



Board Action

► Highlights of the Sept. 6-8, 2006, meeting of the American Angus Association Board of Directors

Board conducts September business

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. 6-8, 2006. The following officers and directors were present: Ben Eggers, president; Jot Hartley, vice president; Paul Hill, treasurer; Gregg Blythe; Jarold Callahan; Bill Davis; Al DeClerk; Norman Garton; Joe Hampton; Jay King; Robert "Bob" Schlutz; John Schurr; Dave Smith; Richard "Dick" Tokach; Rob Thomas; and Phil Trowbridge. Highlights of the meeting are as follows.

ACTIVITIES & EVENTS COMMITTEE

The following people will be inducted into the Angus Heritage Foundation in 2006.

- Jesse Bontecou, Millbrook, N.Y.
- Dale Runnion, Longmont, Colo.
- Eddie Sydenstricker, Mexico, Mo.
- Robert Weaver, Peoria, Ill.
- Colin Kennedy, Iowa (posthumously)

The following people were selected and have accepted the invitation to serve as judges for the 2007 National Junior Angus Show (NJAS).

- Owned cattle, Joel Cowley, Texas
- Bred-and-owned heifers and bulls and cow-calf pairs, Brad McCurry, Kansas
- Steers, Randy Perry, California
- Showmanship, Tammy Wallace, Missouri; Cody Sankey, Michigan; and Ryan Cotton, Georgia

Judges were selected for the 2007 Western Regional Junior Angus Show and the Eastern Regional Junior Angus Show. Once they have been confirmed, the names of the judges will be released.

Bruce Kiesewetter, Iowa, was approved as the judge for the junior show at the 2007 National Western Stock Show (NWSS).

The following shows were approved for Regional Preview Show status for 2007.

- Atlantic National, Timonium, Md.
- Northwest Regional Preview, Prineville, Ore.
- American Angus Breeders' Futurity, Louisville, Ky.
- Mid-Atlantic Junior Angus Classic, Harrisonburg, Va.

The Western States Angus Association's request to host the 2008 Western Regional Junior Angus Show in Reno, Nev., in conjunction with the Western National Angus Futurity, was approved.

Starting with the 2007-2008 show year,

split championship divisions at the super-point Roll of Victory (ROV) shows will receive full points.

FINANCE & PLANNING COMMITTEE

Balance sheets and income statements were reviewed during the open forum attended by members of the Board of Directors of the Association, Angus Productions Inc. (API), Angus Foundation and Certified Angus Beef LLC (CAB). The financial review included the consolidated financial reports and the financial reports of each entity for the 10-month period ending July 31, 2006.

Total assets on the consolidated financial report are \$27,991,000, consisting of current assets of \$5,506,000, investments of \$18,310,000, and property and equipment of \$4,175,000. The investment portfolio is a diversified portfolio with 60% in equities and 40% in fixed income securities. The return on investment for the last 12 months for the equities portion and fixed income portion of the portfolio is 3.6% and 3.3%, respectively. A portion of the investment portfolio is on the balance sheet of each company and designated for specific purposes relative to the business of each company. Current liabilities are \$1,431,000, consisting of accounts payable, accrued liabilities and deferred income. Long-term liabilities total \$1,295,000. The net income for the period ending July 31, 2006, is \$2,685,000.

The budget the Association adopted for the fiscal year (FY) ending Sept. 30, 2007, has projected revenue of \$10,212,900 and expenses of \$10,092,200. Revenues from the programs and services of the Association are projected at about the same level as the current year. Investment income shows a decrease of \$170,000 because market gains or

losses in the investment portfolio are not budgeted. Interest and dividend income is budgeted and available to finance the programs of the Association. Program costs include the continuing commitment to AngusSource® marketing programs. Net income in the budget is \$72,700.

The Finance Committee authorized investments of \$400,000 in the IS (computer replacement) fund, establishment of a capital replacement and maintenance fund in the amount of \$500,000, and a contribution of \$500,000 to the Angus Foundation for future fundraising and administrative costs.

The Finance Committee approved a corporate resolution to remove Gold Trust Co. as Trustee and appoint M&I Trust Co. as successor Trustee of the American Angus Association Discretionary Defined Contribution Plan.

The Finance Committee directed the staff to develop a program for the Educational Forum in Louisville during the Annual Meeting to present an organizational and finance review of the Association, its subsidiaries and affiliates. The program will be an informational presentation to share the history, philosophy and reasons for success for the Association.

INDUSTRY RELATIONS COMMITTEE

The AngusSource program has experienced growth during its first nine months as a U.S. Department of Agriculture (USDA) Process Verified Program (PVP), with more than 55,500 head of cattle enrolled. The Premium Value Challenge was created as an incentive for producers to report their premiums for cattle marketed through AngusSource. The Premium Value Challenge will reward producers who provide customer feedback and receive a premium for their calves based on Cattle-Fax data for their region.

Member educational efforts continue with a variety of Association-hosted events. A Cattleman's Boot Camp was held at the University of Illinois in August. A series of web-based seminars will take place monthly from September through December in an effort to reach more members. Educational literature and the online education center are updated as needed.

