



Board Action

► Highlights of the Sept. 9-11, 2009, 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 convened Sept. 9-11, 2009, in Saint Joseph, Mo. The following officers and directors were present: Jay King, president and chairman of the Board; Bill Davis, vice president and vice chairman of the Board; Joe Hampton, treasurer; Jarold Callahan; Al DeClerk; Norman Garton; Chad Hoffman; Steve Olson; James Rentz; Arlen Sawyer; Doug Schroeder; Darrell Silveira; Jim Sitz; Gordon Stucky; Rob Thomas; Phil Trowbridge; and Cathy Watkins. Highlights of the meeting are as follows.

ACTIVITIES & EVENTS COMMITTEE

The Activities & Events Committee approved the nomination of the following for induction into the **Angus Heritage Foundation**: Oliver Hansen, Durant, Iowa; Paul and Lynn Hill, Bidwell, Ohio; and Bill and Priscilla Wilson, Cloverdale, Ind. Dwight D. Eisenhower, 34th President of the United States, will be posthumously inducted.

Troy Thomas, Harrold, S.D., was approved to serve as the associate judge at the 2010 **National Western Stock Show** (NWSS) Roll of Victory (ROV) Angus Show.

Cattlemen's Boot Camps are slated at Michigan State University, Sept. 22-23, and Virginia Tech, May 21-22, 2010. Another in 2010 is tentatively planned at North Carolina State University.

The 2010 **National Angus Conference and Tour** will be in September in Montana, hosted by the Montana and South Montana Angus associations.

Regional preview shows:

► Jeannie Yardley, Beaver, Utah, was approved to serve as the judge at the 2010 Western Regional Junior Angus Show.

► The committee deferred the Eastern Regional judge selection each year to the February board meeting.

► The Western Regional, Reno, Nev., was approved as a 2011 Regional Show.

► The following were approved as 2011 Regional Preview Shows: MAJAC Regional Preview, Harrisonburg, Va.; Atlantic National Regional Preview, Timonium, Md.; Northwest Regional Preview, Washington; and the All-American Angus Breeders' Futurity, Louisville, Ky.

The committee approved the clarification and rewording of several of the **general rules** in the National Junior Angus Association

(NJAA) Green Book as presented by staff, including the elimination of rule No. 8, which states that an animal can only show at two of the following: Eastern Regional, Western Regional and National Junior Angus Show (NJAS).

The method used to calculate **premier breeder at junior shows** was discussed. A committee of Arlen Sawyer, Phil Trowbridge and Robin Ruff was appointed to research and evaluate how premier breeder is calculated.

BREED IMPROVEMENT COMMITTEE

Feed intake data collection. Record counts were provided for Angus feed intake data from sponsored research projects, industry intake data sites and breeder records. Feed intake records on Angus bulls, heifers and steers are being consolidated for estimation of genetic parameters in pursuit of a genetic evaluation for efficiency.

Genetic evaluation update. Plans for the 2010 National Cattle Evaluation (NCE) were provided to the committee. Research reports for heifer pregnancy and docility will be updated. Reporting of genomic-enhanced carcass traits in December was discussed in detail. Reporting of results and implementation of genomic profiles into the NCE EPDs were described. The committee discussed the display of EPDs and genomic profile scores within AAA Login.

Weight trait project. An update of the National Beef Cattle Evaluation Consortium (NBCEC) genomics project for weight traits was presented. Staff highlighted the collaborative work with University of Nebraska to investigate methodology for incorporating genomic values from different sources and panels.

FINANCE & PLANNING COMMITTEE

Balance sheets and income statements were reviewed, including the consolidated financial reports and the financial reports of each entity for the 10-month period ending July 31, 2009. Total assets on the consolidated financial report are \$30,181,000, consisting of current assets of \$6,143,000, investments of \$18,776,000, property and equipment of \$4,885,000 and non-current assets of \$377,000. Current liabilities are \$2,349,000 consisting of accounts payable, accrued liabilities and deferred income. Long-term liabilities of \$1,384,000 consist of a note payable, deferred income, accrued health insurance benefits and deferred compensation. There is a net loss of \$99,000.

Financial projections of the American Angus Association for the current fiscal year ending Sept. 30, 2009, were reviewed. There is a projected net loss for the year of \$1,696,000.

Subject to amendments to its Bylaws by the delegates at the Annual Convention in Louisville this November, the Committee approved an **installment option for payment of the new Life Membership fee**. Pending approval, payments will be allowed to be made in three consecutive and equal annual installment payments for the new Life Membership, effective Jan. 1, 2010. If the member becomes delinquent in the annual payments, the Life Membership will be terminated at the annual installment due date and all previous payments will be forfeited.

