



# Board Action

► Highlights of the Sept. 11-13, 2012, meeting of the American Angus Association Board of Directors

## Board conducts September meeting

Pursuant to notice, the meeting of the American Angus Association Board of Directors was convened Sept. 11-13, 2012, in Saint Joseph, Mo. The following officers and directors were present: Jarold Callahan, president and chairman of the Board; Phil Trowbridge, vice president and vice chairman of the Board; Gordon Stucky, treasurer; Charlie Boyd II; Scott Foster; John Elbert Harrell; Leo McDonnell; Vaughn Meyer; Steve Olson; John Pfeiffer Jr.; Jim Rentz; Chris Sankey; Arlen Sawyer; Doug Schroeder; Darrell Silveira; Jim Sitz; Cathy Watkins; and Kevin Yon. Highlights of the meeting are as follows.

### ACTIVITIES COMMITTEE

The following will be inducted into the 2012 Angus Heritage Foundation: Howard Hillman, Sioux Falls, S.D.; Joe Bill Meng, Bowling Green, Ky.; Stan Prox, Macomb, Ill.; Marvin Walter, formerly of Ames, Iowa, posthumously; and Marvin and Kathryn Robertson, formerly of Aldie, Va., posthumously.

The Western Regional, Reno, Nev., and Eastern Regional, Raleigh, N.C., were approved as 2014 regional junior shows. The following junior shows were approved as 2014 regional preview shows:

- MAJAC Regional Preview, Harrisonburg, Va.
- Atlantic National Regional Preview, Timonium, Md.
- Northwest Regional Preview, Moses Lake, Wash.
- The All-American Angus Breeders' Futurity Regional Preview, Louisville, Ky.

Changes to the National Junior Angus Showmanship Contest were approved. The top 15 finalists will select their own heifers, from the junior yearling division, to use in the final round, and showmanship contestants will switch animals at least once during the final round of the contest. Association staff will have alternate heifers on hand to replace any that need replaced during the contest, as needed.

Three additional divisions, one each in the intermediate, junior and senior divisions, were added to the owned heifer show at the National Junior Angus Show (NJAS). Classes and divisions will be broken as evenly as possible while remaining in the standard classifications, although there may be some cross-month breaks within division.

Regional show entry fees will be \$50 per head starting in 2013, and NJAS entry fees will be \$60 per head in 2013.

The Committee approved the NJAS judge

selection criteria for insertion into the NJAS planning manual.

The Committee created the 2013-2014 Roll of Victory (ROV) and NJAS judges list.

The Board decided that the use of chin straps to alter the conformation/appearance of an animal is not allowable.

### COMMUNICATIONS & PUBLIC RELATIONS COMMITTEE

The Board approved the national advertising budget and placement schedule.

Staff announced that Donald Korthanke has joined the PR department as production manager.

The number of press releases written thus far for FY 2012 has increased more than 24%. The new format for distributing Association news has resulted in a 49% increase in page views.

The number of Facebook fans and Twitter followers has also increased.

The Association will focus on expanding YouTube access on mobile devices.

Nielsen ratings have continued to reflect positive viewership trends for *I Am Angus* and *The Angus Report*.

Analysis conducted by the department shows YouTube data closely correlates to Nielsen numbers, which facilitates a better understanding of viewership.

Certified Angus Beef LLC (CAB) Supply Development and the PR department have created 50 video news releases this year, distributing the video packages to TV stations, RFD-TV's Rural TV network and other agriculture news websites.

The department has continued to collaborate on other radio and video projects.

### FINANCE & PLANNING COMMITTEE

Balance sheets and income statements for the American Angus Association and its subsidiaries for the period ending July 31,

2012, were reviewed by the Finance & Planning Committee. Total assets on the consolidated financial report were \$38,924,000, consisting of current assets of \$10,312,000; investments of \$23,193,000; property and equipment of \$5,206,000; and non-current assets of \$212,000. Current liabilities were \$3,010,000, consisting of accounts payable, accrued liabilities and deferred income. Long-term liabilities of \$1,449,000 consisted of accrued health insurance benefits and deferred compensation. Net income for the period ending July 31, 2012, was \$6,461,000.

Projections of the financial results for the fiscal year that will end Sept. 30, 2012, were also presented for the Association, its subsidiaries and affiliate.

The Finance Committee reviewed the investment portfolio of the Association and its subsidiaries. Investment income for the fiscal year was \$3,129,000, consisting of interest, dividends and net realized gains of \$580,000 and unrealized gains of \$2,549,000. Additional cash balances will be invested in increments of up to \$500,000, sequentially in the Information Systems (IS) Fund, Research Fund and Capital Fund of the Association.

Proposed budgets for fiscal 2013 for the American Angus Association and its subsidiaries were reviewed.

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

### ANGUS FOUNDATION

The financial status of the Angus Foundation for the 10-month period ending July 31, 2012, was reviewed. Financials included total cash of \$175,279.36; investments of \$5,717,279.36; total assets of \$6,015,135.15; current liabilities of \$223,894.05; and net income for the fiscal year (FY) to date of \$639,628.31.

Planning has begun for Tom and Lois Ames of Spruce Mountain Ranch, Larkspur, Colo., to host the Angus Foundation and its guests for the Angus Night on the Mountain II fundraiser the evening of Jan. 16, 2013, for dinner at their ranch venue in conjunction with the 2013 National Western Stock Show.

With total revenue of \$1,265,700 and total expenses of \$1,262,900 projected respectively, the Angus Foundation's recommended budget for FY 2013 was approved.

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## BOARD HIGHLIGHTS

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A funding request from University of Missouri for genomic sequencing of Angus bulls was approved for current FY 2012.

