



# Board Action

► Highlights of the Sept. 9-11, 2010, meeting of the American Angus Association Board of Directors

## Board conducts September meeting

Pursuant to notice, a meeting of the American Angus Association Board of Directors was convened Sept. 9-11, 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

The Activities & Events Committee approved the nomination of the following individuals for induction into the Angus Heritage Foundation: Leo Baker, Saint Onge, S.D.; Hugh Ingalls, Faith, S.D.; Jay P. King, Rock Falls, Ill.; and Jim and Ardyce O'Neill, Logan, Iowa. The late Senator Al Gore Sr., formerly of Carthage, Tenn., will be inducted posthumously.

The Committee approved introduction of the Century Award, which will recognize herds that have been continuously involved in the Angus business within the same family for at least 100 years. Beginning in 2011, the award will be presented at the annual Awards Banquet, with applications due Sept. 1 each year.

Gary Dameron, Lexington, Ill., was approved to serve as the associate judge at the 2010 North American International Livestock Exposition (NAILE) Super-Point Roll of Victory (ROV) Angus Show.

The committee approved a request to designate the 60th Western National Angus Futurity (WNAF) in Reno, Nev., in April 2012 as the 2012 National Angus Show.

The Western Regional, Reno, Nev., was approved as a 2012 junior regional show.

The following were approved as 2012 regional junior preview shows.

► Mid-Atlantic Junior Angus Classic (MAJAC) Regional Preview, Harrisonburg, Va.

► Atlantic National Regional Preview, Timonium, Md.

► Northwest Regional Preview, Washington

► All-American Angus Breeders' Futurity, Louisville, Ky.

### BREED IMPROVEMENT COMMITTEE

A summary of current traits included in

the Angus national cattle evaluation (NCE) and related methodology were discussed. Additional traits and their relevance to the Angus breed were considered, as well as availability of phenotypic data. Various reproductive and longevity measures were discussed.

Cow disposal codes available to breeders were highlighted, along with the potential to encourage more data collection for cow herd traits. The process for submitting breeding records was reviewed.

Type traits were discussed, and examples of feet and leg scoring as well as udder scores were displayed. An increase in educational materials to be made available to breeders to enhance improvements in functional type traits is planned.

The committee considered an Association member's written request regarding the reporting of the residual average daily gain (RADG) expected progeny difference (EPD) and associated nomenclature. After discussion of the RADG EPD development and application, no action was taken.

### 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, 2010. Total assets on the consolidated financial report were \$33,508,000, consisting of current assets of \$8,909,000, investments of \$19,926,000, property and equipment of \$4,348,000 and non-current assets of \$325,000. Current liabilities were \$2,429,000 consisting of accounts payable, accrued liabilities and deferred income. Long-term liabilities of \$1,343,000 consisted of a note payable, deferred income, accrued health insurance benefits and deferred compensation. There was a net gain of

\$4,303,000 for the fiscal year as of July 31, 2010.

Financial projections of the American Angus Association for the current fiscal year ending Sept. 30, 2010, were reviewed. The projected net gain for the year was \$1,444,000.

The staff was complimented in the management and communication of the finances and budgets of the Association and its subsidiaries.

The committee reviewed the investment portfolio of the Association and its subsidiaries. The portfolio had a trailing 12-month return of 10.5%. The individual performance of the various mutual funds and account managers was reviewed.

The committee reviewed the codes of conduct for directors and employees.

Staff reported on the implementation and status of the new Angus Affinity credit card.

The committee discussed reorganization and scheduling alternatives of the Finance & Planning Committee that could allow more involvement by the full Board of Directors.

### INDUSTRY RELATIONS COMMITTEE

**AngusSource®/Gateway.** The addition of the Gateway program and the growth in AngusSource have increased the number of head enrolled in the Association's Process Verified Program (PVP) by 28%.

