



# Board Action

► Highlights of the June 8-10, 2005, meeting of the American Angus Association Board of Directors

## Board conducts business in June

*Pursuant to notice, the meeting of the American Angus Association Board of Directors was called to order in the Jackson Room of the Wort Hotel in Jackson, Wyo., June 8-10, 2005. The following officers and directors were present: Minnie Lou Bradley, president; Ben Eggers, vice president; Jot Hartley, treasurer; Gregg Blythe; Jarold Callahan; Bill Davis; Al DeClerk; Norman Garton; Joe Hampton; Paul Hill; Jay King; Robert "Bob" Schlutz; John Schurr; Dave Smith; Richard "Dick" Tokach; Rob Thomas; and Phil Trowbridge. Highlights of the meeting are as follows.*

### BOARD OF DIRECTORS

Throughout the late winter and early spring of 2005, the American Angus Association was approached by various producers, programs, a foreign association and certain members of the World Angus Secretariat concerning the Association's interest in and ability to provide various non-registration services now being provided to members of the American Angus Association and through the Beef Record Service (BRS). As a result of the Association's expertise and leadership in the field, data management and genetic evaluations are now essential tools in an evolving world cattle economy. Reliance on these tools will continue to grow dramatically in the months and years ahead as both seedstock and commercial producers seek information that best allows them to make informed selection decisions.

In late April, the Executive Committee directed staff to develop and present to the full Board of Directors at its June meeting a study on how and for whom the Association could provide such non-registration, performance evaluation services. At the June meeting the full Board met and devoted a great deal of time to weighing the pros and cons of a number of separate options. Following more than four hours of focused discussion, the Board unanimously passed three separate motions:

1) The Board directed Association staff to explore the feasibility of processing performance data for breeders/owners of red Angus cattle in the United States and to report its findings to the full Board in September 2005.

2) The Board directed Association staff to explore the feasibility of conducting a worldwide genetic evaluation that would encompass both black and red Angus and to report its findings to the full Board in September 2005.

3) The Board directed Association staff to explore the feasibility of conducting multi-breed evaluations for the beef industry and to report its findings to the full Board in September 2005.

Lastly, the Board voted unanimously to direct Association staff to consider a research project relating to certain genetic evaluations for the Missouri Show-Me-Select Replacement Heifer Program, overseen by University of Missouri Extension.

### ACTIVITIES & EVENTS COMMITTEE

*Forming a Future*, a new booklet for juniors available from the communications department, features information about the National Junior Angus Association (NJAA), selection, feeding, nutrition, production, showing, fitting and judging.

The Auxiliary's "Excellence — No Exception II" conference was held at the Association in May.

The 2005 National Angus Conference & Tour is Sept. 27-29 in Kansas City, Mo. Purina Mills, LLC, is the major partner for the event. It was announced that the 2006 National Angus Conference & Tour will be Sept. 25-28 in Boise, Idaho.

The 2006 National Western Stock Show (NWSS) in Denver, Colo., marks its 100th year in January and will be the 2006 National Angus Show.

The 2005 Leaders Engaged in Angus Development (LEAD) Conference, "Strikin' it Rich," is set for Aug. 4-7 in Boise, Idaho.

A letter had been sent to the committee voicing concerns about the size and financial aspect of the National Junior Angus Show (NJAS). The committee discussed the concerns, and a letter will be returned to the sender.

### FINANCE & PLANNING COMMITTEE

Balance sheets and income statements were reviewed during the open forum attended by all members of the Board of Directors of the American Angus Association, Angus Productions Inc. (API), the 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 seven-month period ending April 30, 2005. The open forum was followed by a meeting of the Finance Committee.

The cash balance on the consolidated financial report is \$3,531,000. The investment portfolio of \$15,375,000 consists of government and agency notes, money market accounts, bank certificates of deposit, bond and equity mutual funds, and stocks managed by Chase Investment Counsel Corp. The total of all assets is \$25,699,000. Current liabilities are \$1,606,000 and consist of accounts payable, accrued liabilities and deferred income. Long-term debt consists of \$789,000 for accrued health insurance benefits and \$286,000 for deferred compensation liability. The net income for the period is \$2,736,000.

Financial projections for the current fiscal year, ending Sept. 30, 2005, and preliminary budgets for fiscal 2006 were also reviewed during the open forum for all companies.

