



Board Action

► Highlights of the June 9-11, 2010, meeting of the American Angus Association® Board of Directors

Board conducts June meeting

Pursuant to notice, the meeting of the American Angus Association Board of Directors was convened June 9-11, 2010, in Kansas City, 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

► Roll-of-Victory (ROV) Show

Program. Premium funding for Roll-of-Victory (ROV) shows will be reinstated at a \$2,500 level for those shows that have 100 head shown for the 2010-2011 show season. The committee set forth policy that requires that an ROV show meet a 100-head minimum shown to maintain its ROV status.

Exhibitors will now be able to earn points at a total of four ROV shows throughout the show season. If an exhibitor shows at more than two super-point shows, that exhibitor can earn regular points at the third and fourth super-point shows.

Beginning with the 2011-2012 show season, each regular-point ROV show will have the opportunity to bid for super-point status prior to the February meeting of the Association's Board of Directors. An additional super-point show will be recognized annually on a regional basis, as selected by the Association Board.

► **Activities.** The Premium Participation was updated to read: Exhibitors must have the original registration certificate issued by the American Angus Association available for inspection at the show for each animal or current proof of ownership issued by the American Angus Association Pedigree Lookup.

► **Events.** A Cattlemen's Boot Camp is set for Aug. 10-11 at North Carolina State University in Raleigh, N.C. The National Angus Conference and Tour is Sept. 15-17 in Bozeman, Mont.

► **Junior Activities.** Jordan Paulsrud is the junior activities intern this summer.

BREED IMPROVEMENT COMMITTEE

► **Efficiency Genetic Evaluation.** It was approved to report an efficiency genetic

value as residual average daily gain expected progeny difference (EPD), presented on a gain-per-day basis. This efficiency evaluation has been adapted to include genomic results for dry-matter intake (DMI). Plans to incorporate feed intake genetic components into feedlot value (\$F) selection index calculations are under way.

► Frequency of Genetic Evaluations.

The committee discussed providing breeders with more frequent National Cattle Evaluation (NCE) results for traits beyond weekly carcass EPDs. It was unanimously approved to pursue the development of weekly reporting of all EPDs, or the shortest timeframe feasible for turnaround of results. Additional traits addressed in discussion included the timeframe for incorporating the research NCEs, particularly docility, into the full production release of EPDs.

► Linear Type Trait Data Collection.

Current breeder data collection for cow disposal codes and udder scores was summarized. It was recommended the discussion of type traits be more fully addressed in the committee's agenda at the September Board of Directors meeting.

FINANCE & PLANNING COMMITTEE

Balance sheets and income statements were reviewed. Total assets on the consolidated financial report are \$34,035,000, consisting of current assets of \$8,810,000, investments of \$20,476,000, property and equipment of \$4,425,000 and non-current assets of \$325,000. The investment portfolio is a diversified portfolio with 61% in equities and 39% in fixed-income securities. The return on investment for the trailing 12 months is a gain of 25.5%. Current liabilities are \$1,989,000, 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 April 30, 2010, of \$5,269,000.

Financial projections of the American Angus Association for the current fiscal year (FY) ending Sept. 30, 2010, were reviewed and will be used as a base to develop the FY 2011 proposed budget.

A recommendation was unanimously approved that the Deferred Compensation Plans for the American Angus Association and Angus Productions Inc. be amended. The proposed amendments change the distribution provisions of the plans to comply with federal statutes and to make any employer contributions discretionary.

The corporate insurance program was discussed by the Finance Committee. The renewal date for insurance policies is July 1. The renewal date for the employee health insurance policy with Blue Cross Blue Shield is Aug. 1, 2010, and renewal discussions are still in process.

Staff reported a new agreement has been signed for an Angus Affinity credit card with Intrust Bank located in Wichita, Kan.

INDUSTRY RELATIONS COMMITTEE

► **AngusSource.**® Enrollments in AngusSource are up 15.5% year-to-date.

Plans were outlined for increasing the visibility of AngusSource calves sold through upcoming fall video auctions.