The Finance Committee reviewed the **investment portfolio** of the Association and its subsidiaries. The individual performance of the various mutual funds and account managers was reviewed.

The **Information Systems (IS) reserve fund** established for the purpose of purchasing computer hardware and developing software was used to pay the cost of the ProRodeo development project.

The **Association's capital reserve account** was funded and a **technology innovation reserve fund** was established to provide capital for future technological development for the business of the American Angus Association.

CONTINUED ON PAGE 54

BOARD ACTION

CONTINUED FROM PAGE 53

The Committee reviewed the **codes of conduct** for directors and employees.

INDUSTRY RELATIONS COMMITTEE

Enrollments in AngusSource® are up 9.7% year-to-date.

The AngusSource department reported that it launched **Gateway** July 20, 2009. Gateway verifies source and age and is a second-tier program of the AngusSource Process Verified Program (PVP). There is no genetic requirement for Gateway. The enrollment fee is \$50, visual tags are \$3 per head, and RFID (radio frequency identification) matched pairs are \$5 per head.

The Association's new **communications program** will use www.angus.org to feature more articles and press releases that deal with issues, economics and management.

Collaboration with *AgDay* and *U.S. Farm Report* was unveiled. Both syndicated television programs have been featuring Association-produced content called "**I Am Angus.**" *AgDay* reaches 200,000 households, Monday through Friday, and *U.S. Farm Report* reaches 500,000 on weekends.

The 2009-2010 **advertising program** will

invest not only in print publications, but also in television and Internet. The ad campaign also includes a partnership with *Cattlenetwork.com*, one of the top web sites in the U.S. cattle industry.

The new advertising campaign will focus on the economic advantages of producing Angus cattle. This message, underpinned by research conducted by the Certified Angus Beef LLC (CAB) Supply Development team, will reach nearly 4.7 million print readers in the coming year, approximately 200,000 more than last year, at 60% of the cost.

A "**pre-crisis**" **management plan** is being developed, which will counter negative publicity surrounding the beef industry, if and when an issue arises.

Ongoing discussions are taking place with RFD-TV to air "On America's Angus Trails," a video incorporating a **documentary** produced in 1949 and narrated by Paul Harvey. The program could air on Christmas Eve to a nationwide audience.

INFORMATION & DATA MANAGEMENT COMMITTEE

Information Systems (IS) Update:

► Programming was completed for Gateway tag orders, electronic calving book option in AAA Login, and ongoing updates to ProRodeo and AAA Login. Genomic DNA profile orders have been implemented,

and development continues on profile processing.

► **Life Membership Rules and Bylaws Considerations** — The Committee recommended several Bylaws amendments that would permit the reinstatement of a Life Membership option. The proposed amendments would be presented for adoption at the Annual Convention of Delegates on Nov. 16, 2009. The Committee also passed several non-substantive, conforming amendments to the Association's rules.

Member Services Update:

► Six recent retirements in the department add up to a combined total of 181 years of service, an average of more than 30 years of service per person. Board and staff recognized and appreciated the commitment of these long-term former employees.

CERTIFIED ANGUS BEEF LLC (CAB)

A review of the **projected year-end budget** reflected reduction of expenses at a level that balances the budget for the year. Sales are projected to be up over the prior year by approximately 21 million pounds (lb.); however, income will fall short of the budget by approximately 3% as a result of a shift in middle meat business from foodservice to increased end-meat business at retail.

■ BOARD ACTION

An update was provided on the increased numbers of **Angus-type cattle** in the slaughter mix exceeding 60% of all cattle processed at licensed plants for fiscal year 2009. Cattle continue to grade very well, with the *Certified Angus Beef*® (CAB®) acceptance rate running a full two percentage points ahead of the acceptance rate the prior year. As a result, certification numbers are up nearly 9% over the prior year.

Opportunities for growth include several major retailers featuring CAB brand products on the front page of their ads. These will occur this fall and will increase sales by several million pounds. Foodservice continues to struggle with the economic downturn; however, there are signs of recovery. Also reviewed were the new Masters of Brand Advantages training initiative, expanded shadow marketing initiatives, and the growing CAB brand product demand resulting in the sale of more than 650 million lb. for fiscal 2009 (a new annual record).

Highlights were given of the various **CAB brand marketing activities** in target markets. New producer profiles will soon be available on the web site by state. The new CAB brand Natural Prime marketing materials were presented, along with numerous press releases that have been picked up by national publications and several examples of radio spots involving interviews with the culinary team.