The Finance Committee approved renovation of office space in the basement of the Association headquarters at Saint Joseph, Mo.

The Finance Committee reviewed reports summarizing all accounts and companies composing the consolidated investment portfolio, including activity in the various funds, fund performance and the diversification of investments within the portfolio. The consolidated portfolio totals \$15,375,000, with 55.6% invested in equities and 44.4% invested in income and cash. The largest portion of the consolidated equity portfolio, which is managed by Chase Investment Council Corp., had a total return of 8.2% and 2.3% for the quarters ending Dec. 31, 2004, and March 31, 2005, respectively.

A summary of the corporate insurance program and the health insurance program, including coverage and rates, was reviewed by the committee. The corporate insurance program will be renewed July 1 and the health program Aug. 1.

Trademark issues were discussed with sequent direction from the Finance Committee to further investigate these issues and report to the full Board at the open forum session of the September 2005 Board Meeting.

In its capacity as a Planning Committee, the Finance Committee reviewed company-

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wide initiatives that advance the Association toward achieving the objectives of its Strategic Plan, developed at the long-range planning session of the combined Boards of the American Angus Association, CAB and API in March 2003.

The Finance Committee discussed the May 9, 2005, issue of the *Seedstock Digest* that referenced various management theories that have been successfully applied by many businesses.

### INDUSTRY RELATIONS COMMITTEE

New *Angus Advantages*, *Bull Buying Strategies* and *Beef Improvement Records* (BIR) brochures are now available.

AngusSource<sup>SM</sup> has been submitted to the U.S. Department of Agriculture (USDA) for recognition as a Process Verified Program (PVP). AngusSource will document a minimum of 50% Angus genetics, source and group age.

The Angus Education Center is now online at [www.angus.org/AngusEducation.html](http://www.angus.org/AngusEducation.html). It will serve as the Association's online resource for educational materials. These interactive modules, brochures and handouts offer information on programs and services offered by the American Angus Association.

The Association will submit comments concerning the proposed National Animal Identification System (NAIS) plan to USDA supporting radio frequency identification (RFID) technology and a privately held database(s).

The Association will continue with "The Power of One" ad campaign through the 2005-2006 fiscal year with the inclusion of "The Power of One Tag" ad promoting the AngusSource program.

### INFORMATION & DATA MANAGEMENT COMMITTEE

**Review artificial insemination (AI) breeding privilege rule request.** The Board reconsidered changes adopted in the Rules regarding "Females sold with AI Breeding Privilege." The previous (Part 3, Section VII, Rule 1.d.) and current rules (Rule 501) regarding the subject were examined. Approval was given to reinstate the AI Breeding Privilege rule, to be written to conform to the current rule format.

**Suggested sale terms and conditions.** A proposal to make a technical correction to the "Suggested Sale Terms and Conditions" was approved that would make them consistent for animals of both genders as they relate to breeding guarantees. The change is made in the second paragraph under "Breeding guarantees," which was

amended by striking the word "females" on line one thereof and replacing it with the word "animals." The paragraph's first sentence would now read:

"2. *The seller guarantees that all animals are breeders, with the exception . . .*"

#### Angus Information Management

**Software (AIMS) update.** A presentation was given on the use of electronic ID tags and electronic scale heads and their interface with the AIMS package. A document on electronic ID tags was provided that will serve as an educational piece for producers considering the technology for their programs.

#### Information systems (IS) project

**update.** A report on current major projects completed and implemented by the IS department in the last few months was conveyed. Those projects include: the new Angus Foundation Web site; the online optimal milk module; the BIR RFID tag-ordering system; and new options in AAA Login to create custom reports, calculate custom \$W indexes, and calculate inbreeding and relationship coefficients.

On June 1, 2005, the option to convert paper registration certificates to electronic at no charge was reinstated for this summer as it was in 2004.

Work continues on programming for the updates to the AngusSource tag system to meet the requirements for the USDA source-verified program.

Progress was reported on the computer system upgrade. A breeder workshop was held in Saint Joseph, and meetings were held with Association personnel in the registration and performance departments to gather information on how to make the next computer system better for our members.