► **Communications and Public Relations.** Staff reiterated the Association's commitment to traditional print advertising and communications, with accelerated content at www.angus.org as well as print advertising impressions.

Staff reported the April launch of "The Angus Report" — a weekly, Internet-based news program available at www.angus.org, the Association's YouTube channel and other industry sites.

The Association's social media outreach has continued its growth, including increasing audiences on its YouTube channel and newly introduced Facebook and Twitter pages.

The Association continues to build its partnership with *AgDay* and *U.S. Farm*

Report, with more than 40 Angus segments airing on the news programs since September. Additional segments were produced in late May and will air in the coming weeks. *AgDay* is scheduled to be on location during the National Junior Angus Show (NJAS).

Continuing its television presence, staff announced a second "Vita Ferm Angus Hour" to air in August. In addition, the Association will air four, hour-long "I Am Angus" programs scheduled for October, November, January and February. Beginning in July, the Association will produce and air at least one comprehensive, nationwide television program each month through February 2011, except for December 2010.

Staff requested committee input for next year's print advertising campaign. Print ad concepts are to be submitted to the committee for approval at the September Board of Directors meeting.

The committee discussed how to best post or link legislative updates from industry organizations on the Association's website. After consideration, the committee was satisfied the current posting of information was sufficient.

INFORMATION & DATA MANAGEMENT COMMITTEE

No action was taken on the request to increase the number of owners on transfer of registered animals [Rule 403(e)].

An Information Systems update was given, noting new features recently added to AAA Login and the www.angus.org website.

A summary was given on the development of AIMS version 2.5, which addresses updates, including the addition of new data fields. It was unanimously approved to electronically distribute the updated AIMS version through the AAA Login at no charge with an option to receive a CD for \$10.

ANGUS FOUNDATION

The financial status of the Angus Foundation for the seven-month period ending April 30, 2010, was reviewed. Financials include total cash of \$112,872, investments of \$5,142,358, total assets of \$5,674,000, current liabilities of \$88,921 and net income for the fiscal year-to-date of \$493,318. A projected financial report for fiscal 2010 and budget considerations for fiscal 2011 were also reviewed.

Cam Cooper, esteemed philanthropist to the Angus Foundation and nationally recognized Angus breeder of the Talon Ranch, Twin Bridges, Mont., is the donor of

the 2011 Angus Foundation Heifer that will be offered at Denver, Colo., next January to raise funds for Vision of Value: Campaign for Angus.

"Black On Track! Angus Magic at Churchill Downs" will be the theme of the Angus Foundation's new fundraising gala and auction to be at Louisville, Ky., Saturday, Nov. 13, 2010. This fundraising activity will be anchored by the offering of 15 elite Angus heifer pregnancies and will feature many other live auction items. More details will be coming soon in the *Angus Journal* and the Angus Foundation website, www.angusfoundation.org.

Generous gifts, pledges and planned giving commitments by members, allied industry interests and friends now total more than \$6.2 million toward the Vision of Value: Campaign for Angus goal of \$11 million by Dec. 31, 2011. As in the past, donors to the campaign this fiscal year will be recognized in the Angus Foundation's Annual Report and fall newsletter.

Of the \$13,375 received in unrestricted contributions to the 2010 Annual Fund, "Building a Strong Foundation: Stone by Stone," the Foundation Board approved \$5,000 to research and \$8,375 toward the Angus Foundation's commitment of \$100,000 in undergraduate student

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scholarships and \$25,000 in graduate student scholarships to be announced at the upcoming 2010 NJAS in Denver, Colo. Numerous other scholarships funded by donor-named endowment funds will be presented to Angus youth.

Amendments to the Deferred Compensation Plans for the Angus Foundation were approved to comply with federal statutes.

Nomination of an Outside Representative to serve on the Angus Foundation Board of Directors for 2011 was deferred to the Vision of Value: Campaign for Angus Leadership Cabinet, which will meet in July.

ANGUS GENETICS INC. (AGI)

The financial report for the period ending April 30, 2010, was reviewed, with \$356,765.52 total revenue and total expenses of \$397,349.43, resulting in a net operating loss of \$40,583.91.