A decline in foodservice **middle meat demand** is affecting commission rates. Increased demand on many of the value cuts at both foodservice and retail, and retail's growing demand for middle meats have not completely offset the dollars lost at foodservice.

The **2010 budget** was presented and approved. It reflects a growth rate of just under 4%.

A presentation recapped the six **factors affecting the increase in the USDA Choice grade** and consequently the CAB acceptance rate. Continued genetic progress, great feeding conditions, and increased use of distillers' grain in rations all have contributed to the excellent grading results. A white paper detailing these findings has been written and will be published soon.

ANGUS PRODUCTIONS INC. (API)

For the period ending July 31, 2009, the API **financial report** had year-to-date total revenue of \$6,464,321.43 and expenses of \$6,446,512.02. An income tax adjustment of

\$66,614.37 resulted in excess revenue over expenses of \$61,562.89.

The proposed **2010 fiscal year budget** for API included total revenue of \$7,097,500 and total expenses of \$7,315,600. The budget was adopted as presented with the addition of up to \$200,000 from the American Angus Association to be applied toward the production and mailing of the *Angus Beef Bulletin*.

A confidential list of past due **Accounts Receivable** in excess of 120 days was distributed and discussed. All past due amounts were considered collectable.

Conley Printing, Beaver Dam, Wis., has

successfully produced and mailed the early fall *Angus Beef Bulletin*, as well as the fall 2009 *Sire Evaluation Report*.

ANGUS FOUNDATION

The **financial report** was reviewed for the 10-month period ending July 31, 2009. Financials include total cash of \$115,529.00, investments of \$4,457,494.15 and total assets of \$5,194,779.65. Current liabilities are \$243,065.18.

The **budget for fiscal year 2010** was adopted with total revenue of \$1,370,100 and total expenses of \$1,118,540 projected,

CONTINUED ON PAGE 56

■ BOARD ACTION

CONTINUED FROM PAGE 55

respectively. Total revenue included cash donations and contributions of \$931,300 toward the Vision of Value: Campaign for Angus.

A **new fundraising concept** was approved to auction elite confirmed heifer pregnancies at the Angus Foundation's Supporter Recognition Event in Louisville, Ky., in November 2010. Plans will be finalized during the next several months.

The Leadership Cabinet of Vision of

Value: Campaign for Angus was authorized to nominate one individual ("**Outside Representative**") for consideration to serve on the Angus Foundation Board of Directors. If elected, that individual would serve for a one-year term with a maximum of two consecutive one-year terms.

Cash gifts, pledges and planned giving commitments continue to be made toward the Vision of Value: Campaign for Angus goal of \$11 million by Dec. 31, 2011.

ANGUS GENETICS INC. (AGI)

A report was given summarizing the results from the **Igenity® profile for Angus**

cattle and developments in reduced panels generated from the 50K SNP (single-nucleotide polymorphism) results. Accuracy associated with results from the genomic panels was reviewed. Discussion included continued steps to incorporate DNA marker data into the National Cattle Evaluation (NCE).

An overview was provided of breed organizations receiving **genetic evaluation services** from AGI. An update was given on the Center for Beef Excellence, which has received funding from the Missouri Agriculture Small Business Development Authority for a feasibility study.

The **financial report** for fiscal 2009 was reviewed. The proposed budget for 2010 was discussed and was unanimously approved.

BOARD OF DIRECTORS ACTION

A **budget for fiscal year 2010** was adopted. The budget has projected revenue of \$9,670,300 and expenses of \$9,745,700. Investment income is budgeted at \$550,900, which is a 5% total return. Earned investment income, including Interest and dividend income, is used to finance the programs of the Association. A net loss of \$556,200 is budgeted.

As recommended by the Information and

Data Management Committee, the Board approved presentation of several **Bylaws amendments** for consideration at the Annual Convention of Delegates on Nov. 16, 2009. The proposed amendments would permit the reinstatement of a Life Membership option. Notice of the proposed amendments will be mailed to the delegates and alternates no less than 30 days before the Annual Meeting as required by the Association's Bylaws.

A task force was appointed to consider guidelines for addressing potential issues relative to **Fawn Calf Syndrome**. The committee is comprised of Jarold Callahan,

chairperson; Rob Thomas; Phil Trowbridge and Cathy Watkins and ex-officio members Jay King, Bill Davis and Joe Hampton.

The Board approved providing **profile scores** of all traits tested, such information to be accessed within members' individual performance data.

NEXT BOARD MEETING

Nov. 14 and 17, 2009, Louisville, Ky.