**Heifer pregnancy research.** The preliminary research results of an Angus heifer pregnancy genetic evaluation were introduced. Research expected progeny differences (EPDs) were generated using in-house software and a dataset from a 2004 Iowa State University study. EPD ranges and distributions on the 243 sires represented in the evaluation were discussed, along with a review of heritability estimates. Plans are to continue the research using new breeding records in the Association database while continuing pursuit of additional breeding data from producers.

**Stayability research.** An overview of stayability as a trait to consider in the Angus breed was presented. Literature was reviewed, along with the reporting of stayability by other breed associations. An exploratory project analyzing calving records from the Association database in an attempt to best define stayability was summarized. Data requirements and considerations for stayability genetic values were discussed.

#### National Cattle Evaluation (NCE)

**update.** The Fall 2005 NCE is currently being run, with the new evaluation set to be released by July 11, 2005. No new traits will be released with this evaluation. The three-year rolling average on fed-cattle price used in the \$Value indexes will increase from \$76 to \$78 with this run.

A review of the components and formula for percent retail product (%RP) EPDs was described. The correlations between %RP EPDs and yield grade value (\$YG) components of Grid Value (\$G) were discussed. Approval was unanimous to remove %RP EPDs as of the spring 2006 NCE and to make \$YG and quality grade value (\$QG) searchable components in the online Angus sire evaluation report.

Statistics were given for usage of the Web modules available through the Association Web site. Custom \$W and the inbreeding and relationship coefficients calculators were recently implemented on AAA Login. The Optimal Milk Module has been accessed extensively since inception.

#### Research update and prioritization.

A project proposal and a letter from Ronnie Green, USDA Agricultural Research Service (ARS), requesting Association participation in the bovine genome single nucleotide polymorphism (SNP) project were distributed and discussed. A proposal requesting funds to pay for SNP studies on Angus animals involved in the research that will ultimately provide a public domain map of 20,000 SNPs was approved.

A previously distributed letter to the committee regarding a breeder's request to perform a structured research trial was considered, with no action taken.

### CERTIFIED ANGUS BEEF LLC

Certified Angus Beef LLC (CAB) has a year-to-date total revenue of \$6,876,743 and expenses of \$6,382,818 for a balance of \$493,925. Revenue continues to run approximately 7% below budget due primarily to the closed Pacific Rim markets. The projected year-end budget reflects a decrease in income and expenses of 5%, resulting in a balanced budget.

A supply update reflected an approximate 7% increase in identified cattle and a nearly 8% increase in certified cattle. Year-to-date sales are up nearly 5% over the same period a year ago.

Division highlights included increases in National Angus Carcass Contest (NACC) cattle enrollments over last year, upcoming "Black Ink Basics" seminars to be held June 14-16 in South Dakota and the Brand Builders Seminar to be held in Wooster, Ohio, June 28-29, for Angus producers. CAB President Jim Riemann updated the Board

on *Certified Angus Beef*® (CAB®) Natural and CAB Prime demand and production capacity for both lines. Other highlights included sales efforts in retail and foodservice, resulting in nice increases over the previous year despite the many challenges of consolidation and market conditions. Marketing highlights included a new retail training CD to be launched at this year's annual conference.

Riemann offered a summary of the international market conditions showing sales increases in the opened markets and optimism that Pacific Rim markets may begin to open later this year.

Results of the second round of the Consist Data Collection continue to show that insufficient marbling is the primary factor for cattle not qualifying for CAB.

A first draft of a design mark that could be used by producers to show their support for the program was presented. Development of a CAB brand design mark was approved as well as guidelines for its use by producers, with the Board to give final approval before the mark is released.

The monthly 2½% distribution to the American Angus Association was suspended for the period of March 2005 through September 2005.

A preliminary 2006 budget reflected an increase in revenue of 7% (based on expected increases in the number of certified cattle as a result of expected increases in Angus-type cattle numbers and greater

utilization of the carcass with improved market conditions). Increases in spending are primarily focused in the area of advertising and marketing support, along with the filling of several staff positions, which had been postponed in 2005.

#### **ANGUS PRODUCTIONS INC.**

Circulation for the *Angus Journal* is 17,331 and the *Angus Beef Bulletin* is 82,082.

The Web Services Department is expanding information distributed via the Web, including major updates to topic sites, an increase in news distributed through the Angus e-List and the recent launch of real-time coverage sites for the Beef Improvement Federation (BIF) convention and the National Angus Conference & Tour. Potential for a news aggregator site is under study as a means to further increase the information API distributes to browsers.

