



Board Action

► Highlights of the Sept. 24-26, 2005, meeting of the American Angus Association Board of Directors

Board conducts business in September

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. 24-26, 2005. The following officers and directors were present: Minnie Lou Bradley, president; Ben Eggers, vice president; Jot Hartley, treasurer; Leo Baker; 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

The Board declined an invitation to participate in the proposed 2009 World Angus Forum Embryo Transfer Program.

ACTIVITIES & EVENTS COMMITTEE

Angus Heritage Foundation. The following individuals were approved for induction into the Angus Heritage Foundation in 2005: Harvey and Nina Lemmon, Woodbury, Ga.; Bill and Barb Rishel, North Platte, Neb.; Vance and Connie Uden, Franklin, Neb.; and Morris Pipkin, deceased, formerly of Republic, Mo.

2007 junior Angus regional and regional preview show requests. The following shows were approved for Regional Preview and Regional Junior Angus Show status. *Regional Previews* — Mid-Atlantic Junior Angus Classic (MAJAC), Harrisonburg, Va.; Atlantic National, Timonium, Md.; Northwest Regional Preview, Prineville, Ore.; and The All-American Angus Breeders' Futurity, Louisville, Ky. *Regional Junior Shows* — Western Regional Junior Angus Show, Reno, Nev.; and Eastern Regional Junior Angus Show, Harrisburg, Pa.

2008 NJAS request. The Iowa Angus and Iowa Junior Angus associations' request to host the 2008 National Junior Angus Show (NJAS) in Des Moines at the Iowa State Fair complex was approved. There will be an additional calf division and an additional junior division added to the owned heifer category of the NJAS.

Communications report. Year-to-date activity in the communications department includes nearly 59,000 press releases and 39,809 photos electronically distributed during the first 11 months of the fiscal year. The Association has saved a substantial amount of time and money since it

converted to digital photography and electronic distribution.

FINANCE & PLANNING COMMITTEE

Balance sheets and income statements were reviewed during the open forum attended by all members of the Boards of Directors of the American Angus Association, Angus Productions Inc. (API), the Angus Foundation and Certified Angus Beef LLC (CAB). The review included the consolidated financial reports and the financial reports of those entities of the Association for the 11-month period ending Aug. 31, 2005.

Total assets on the consolidated financial report are \$26,324,000, consisting of current assets of \$6,221,000, investments of \$16,191,000, and property and equipment of \$3,912,000. The investment portfolio is a diversified portfolio with 58% in equities and 42% in fixed income securities. The return on investment for the equities portion and fixed income portion of the portfolio is 15% and 2.5%, 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 \$1,413,000, consisting 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. The net income for the period is \$3,555,000. Financial projections of the American Angus Association for the current fiscal year (FY) ending Sept. 30, 2005, were also reviewed.

The fiscal 2006 budget adopted for the American Angus Association has projected revenue of \$9,511,000 and expenses of \$9,330,000. Revenues from programs and services of the Association are projected at

about the same level as the current year with the exception of investment income. Interest and dividend income is budgeted to return 3.5% on the fixed income portion of the investment portfolio. This revenue from interest and dividends is budgeted to finance the programs of the Association. However, investment income is not budgeted from gains or losses on the investment portfolio.

The Finance Committee authorized investment of cash up to \$400,000 in the Information Systems (IS) fund and a donation of up to \$600,000 to the Angus Foundation, subject to the availability of cash.

The Finance Committee reviewed financial aspects of the Association's long-range strategic plan.

INDUSTRY RELATIONS COMMITTEE

The "Angus Advantages" brochure has been translated into Spanish and is now available.

The Association is completing the necessary steps for AngusSourceSM to become recognized by the U.S. Department of Agriculture (USDA) as a Process-Verified Program (PVP). AngusSource will document a minimum of 50% Angus-sired genetics, source and group age.

The Angus episode of "The Cattle Show" is now available on DVD. A copy may be requested by contacting the communications department.

Producer outreach meetings will once again be held throughout the country. More information will be published as the dates are established.

Guidelines for use of the Association's "The Power of One" advertising campaign have been established. They are available online. Ads may be requested by contacting the American Angus Association.

The Association will work to develop an ad focusing on the advantages of using Angus genetics in the southern regions of the United States.

INFORMATION & DATA MANAGEMENT COMMITTEE

Stayability research. A progress report on stayability research was discussed. Test datasets were used to define models and software parameters. A test evaluation database on recent cow records was utilized

to compare stayability genetic values, encompassing nearly 800,000 females. Plans are to expand the research to include more Association data and to refine edits and stayability definitions.

IS project update. An update on some of the recently completed programming projects was reviewed. The online Sire Evaluation Search \$QG/\$YG function was demonstrated. This new sort option is only available in the online version of the Sire Evaluation Search and coincides with the directive to remove %retail product (%RP) expected progeny differences (EPDs) in the spring 2006 National Cattle Evaluation (NCE). The \$QG/\$YG fields can also be retrieved on the EPD/Pedigree lookup screen.