It was reported that staff of the Association and Certified Angus Beef LLC (CAB) Supply

Development worked together on joint sponsorships with Superior Livestock Auction, Western Video Market, Northern Livestock

Video Auction and Cattle Country Video. These sponsorships have been successful in strengthening the working relationship with each video auction, as well as increasing awareness of AngusSource, Gateway and the Certified Angus Beef® (CAB®) brand.

To date, more than 225 orders have been placed through The Tag Store online at [www.customcattletags.com](http://www.customcattletags.com). Promotional



efforts to increase awareness and grow business are planned for fiscal year (FY) 2011.

**Communications & Public Relations (PR).** The advertising budget for the coming year was presented and unanimously approved, including allocations for print advertising and television public relations. Print advertising impressions will be increased by 500,000 this year, totaling 7.46 million during fiscal year 2011.

Literature and marketing will also receive allocations. Marketing funds will be used primarily to promote the AngusSource Ranch Tag program, the AngusSource Carcass Challenge, and other AngusSource promotional items and commercial relations activities.

The PR Department presented a suite of new advertisements for the coming year, along with a proposed ad placement schedule. The Committee unanimously approved the new advertisements for recommendation to the Association Board, which also approved the ads.

Staff discussed the PR Department's growing communications and social media efforts, including an Angus presence on YouTube, Facebook and Twitter.

The committee reviewed and unanimously approved the proposed 2011 PR budget, which included advertising

revenues generated by the "I Am Angus" program.

Remaining funding will be devoted to radio broadcasts planned for the fall and spring, as well as the production costs of "The Angus Report."

The PR Department announced that it is partnering with CAB Supply Development to produce video news releases for distribution to TV stations nationwide.

**INFORMATION & DATA MANAGEMENT COMMITTEE**

The committee recommended a new Rule 803.a. that relates to the show participation statement. The new rule was approved by the Association Board of Directors and takes effect immediately. The new Rule 803.a. reads as follows:

*Each member exhibitor or member owner is responsible for having each animal identifiable at check-in time by legible permanent identification marks corresponding to either (1) the Certificate of Registration of such animal, the original of which must be available for inspection prior to the exhibit at each show, or (2) another approved current proof of ownership issued by the American Angus Association.*

Staff reported that ballots for election of Delegates to the Annual Meeting were

counted Aug. 18, 2010, under the supervision of Election Observers Landi McFarland and Gerald Theis, and that 354 delegates and 333 alternate delegates were elected.

Programming development and testing continue on AIMS Version 2.5, which will include new features. A release date is pending.

**ANGUS FOUNDATION**

The financial status of the Angus Foundation for the 10-month period ending July 31, 2010, was reviewed. Financials included total cash of \$72,247.33,

investments of \$5,089,810.04, total assets of \$5,566,132.68, current liabilities of

\$275,496.09 and net income for the fiscal year-to-date of \$198,875.66. A projected financial report for FY 2010 was also reviewed.

Plans are progressing for "BlackOnTrack! Angus Magic at Churchill Downs," the upcoming 2010 Gala and Auction.

Two research projects recommended by the American Angus Association's Research Priorities Committee for the Angus

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Foundation's funding consideration were reviewed and approved, subject to final research agreements:

- ▶ *Improvement of Beef Cow Biological Efficiency* — funding to North Carolina State University and the University of Illinois for a period of 5 years.
- ▶ *Assessment of the History of Inbreeding and Relationship in Angus Cattle* — funding to North Dakota State University for a period of one year.

The proposed budget for FY 2011 was approved with projected total revenue of \$1,447,600 and total expenses of \$1,337,100.

As of Sept. 1, outright cash gifts, pledges and planned giving commitments total more than \$6.4 million toward the Vision of Value: Campaign for Angus goal of \$11 million by Dec. 31, 2011.

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

The financial report for fiscal 2010 was reviewed. The proposed budget for fiscal year 2011 was reviewed and unanimously approved.

