



# Board Action

► Highlights of the Feb. 17-19, 2010, meeting of the American Angus Association® Board of Directors

## Board conducts February meeting

*Pursuant to notice, the meeting of the American Angus Association Board of Directors was convened Feb. 17-19, 2010, in Saint Joseph, Mo. The following officers and directors were present: Bill Davis, president and chairman of the Board; Joe Hampton, vice president and vice chairman of the Board; Jarold Callahan, treasurer; Charlie Boyd II; Scott Foster; Norman Garton; Chad Hoffman; Vaughn Meyer; Steve Olson; Jim Rentz; Arlen Sawyer; Doug Schroeder; Darrell Silveira; Jim Sitz; Gordon Stucky; Philip Trowbridge; and Cathy Watkins. Highlights of the meeting are as follows.*

### ACTIVITIES & EVENTS COMMITTEE

#### ► National Western Stock Show

(NWSS). The 2010 NWSS Bull Sale was reviewed, with 32 bulls selling for an average of \$5,703. The American Angus Association will continue managing the NWSS Bull Sale in 2011. Jerry Lehmann will serve as auctioneer.

The NWSS activities and schedule were reviewed, and the Committee recommended setting the 2011 schedule as it was in 2010.

It was approved to host a herdsmen social for exhibitors at the 2011 NWSS.

► **ROV Shows.** It was approved that premiums for the North American International Livestock Exposition (NAILE) be allocated at \$7,000 when it is host of the National Angus Show, which is typically even-numbered years.

A committee was appointed to review the policy on the number of ROV Shows the Association supports, the point system involved and the minimum number required in a show to keep ROV status. The committee will report back at the June meeting. The committee includes Jarold Callahan, chairman; Scott Foster; Charlie Boyd II; and Shelia Stannard.

The DuQuoin State Fair was approved as an ROV Show, contingent on the Board's judge selection and the Fair's adopting the ROV policies.

The calf division breaks at the Western National Angus Futurity (WNAF) and Atlantic National were discussed. It was decided to leave the divisions as they are.

► **Judge Selection.** It was approved to utilize the three-man judging system beginning at the 2011 NWSS and to alternate between the NWSS and the NAILE.

A slate of judges for the 2010 National Junior Angus Show (NJAS) and Eastern

Regional and the 2010-2011 ROV show season was approved.

► **Junior Activities.** The Louisiana Angus Association and Louisiana Junior Angus Association will host the 2011 Eastern Regional June 16-19 in Monroe, La.

No change will be made to the calculation system that is used for the premier breeder.

Discussion was held about underage drinking at NJAA events. Communication will be made to the parents/guardians of junior members.

► **Activities.** Staff was directed to explore possible alternatives to requiring an original registration paper at Association-sponsored shows and present options to the Committee at the June Board meeting.

► **Events.** Virginia Tech will host a Boot Camp May 21-22, and North Carolina State University will host a Boot Camp Aug. 10-11. The National Angus Conference & Tour is Sept. 15-17 in Bozeman, Mont. The third Beef Leaders Institute (BLI) is June 2-4; applications are due March 1.

### BREED IMPROVEMENT COMMITTEE

► **Feed Intake Research Results.** An overview of sponsored research projects contributing to the Association's feed intake database was given. Michael MacNeil, USDA-ARS, Miles City, Mont., presented genetic parameter estimates and efficiency trait definitions based on Angus feed intake data collected at the Association. The potential uses of intake genetic values and their incorporation into expected progeny differences (EPDs) and indexes were discussed. Approval was given to generate an efficiency selection tool, as well as incorporate genetic values into the Feedlot Value (\$F).

► **Weight Trait Project.** An update of the National Beef Cattle Evaluation Consortium (NBCEC) genomics project for weight traits

was presented. The NBCEC plans to continue the project with additional data collection from cooperator herds, as well as regional databases, for potential use in genotype-by-environment interaction studies.

► **EPD Policy Review.** Comments that have been received regarding the EPD policy affecting nonregistered Angus animals were discussed. Feedback received from breeders regarding the policy was shared. No action was taken.

► **Implementation Summary for Genomic Results from Whole Genome Scan.** Results from the updated panel derived from the 50k SNP chip were described. The panel is now available, with implementation into the national cattle evaluation (NCE) planned for later this month.

### FINANCE & PLANNING COMMITTEE

Balance Sheets and Income Statements were reviewed, including the consolidated financial reports and the financial reports of each entity for the four-month period ending Jan. 31, 2010. Total assets on the consolidated financial report are \$32,283,000, consisting of current assets of \$8,235,000, investments of \$19,142,000, property and equipment of \$4,581,000 and non-current assets of \$325,000. The total return for the trailing 12 months on the investment portfolio was a gain of 20.7%. Current liabilities are \$3,030,000 consisting of accounts payable, accrued liabilities and deferred income. Long-term liabilities of \$1,343,000 consist of a note payable, deferred income, accrued health insurance benefits and deferred compensation. There is net income for the period ending Jan. 31, 2010, of \$2,476,000.