INFORMATION & DATA MANAGEMENT COMMITTEE

In an update on the Angus Information Management Software (AIMS), it was noted that online workshops were held in early August. Each session involved regular AIMS users. A new upgrade of AIMS was placed online in September, focusing on enhancing the User Field input screens. Plans are under way for various workshops in Louisville with the possibility of a special session for advanced users.

Programming is in progress on the ProRodeo system as it relates to in-house, AAA Login and AIMS applications, as well as ongoing work on the existing Rodeo system and web sites.

Ideas for reporting inventory-based production measures were discussed. Existing data collection fields available through the Association's Beef Improvement Records (BIR) were reviewed, and improving complete performance reporting by breeders was discussed. Data collection efforts were expanded to build a larger database for reproductive efficiency research.

A two-phase literature review has been initiated to review previous and ongoing ultrasound research and its relationship to carcass merit and to report on research involving end-point, gender, and age adjustments to ultrasound data. Also, research is planned at Kansas State University (K-State) to examine ultrasound and carcass relationships with scrotal circumference using the Association's performance records. Discussions were held regarding adjustment factors for ultrasound age effects, as well as a review of potential variance differences between bull and heifer interpretive data.

Planning is under way for an adaptability research project to include Angus hair shedding and its relationship to production measures. Research locations expressing interest in collecting shedding data as part of this study included North Carolina State University (NCSU), Mississippi State University and Texas A&M University.

A summary was given on additional research projects under way. Studies include temperament genetic evaluation research at the University of Missouri, heifer pregnancy analysis at Colorado State University, and beef cattle efficiency projects at K-State and NCSU. The research project by NCSU, titled 'Estimation of Variation in Biological Efficiency,' was renewed for an additional year of funding.

A report was given from the special committee appointed to consider a long-range plan for parent verification and DNA testing. It was approved to accept the committee recommendations for DNA parent verification to negotiate a new

contract for parent verification services with the current provider, while continuing to evaluate and research the future use of SNP technology for parentage determination.

An update was given on the continuing negotiations with Iowa State University Research Foundation (ISURF) for licensing of the genetic defect marker test for dwarfism.

CERTIFIED ANGUS BEEF LLC

Based on current projections for FY 2006, it appears the year will end with a positive bottom line, as a result of adjusting expenses downward.

The proposed FY 2007 budget reflects a growth in revenue of 2.5%. The budget was approved as presented.

A PowerPoint presentation detailed alternative brand specifications that could potentially replace the current yield grade specification, while simultaneously improving consistency and increasing the supply of *Certified Angus Beef*[®] (CAB[®]) product.

The Board approved an alternative specification of a ribeye area range of 10 square inches (sq. in.) to 16 sq. in. (inclusively) and a hot carcass weight (HCW) of less than or equal to 999 pounds (lb.). The Board instructed staff to investigate the effect of a maximum fat thickness specification for the product.

CAB President Jim Riemann provided an update on supply, which included 7% fewer certified cattle for the fiscal year-to-date through July 31, 2006. CAB product sales are on track to exceed 542 million lb. for the year (a 1.7% increase over the prior year of 533 million lb.), reflecting tremendous increases in carcass utilization.

The CAB brand Natural program continues to show great demand and strong growth. The retail division has experienced several smaller retail chains converting to 100% CAB products in their stores. The foodservice division is on-track to experience a second year of tremendous growth, expected to be 7% over the previous year.

The international division has added several new licensees, including a distributor in Singapore. The team is very optimistic that the South Korean market could open in the next several months to CAB product.

Other marketing highlights included new sales sheets, successful promotions with Gallo wines, various target market activities, and the new waitstaff training program. Several new customer service and brand assurance initiatives in development would more fully involve CAB foodservice licensee sales staff in compliance issues.

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ANGUS PRODUCTIONS INC.

For the period ending July 31, 2006, API had year-to-date total revenue of \$5,802,490.99 and total expenses of \$5,635,462.92. An income tax adjustment of \$3,511.00 resulted in excess revenue over expenses of \$163,517.07

The FY 2007 budget was presented and approved.

A marketing and promotions position has been created within API to assist breeders in the development of advertising campaigns and to coordinate promotional efforts via print media.

A new method for mailing sale books with the *Angus Journal* allows the sale books to be

boxed with the *Angus Journal* rather than magna-stripped into or polybagged with the issue in months with several sale books and/or large sale books.

A list of accounts past due 120 days or more was reviewed.

ANGUS FOUNDATION

The Angus Foundation Board of Directors approved the budget for FY 2007, with estimated revenue and expenses of \$1,004,400 and \$883,900, respectively.

The Foundation Board received an update on The Magic of the Vine Benefit Dinner and Auction, the Supporter Recognition Event in Louisville, Ky., and plans for the multiyear, multimillion-dollar campaign.

BOARD OF DIRECTORS

The Board revisited its decision in June to

develop a program to permit a representative from past directors to attend Board meetings for a 12-month trial period. Board members recognized the need to improve communications with former members but felt that such a goal could be achieved in more meaningful ways.

A resolution was adopted endorsing the Angus Foundation's multiyear, multimillion-dollar fundraising campaign that will advance the education, youth and research goals of the Foundation. The campaign is scheduled for completion by Dec. 11, 2011.

NEXT BOARD MEETING

Nov. 11 & 14, 2006, Louisville, Ky.