Plans for increasing the frequency of the Angus NCE to a weekly basis for all traits were summarized. A preliminary timeline

included implementation of weekly growth and calving ease evaluations for later in fall 2010. Continued steps to incorporate genomic data into other NCE traits were discussed.

Company activities included an overview of breed organizations receiving genetic evaluation services from AGI.

A report was given summarizing the volume of Igenity® profiles purchased.

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

The year-to-date financial report for the period ending July 31, 2010, was presented with total revenue of \$5,440,293.43 and expenses of \$5,266,505.95, resulting in excess revenue over expenses of \$179,258.76.

The Board adopted a break-even budget for fiscal 2011 with total revenues and expenses of \$6,519,300.

The Internet Auction Committee recommended a business model to: (1) Use our own equity to develop an Internet Auction system that would benefit and provide the highest results to our membership. (2) Utilize a consultant outside

the livestock arena that could provide expertise in software and price structure. The Internet Auction Committee will remain active.

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



#### **CERTIFIED ANGUS BEEF LLC**

The fiscal year-end projected budget was reviewed. Income was running ahead of budget, and the year should finish with a very strong bottom line. The 2011 proposed budget was approved.

Staff has continued to keep recent strong sales momentum and customer service initiatives going. Personnel updates included the hiring of Mark Sykes for the mid-central account manager position and the relocation of Sara Scott to the Kansas City market area. An all-time record attendance was anticipated for the annual conference in Puerto Rico.

The percentage of Angus-influenced cattle in the slaughter mix has continued to increase and should exceed 63% for the year

(within licensed plants). Coupled with a strong acceptance rate, this has created record numbers of certified cattle. Sales were expected to exceed 775 million pounds (lb.) for the fiscal year (a nearly 18% increase), with increased growth in middle-meat sales. Highlighted events included the upcoming Feeding Quality Forum meetings, the expanded Brand Ambassador trainings, the 2010 Chef Tour, and the MBA training initiative. The Brand Assurance team has reduced the number of open cases below 800, a goal that had been set two years earlier.



The foodservice "Smackdown" promotion generated nearly 2 million lb. of new middle-meat sales to restaurants. Markets being considered for additional foodservice distributor licensees were reviewed. Several retail promotions have produced some excellent results. Additional reports included a review of international sales by country and the launch of a new value-added product (VAP) that would help propel the division

to over a 15-million-lb. year (an all-time record).

Feedback on the listening session sponsored by the U.S. Department of Agriculture (USDA) on the rule changes to the Packers & Stockyards Act proposed by the Grain Inspection, Packers & Stockyards Administration (GIPSA) has been positive. Parties on both sides of the issue have been referencing CAB's comments on the issue. A letter on the subject will be published in the October *Angus Journal*.

Discussion was held on the role the CAB brand plays in international markets for Angus cattle. After consideration of the pros and cons of becoming more involved, no action was taken.

Staff presented results of a producer survey that CAB conducted in cooperation with *Drovers*.

#### **BOARD OF DIRECTORS**

The budget for fiscal 2011 was adopted with projected revenue of \$10,980,000, expenses of \$10,599,000, and a budgeted net gain for the year of \$308,000.

A resolution was adopted to elect

Association member Laurie Widdowson, Lodgepole, Neb., as the Outside Representative on the Angus Foundation Board of Directors for a one-year term, effective Nov. 15, 2010.

As recommended by the special Bylaws Review Committee (Chairman Jim Sitz, Norman Garton, Darrell Silveira and Cathy Watkins) and the Information & Data Management Committee, the Board unanimously approved to propose a set of amendments to Articles II and III of the Association's Bylaws. The amendments define the term "Life Membership" and clarify those sections of Article III relating to the nomination and election of Delegates. The Board will recommend adoption of the amendments to the Delegates at the 127th Annual Convention in Louisville, Ky., Nov. 15, 2010. Copies of the proposed amendments will be provided to Delegates and Alternates prior to the Convention.

#### **NEXT BOARD MEETINGS**

Nov. 13 and 15, 2010, in Louisville, Ky.

