintenance release (version 2.0d) of AIMS. He also informed them about the process of adjusting AIMS to accommodate Angus BRS data.

Lou Ann Adams, director of information systems, reported on the new in-house Web server. Johnson also showed the committee recent Web-site-usage statistics.

On Aug. 8, the IS Department began hosting the *www.angus.org* Web site in-house instead of at a local Internet service provider (ISP).

Adams demonstrated new database-driven Internet applications

that could be made available on the Angus Web site. The member search, as described (name, member code, city, state, phone, e-mail and herd location), will be included on the *www.angus.org* Web site.

A second application that was demonstrated could be made available to active life, regular and junior members via a member log-in program. Once logged in, a member would be able to perform various functions, such as look up their AI certificate inventory, view their own herd inventory, look up EPDs and pedigrees on their own animals, and view performance information on their own animals. They also would be able to submit registrations with immediate feedback as to whether the registrations would clear, submit performance data and look up their member profile. The Board gave approval to proceed with the membership log-in and security measures to include services that the Association currently provides free.

A letter from an Angus Plus International Association member was presented to the committee. The letter requests that the American

Angus Association process all registrations, transfers, performance data and EPDs related to the Angus Plus composite breed. After discussion, staff was directed to continue research into the process and implications, including the potential as an income source, of initiating all or a portion of the services.

Johnson presented a written report concerning a visit by three Association staff members to the American International Charolais Association (AICA) office in Kansas City regarding the possibility of processing work for AICA. After discussion, staff was directed to contact AICA for clarification of some aspects of the discussion.

CERTIFIED ANGUS BEEF LLC

Brent Eichar, senior vice president, presented the projected year-end budget for FY 2000. Eichar noted that income was below budget (due to the decreased number of cattle meeting the certification requirements); however, expenses had been adjusted, resulting in a balanced budget along with funding the OSU research project and

the 4% contingency contribution from operations.

Jim Riemann, president, shared his report. He updated the Board on the new staff members who had joined the company since June, along with numerous promotions that had taken place in several of the divisions. Riemann reported on the continued consolidation of the foodservice industry, along with changes being implemented in the Retail Division to better serve licensees. He concluded his report with an update on the licensing of fabricators in Canada.

Larry Corah, vice president, presented an update on the DNA project with OSU. Corah reported significant progress had been made in sequencing several of the DNA bands and with use of the light-cycler technology to more efficiently determine the presence of the bands in a blood sample. Corah shared that the progress was on schedule and that validation of the technology should be complete by July or August 2001. He reported that, upon successful validation, the CAB staff will move forward with establishing the lab and obtaining

CONTINUED ON PAGE 200

the necessary equipment as authorized by the Board at the June 2000 meeting.

John Stika, director of feeder-packer relations, presented the highlights of the Feedlot Licensing Program (FLP). To date, more than 75,000 head of cattle had been enrolled in the program with an acceptance rate slightly higher than the CAB Program's average. Interest in the feedlot program continues to grow, with new feedlots joining monthly.

Eichar updated the Board on the progress with the brand-building campaign in the various target markets, along with a TV news spot that aired in Boston, Mass. He shared that the results of the campaign had been positive in all of the markets and that licensees had been supportive of the efforts. Along with a brief Olympic update, Eichar shared some of the company's direction for 2001, which included an increased focus on publicity and evaluating consumer

awareness for the *Certified Angus Beef*® logo mark.

Eichar presented the proposed FY 2001 budget. After some discussion regarding how the funding of the OSU research should be shown on the budget, the Board unanimously approved the budget of \$12,722,000 with the understanding that expenses would be adjusted for the research project, along with other minor adjustments, resulting in a balanced budget.

ANGUS PRODUCTIONS INC.

The financial report for Angus Productions Inc. (API) ending Aug. 31, 2000, had a year-to-date total revenue of \$3,980,397.31 and total expenses of \$3,947,408.60 for a net income of \$32,988.71.

The FY 2001 budget was approved with total income of \$4,975,300 and total expenses of \$4,938,800 for a proposed net income of \$36,500.

A year-end report was given on all departments of API. *Angus Journal* advertising pages increased 8.5%, or 2,027; sale-book pages were up 28.7%, or 1,416 pages; and for the same period, production expenses had increased 7.9%.

Web Marketing reported that 28 Web sites were designed, 53 banner ads produced and 86 online sale books posted.

A list of past-due accounts of 120 days or more was reviewed, and the API Board took no action.

The Board approved the recommendation that the June/July "Herd Reference Edition" be discontinued and separate June and July issues of the *Angus Journal* be published. The March issue will be designated as a "Herd **Sire** Edition."

With this action, the editorial calendar was presented with the goal to increase industry information to the readership. The new editorial calendar includes specific themes each month that will provide more-timely reporting of seasonal production and management topics.

NEXT BOARD MEETINGS

Saturday, Nov. 11, and Tuesday, Nov. 14, 2000, in Louisville, Ky.