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

Reports included comments relative to a cow efficiency research proposal that will be forwarded to the Association's Research Priorities Committee for consideration. This project will be part of a more extensive multi-institution federal grant proposal in the multi-disciplinary area of efficiency research.

ANGUS PRODUCTIONS INC. (API)

The financial and budget reports were presented with \$4,709,847.74 total revenue

and total expenses of \$4,351,697.62, resulting in excess revenue over expenses of \$370,951.05.

Expanding the "Showring" insert section of the *Angus Journal* to include advertising and additional information was discussed. No action was taken.

Volume page discount for publications was discussed. The current pricing structure for inserts and sale books provides for a per-page markdown. No action was taken.

The API Board considered the feasibility of an Internet Auction Network. A committee was formed to study and report back on this topic at the September 2010 API Board meeting. The committee consists of Chad Hoffman (chair), Joe Hampton, Gordon Stucky, Philip Trowbridge, Cathy Watkins, Terry Cotton, Bryce Schumann, and two ex-officio

members external to API to be appointed later.

Potential for a subscription rate for an online version of the *Angus Journal* was explored. No action was taken.

CERTIFIED ANGUS BEEF LLC (CAB)

The projected fiscal-year-end budget was reviewed. Income is running approximately 13% ahead of budget.

Current supply numbers were reviewed through April. Fiscal year-to-date, the percent of cattle meeting the Angus-type requirement in licensed plants has reached 63%. The number of certified cattle continues to increase, and is up 26% compared to the prior year, as a result of increased acceptance rates. This added supply has been great for growth within our licensees, but has been a challenge to sell in such a short period of time. Sales continue to

be very strong, showing a 20% increase over the same period the prior year.

Efforts continue to maximize growth in the most effective and strategic manner possible. Staff continues to grow its knowledge and effectiveness in marketing the brand to consumers within retail stores, resulting in significant growth for those retailers.

Certified Angus Beef[®] (CAB[®]) educational events at various Angus farms/ranches throughout the country have been focused on large retailers and foodservice operators and have produced excellent results.

A sales update was provided. The foodservice “Smackdown” promotion has generated more than 1 million lb. of new middle meat sales to restaurants. Other highlights included new value-added products being introduced to the retail and foodservice markets, the licensing of several

new foodservice distributors, and some great success in international markets, especially Mexico.

CAB’s newest strategic partner is Weber,[®] and that relationship has grown exponentially. Cross promotions between the CAB brand and Weber grills have been launched in numerous retail chains, as well as some consumer events.

Staff presented a recap of consumer brand research findings, which are a result of focus groups in three major markets. The focus on these studies was to understand “Angus confusion” as seen by the consumer, and how marketing messaging helps them to better understand the CAB brand.

Consumer research has been conducted independently by one of our licensees that quantified the awareness and effectiveness of CAB brand Natural as compared to other

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various brands. The CAB brand excelled in every category by a wide margin.

A presentation was given on the impact of the CAB brand on the Angus breed.

Included were findings from a *Drover's* survey, as well as a market share evaluation of Angus based on registration trends within the various cattle breeds. Angus continues to enjoy a strong position.

BOARD OF DIRECTORS

The officers and members of the Board of

Directors met for nearly two hours with Jonathan Beever of the University of Illinois concerning recent developments relating to fawn calf syndrome. While no test was available on the date of this session, Beever reported that he has made what he believes to be significant progress in having a test available in the near future. The Board will continue to monitor this situation closely and keep the membership apprised.

Gerald Theis, Leavenworth, Kan., and Landi McFarland, Ellston, Iowa, were

appointed to serve as election observers to observe the counting of ballots to elect delegates and alternates for the 2010 Annual Convention of Delegates.

A committee was appointed to review a specific section of the Bylaws: Jim Sitz (chair), Norman Garton, Darrell Silveira and Cathy Watkins.

NEXT BOARD MEETING

Sept. 9-11, 2010, in Saint Joseph, Mo.