Contributors to the Angus Foundation this fiscal year (Oct. 1, 2011-Sept. 30, 2012) will be recognized in the Angus Foundation's 2012 annual report, fall/winter newsletter and website. Those contributors of \$250 or more will receive invitations to the Angus Foundation's 2012 Supporter Recognition Event to be hosted in Louisville, Ky., Saturday, Nov. 10, 2012.

A permanent lifetime-giving recognition program was approved to (1) more appropriately recognize long-time benefactors of the Angus Foundation for their accumulative giving dating back to 1980 and (2) inspire all supporters to continue giving to reach higher recognition levels to receive even more benefits. More details about this program will be announced in early 2013.

### ANGUS GENETICS INC. (AGI)

The financial report for fiscal 2012 was reviewed. The proposed budget for the upcoming year was discussed, and the budget for 2013 was unanimously approved.

Staff summarized company activities, including a GeneMax™ update and educational meetings hosted throughout the summer. An overview of DNA technology used as part of genomic-enhanced EPDs (GE-EPDs) was given, to include discussion of future DNA panels, potential for whole-genome sequencing, and their impact on the next generation of selection tools.

Doug Parrett addressed the group with thanks and vision for AGI, expressing his appreciation to have served as an industry representative board member since AGI's inception in 2007.

### ANGUS PRODUCTIONS INC. (API)

For the period ending July 31, 2012, API had a year-to-date total revenue of \$5,379,651.84, expenses of \$5,309,915.30 and an unrealized gain of \$28,196.01, resulting in excess revenue over expenses of \$103,940.15.

The proposed fiscal year 2013 budget was approved, with total revenue of \$6,716,300 and total expenses of \$6,695,200, with an excess revenue over expenses of \$21,100 and a supplemental medical benefit of (\$19,900) leaving a total excess revenue over expenses of \$1,200.

The digital replica of the *Angus Journal* was reported to be in the final stages of completion. Staff of API and Publishers Press

are currently testing the system. The subscription and login requirements for current and new subscribers should be fully operational with the November issue.

The new *AngusTradingPost.com* site went live in August, and potential buyers and sellers are signing up every day. A tutorial is close to completion. The tutorial will begin with the login route and explain the bidding and buying procedures.

### CERTIFIED ANGUS BEEF LLC (CAB)

Some marketing initiatives were scaled back throughout the year concurrent with supply shortages, resulting in a budget with an estimated bottom line of \$565,000 prior to investment income.

Numbers were reviewed through August, reflecting an estimated 11% decline in certified carcasses available, and estimated sales of 810 million pounds (lb.) for the year — a new record. An updated *Certified Angus Beef*® (CAB®) demand index was provided, showing a significant increase in demand for the past two years.

An analysis was presented of the continued increases in the CAB carcass weights, and how some packer grids do not begin discounts until carcasses exceed 1,050 lb. A data profile of these heavier carcasses and what we know about them was also

reviewed. Staff noted that additional data collection was needed.

An update was given on the use of beta-agonists within the beef industry and concerns with their impact on supply and tenderness of CAB product. Staff will continue to monitor the impact of beta-agonists on animal well-being and any implications they may have on CAB product quality.

A report was given on the historical impact of corn prices on CAB supply. The conclusion was that corn prices, independently, do not have as direct of an impact on CAB acceptance rates as one would think.

## **BOARD OF DIRECTORS**

The budget for fiscal 2013 was adopted with projected revenue of \$11,461,200; expenses of \$11,484,100; and a budgeted net loss before any nonoperating adjustments of \$22,900. The budgeted net gain after considerations for nonoperating items is \$4,300.

Following its June 2012 meeting, the Board announced its intention to address two issues related to the Association's genetic defect policies for AM, NH and CA:

1. The concern that some breeders were continuing to register and sell potential

- carriers without first testing them; and
2. The continued ability to register female carriers beyond the three-year time limit established by previous Boards.

Over the course of two days, the Board discussed both issues, focusing in part on the initial development of these policies, the concerns of the Boards that previously adopted and amended them and their intent in developing the language that would be displayed on registration and performance certificates of all potential carriers. The Board also considered the membership's proven ability to adapt and to manage simple recessives, as well as their willingness to embrace and utilize the science available to our breed.

After careful consideration, the Board took the following actions, effective immediately, with respect to each issue:

- ▶ In order to be eligible for prospective registration, any potential carrier bull must be tested at an Association-approved laboratory and found to be free of that genetic defect, and
- ▶ All potential carrier females must be tested. The three-year time period during which members could and have been registering them has been removed. As a result, tested females will be registrable regardless of test results. However, the

pedigree of any carrier female will prominently display a special "carrier" designation denoting that status.

The Board appointed a task force to consider development of a genetic profile for commercial herds, based upon the registered Angus sires transferred.

Staff was directed to develop a policy for a web-based request for DNA samples.

Resolutions were adopted to elect industry and outside representatives to the following entity Boards of Directors, effective Nov. 12, 2012:

- ▶ Association member Laurie Widdowson, Lodgepole, Neb., as an outside representative on the Angus Foundation Board of Directors for a one-year term;
- ▶ Larry Kuehn, U.S. Meat Animal Research Center (USMARC), Clay Center, Neb., as an industry representative on the Angus Genetics Inc. (AGI) Board of Directors for a three-year term;
- ▶ Dwight "Kip" Palmer, president/CEO, Palmer Food Services, Rochester, N.Y., as an industry representative on the CAB Board of Directors for a one-year term.

## **NEXT BOARD MEETING**

Nov. 10 & 12 — Louisville, Ky.