The Finance Committee reviewed the actions of the past 18 months that reduced the cost of programs and expenses, the actions that generated revenue, and the use of reserves to balance the budget. Those actions have been successfully implemented and have resulted in the current financial position of the Association and its subsidiaries being stronger than anticipated in the budgets. The Committee recognized this as good economic news, but also recognized that economic challenges still persist.

The investment portfolio and the policy

---

guidelines were reviewed. Asset classes that are not a part, or are a limited part, of the current asset allocation were discussed. Staff was directed to provide alternative investment options that could increase the percent of the international market asset class in the investment portfolio for the Finance Committee's consideration at the June 2010 Board meeting.

Monthly financial reports will be distributed to the Board electronically in the future.

A representative of the CPA firm Clifton Gunderson LLP met with the Committee to discuss the 2009 audit, changes by the accounting profession in auditing standards, and tax reporting issues.

Marketing agreements with third-party providers were discussed. The current agreement with Bank of America that provides royalties to the Foundation when members use an Angus credit card was also discussed. This agreement will not be renewed at the discretion of the Association. Staff was directed to pursue opportunities to offer to our membership an Angus credit card associated with or sponsored by companies other than Bank of America.

## **INDUSTRY RELATIONS COMMITTEE**

► **AngusSource.**<sup>®</sup> Enrollments in AngusSource are up 9.9% year-to-date.

According to data from Superior Livestock Auction, AngusSource calves sold June through September 2009 earned an average \$2.65 more per hundredweight (cwt.) than non-verified calves, and an additional \$1.08 more per cwt. than other age- and source-verified calves sold through Superior Livestock Auction's video sales.

A new electronic tag option has been added for AngusSource and Gateway, and all tag orders are manufactured and shipped from Destron Fearing within two business days.

In January 2010 the American Angus Tag Store was launched online. Producers are able to custom-build and purchase a variety of tag types as well as tag-related products.

► **Communications and Public Relations.** The print advertising campaign could achieve 4.53 million impressions this year, an increase of 500,000 over last year at 40% less cost. A total of 140 TV advertising

CONTINUED ON PAGE 36

## BOARD ACTION

CONTINUED FROM PAGE 35

spots ran on RFD-TV between late September and Jan. 4.

The Jan. 4 broadcast of "I Am Angus" on RFD-TV was a great success, ranking among the all-time, top five audiences for ag-related programming on that network.

The partnership between the Association and *AgDay/U.S. Farm Report* continues to grow. The two programs aired 15 "I Am Angus" segments, including coverage of the annual meeting in Louisville. An additional 15 segments have been produced this winter and began airing on the program in late January. *AgDay* reaches 200,000 households nationwide Monday through Friday, while *U.S. Farm Report* reaches 500,000 households on the weekends.

The Association's YouTube channel has received significant increases in viewership during the last six months, reaching 145,000 all-time views by mid-February. In January alone, the channel received more than 31,000 views or 1,000 a day, well above last year's average of 250 per day. The use of YouTube will play a larger role in helping the industry counter anti-ag messages being advanced by animal rights activists and environmental activist groups.

The department has stepped up its efforts to communicate with the industry. So far this year, the department had posted 181 press releases and articles to [www.angus.org](http://www.angus.org).

Seven new features have been added to [www.angus.org](http://www.angus.org) since September, including sale reports, sale calendar, sale books, NJAA, AngusSource and videos. The new pages have had 466,000 page views since late September

and accounted for 15% to 20% of the web site's daily activity. Overall, these new features have helped to increase average time per visit, page views per visit, page views per week and visits per week.

A proposed schedule for next fall and winter's "I Am Angus" broadcasts was approved by the Committee with approximate dates:

▶ "I Am Angus: The Great Ranches" — A focus on large, commercial ranching operations from across the country, airing in mid-October 2010.

▶ "I Am Angus: A Celebration of Angus Heritage and History" — Airing in mid-November 2010.

▶ "I Am Angus: The National Western Stock Show Kickoff" — Airing the first week of January 2011.

▶ "I Am Angus: Innovative Managers" — Airing in early March 2011.

The Committee directed staff to pursue an *AgDay* presence at the 2010 NJAS.

## **INFORMATION & DATA MANAGEMENT COMMITTEE**

A new AAA Login option was approved for members to upload a photo to the EPD/Pedigree page for any of their owned animals. At implementation, the cost for the service per animal will be \$50 per year or \$200 for five years. Also, an additional option was added to the EPD/Pedigree page to display EPD Percentile rankings on an individual animal. A new AAA Login feature was outlined that shows AI Certificate Purchase and Transfer history.

Discussion was held to consider an increase in the maximum number of owners on multi-owned animals from the current number of three as outlined in Rule 403(e). This request will be reviewed further and

presented to the Committee at the June Board meeting.