The computer system upgrade, project ProRodeo, was discussed with initial timeline estimates for completion of Phase 1 to be a three-year project.

DNA parent verification program. A current status report was given on DNA parent verification testing volume and services provided by MMI Genomics Inc., and the potential use of single nucleotide polymorphism (SNP) technology to replace the microsatellite markers currently used for parentage determination.

Electronic registration certificate storage. To date, 5,579 certificates have been converted to electronic storage during the free conversion period, which began June 1, 2005. Since the beginning of FY 2005, 16.79% of new registrations issued have been electronically stored.

AIMS update. Refinement continues on the development of the electronic

identification (EID)/electronic scale interface for Angus Information Management Software (AIMS). A recent field test and discussions with AIMS users reinforced these refinements. A list of features and changes that will be included in the next release of AIMS, due out this fall, was distributed.

Heifer pregnancy research. A summary of heifer pregnancy research was reported, including criteria for defining the trait, and availability of records submitted through the Association's Beef Improvement Records (BIR). Data submission by members is encouraged, with emphasis on reporting breeding records and pregnancy-check results on first-calf heifers.

Sire Evaluation Report. The criteria for sires to be included in the *Sire Evaluation Report* were discussed. Currently, all sires with carcass data are included as main sires in the *Sire Evaluation Report* for two years, regardless of the number of weaning and yearling progeny, accuracy level, or the number of calves recorded. A motion was approved to modify the criteria for sires appearing in the biannual *Sire Evaluation Report* to not include sires with carcass data that fail to meet the other main or supplement sire requirements.

Research proposals. Two research proposals were discussed and approved. Projects are directed toward the feed efficiency of Angus cattle at various life stages, with attention to growing bulls, developing heifers and cow productivity.

Genetic evaluation. Following a presentation and thorough discussion of the direction of the domestic and international

beef industry generally and the role of Angus cattle within it, the Board unanimously directed the professional staff of the Association to continue its analysis and research on multi-breed genetic evaluations so as to strategically position the Angus breed and its members in the industry. Staff will report its findings to the Board as such information is developed.

CERTIFIED ANGUS BEEF LLC

The projected year-end budget reflects a decrease in income of 6% and a decrease in expense of 7%.

The Supply Development Division update reflects an approximate 7.3% increase in identified cattle and a nearly 8% increase in certified cattle. Year-to-date sales are up nearly 6% over the same period a year ago.

Christy Johnson was recently moved into the position of director of Supply

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Development marketing. This position will bring a greater focus on marketing for CAB's supply development area.

Other division highlights included National Angus Carcass Challenge (NACC) enrollments of more than 8,000 head, and the Brand Builders seminar in Wooster, Ohio, Oct. 27-28, 2005.

Retail highlights included the recent decision of a major California retailer to go 100% *Certified Angus Beef*® (CAB®) product in its 100-plus stores. Highlights in foodservice included an 11% increase in sales compared to the previous year, and an all-time record month for foodservice in July.

Regarding international markets, there is continued optimism that Japan will reopen to U.S. beef in the near future. In addition, Mexico and Canada are continuing to experience growth, with the International Division recovering approximately 40% of its pre-bovine spongiform encephalopathy (BSE) volume.

Insufficient supply continues to be the challenge for the CAB Natural program; however, CAB has been informed that a major packer will be moving forward with

CAB Natural production around the first of the year.

A comprehensive overview of the subsidiary's marketing, public relations, strategic partnerships, advertising and sales marketing resource efforts was presented, including the new television ad, numerous samples of print advertising, specially designed promotional material, and examples of free media coverage obtained through public relations efforts.

The 2006 budget was approved.

ANGUS PRODUCTIONS INC.

Circulation for the *Angus Journal* is 17,336 and for the *Angus Beef Bulletin* is 90,077.

API continued to exceed budget projections pertaining to advertising pages for the *Angus Journal* and the *Angus Beef Bulletin* for FY 2005. At the same time, expenses exceeded the 2005 budget projections for the same period.

Due to increased production costs for the July issue of the *Angus Beef Bulletin*, it was decided to eliminate the July *Angus Beef Bulletin*.

The 2006 API budget was approved.

ANGUS FOUNDATION

The Angus Foundation Board approved the minutes of the June 9, 2005, Angus Foundation Board of Directors meeting.

The USDA-Agricultural Research Service (ARS) bovine genome SNP research funding proposal was approved.

The proposed budget for FY 2006 was approved.

The process of selecting the Angus Foundation Board will be changed so that the American Angus Association Board of Directors will elect the Foundation Board of Directors. The 2006 Foundation Board will be elected at the American Angus Association Board meeting in November.

Preliminary findings from the recent Angus Foundation Program Priority Survey were presented. Survey results will be considered in further development of the Angus Foundation's strategic fundraising plan. A detailed plan will be presented to the Angus Foundation Board of Directors at their February 2006 meeting.

NEXT BOARD MEETING

Nov. 12, 2005