Due to projected increased costs of both paper and postage, the *Angus Journal* per page rate has been increased by \$100, and the *Angus Beef Bulletin* per page rate has been increased by \$200. The rate adjustment is effective beginning with the October 2005 editions of the *Angus Journal* and the *Angus Beef Bulletin*.

#### **ANGUS FOUNDATION**

The financial report was presented in an open forum meeting of the boards of the Angus Foundation, American Angus Association, API and CAB. As of April 30,

2005, the Angus Foundation has a total cash amount of \$357,700, investments of \$1,982,000 and total assets of \$2,453,000. There are no liabilities at this time. The net income for the period is \$211,800.

The Angus Foundation will "grandfather in" the entities American Live Stock Insurance Co., Lathrop Livestock Transportation and Trans Ova Genetics as sponsors of the Angus Foundation Heifer Package. All other add-ons to the heifer package can participate for an annual donation of \$5,000 in addition to the goods and services provided.

A recommendation by staff was approved for the Angus Foundation to contract with Clifton-Gundersen LLP for the purpose of obtaining an audit report separate from the American Angus Association's audit report.

The Angus Foundation Mission Statement was approved: "The mission of the Angus Foundation is to secure, manage and steward charitable gifts for the purpose of cultivating and fostering the advancement of education, youth and research activities."

The distribution of Annual Fund Gift Revenue for 2005 was approved.

Discussion continued on the development of an ambitious strategic fund-raising plan for the Angus Foundation to expand its education, youth and research endeavors in the future.

#### **NEXT BOARD MEETING**

Sept. 24-26, 2005



# Performance Report

► Bull test reports and other performance-related items

#### **Michigan schedule announced**

The Michigan Bull Test at Plank Farms, near Crystal, has adopted its schedule for 2005-2006. Nominations are due Sept. 6, with delivery scheduled Oct. 14-15. The test will begin Nov. 2-3, with interim weights taken Dec. 1, Dec. 29 and Jan. 26, 2006. Off-test weights will be taken Feb. 22-23, and the sale is scheduled for March 18.

For more information contact Dave Hawkins at hawkin12@msu.edu.

#### **Pennsylvania test accepting applications**

The Pennsylvania Bull Testing Program is accepting applications during the month of August for participation in the 2005-2006 testing program. Bulls are to be born Jan. 1, 2005, through April 15, 2005. These bulls must be out of a registered sire and a registered dam, but not necessarily the same breed.

For more information or to request a copy of the complete rules, call (814) 238-2527 or e-mail Glenn Eberly, director, at geberly@state.pa.us.

#### **OPSU test scheduled**

The 112-day 2005-2006 Oklahoma Panhandle State University (OPSU) Bull Test is scheduled for Oct. 8, 2005, through Jan. 28, 2006. The delivery date is set for Sept. 17, and the test sale is scheduled for Feb. 22, 2006.

Weights will be taken at 28-, 56-, 84- and 112-day marks. The top 70 head of bulls will be sold at the 54th annual bull sale. Sale order will be determined 50% on average daily gain (ADG) and 50% on weight per day of age (WDA).

A \$30 nomination fee is due before Aug. 31. If an entry is canceled by that date, the fee will be returned.

For more information contact Gwen

Martin with the animal science department at (580) 349-1500 or Jerry Martin, test director, at (580) 349-1512.

#### **Iowa test delivery scheduled**

The Iowa Angus Bull Test will take delivery of bulls on Oct. 1, 2005, at the Brad Schermer Farm, Latimer. For more information contact Tricia Holmes, coordinator, at (641) 785-2315 or cholmes@iowatelecom.net.

#### **Louisiana test**

Initial weights for Louisiana State University's 94th Beef Bull Evaluation Test, being conducted at the Dean Lee Research Station, Alexandria, were taken June 8. Forty-nine Angus bulls consigned by eight breeders began the 112-day test, which will end Sept. 28. A total of 73 bulls representing four breeds and 13 breeders are on test. The Angus bulls averaged 644 pounds (lb.) with an average WDA of 2.66 lb. going on test.

For more information contact Danny Coombs, program coordinator, at (318) 473-6528 or dcoombs@agctr.lsu.edu.