The Information Systems department reported on projects in process and some of the recently completed projects. Developers continue to update AAA Login and the ProRodeo system as a result of in-house user and AAA Login user requests for enhancements.

The AIMS program continues to be enhanced with minor upgrades as necessary based on user suggestions, and a more significant update involving new fields is planned. Online training courses continue for both new and existing users.

The *2010 Breeders Reference Guide* has been completed and is available online and in the March 2010 *Angus Journal*.

## **ANGUS FOUNDATION**

The financial status of the Angus

Foundation for the four-month period ending Jan. 31, 2010, was reviewed. Financials include total cash of \$62,026.49, investments of \$4,802,855.94, total assets of \$5,423,344.00, current liabilities of \$103,739.53 and net income for the fiscal year-to-date of \$227,843.54.

A major fundraising event is scheduled at Churchill Downs in Louisville, Ky., on Saturday, Nov. 13, 2010, featuring elite confirmed heifer pregnancies and unique live auction items.

Outright cash gifts, pledges and planned giving commitments by members, allied industry interests and friends now total more than \$6 million toward the Vision of Value: Campaign for Angus goal of \$11 million by Dec. 31, 2011, in support of education, youth and research activities to benefit Angus breeders and the beef cattle industry.

CONTINUED ON PAGE 38

## **BOARD ACTION**

CONTINUED FROM PAGE 37

Directors unanimously approved the heifer package fundraiser at the 2011 NWSS Angus Bull Sale.

A list of the Angus Foundation's growing portfolio of endowment funds and agreements was reviewed.

### **ANGUS GENETICS INC. (AGI)**

The financial report for the period ending Jan. 31, 2010, was reviewed. AGI has year-to-date total revenue of \$267,649 and expenses of \$209,887. The net gain year-to-date is \$57,762.

Company activities included a report of breed organizations receiving genetic evaluation services from AGI.

The new Igenity® genomic profile for Angus based on the 50k SNP chip is now being offered through AGI, with implementation into the NCE planned for late February.

### **ANGUS PRODUCTIONS INC. (API)**

The financial and budget reports were presented with \$2,241,160.39 total revenue and total expenses of \$2,182,446.73, resulting in excess revenue over expenses of \$59,348.71.

The *Angus Beef Bulletin* has exceeded advertising projections because of the commercial bull demand.

With the Association's implementation of the weekly EPDs and index value updates, API will include an "as of date" with this genetic information in any advertisement in the *Angus Journal*, *Angus Beef Bulletin*, or breeder web products; and in the general information page of sale books produced by API.

Considerations for future revenue sources were discussed. Alternatives will be reported at the June 2010 API Board meeting.

Direction was given to API staff to further research the feasibility of implementing an Internet Auction Network.

### **CERTIFIED ANGUS BEEF LLC (CAB)**

Brad Johnson, Texas Tech University, provided a research update on marbling deposition. Johnson shared the importance of marbling to the juiciness and flavor of beef, and that it indirectly affects the overall tenderness of a product. He explained that blood glucose plays a major role in the creation of marbling. Despite prior thinking, marbling deposition is a lifetime event, and is not the last fat deposited. The cells in the animal can be manipulated to differentiate into either muscle or marbling/fat cells. The impact of different compounds and their potential effects on changing cells were

discussed, including possibly opening the door for research products that could affect the changes desired.

Activities at the National Cattlemen's Beef Association (NCBA) convention were reviewed. The graphic teams of the Association and CAB recently collaborated on a photo shoot at Director Arlen Sawyer's residence.

The great upward trends in percent black and certification rates and numbers are driven by an increase of Angus influence in the commercial herd. Current supply is up 25% and sales are up 21%. These positive numbers create numerous opportunities for the brand, including nice increases in CAB® Prime sales.

The current brand competition presentation that was given at the CAB Board meeting in December was provided for the full Board. An update was given on commission sales to both licensed and unlicensed customers, substitution rates and boxing rates. It was noted that the most effective way to address brand competition is to sell more to licensees, and to increase demand through good use of resources.

Current sales trends through January reflect strong growth in round, chuck, miscellaneous and grinds. Middle meat sales are up 14% as well. Divisionally, sales in retail are driving much of the growth. Foodservice is beginning to show modest signs of recovery.

A national middle meat promotion was launched with foodservice distributors in February. Examples were shared of the excitement created by the various distributors and the results seen in the first few weeks of the promotion. The value-added product lines are experiencing great growth.

Discussion was held on ways the CAB brand might further grow demand for registered Angus cattle. Staff will explore the feasibility of several ideas and report back at the June Board meeting.

Staff shared an update on recent successes with using CAB products in some national restaurant chains. The MBA (Masters of Brand Advantages) Program was also discussed, focusing on how this program will increase the knowledge of upper-level sales staff in selling CAB products. Content would include beef production, fabrication, sales skills, branding, yield studies and leveraging brand integrity.

### **NEXT BOARD MEETING**

June 9-11, Kansas City, Mo.

