



Board Action

► Highlights of the Feb. 17-19, 2009, meeting of the American Angus Association® Board of Directors

Board conducts February business

Pursuant to notice, the meeting of the American Angus Association Board of Directors was convened Feb. 17-19, 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 2009 National Western Stock Show (NWSS) Angus Bull Sale was discussed, and plans were approved for the 2010 sale.
- Weights and scrotal measurements will continue to be taken on all bulls at the NWSS. Females will also be weighed. Ultrasound will be discontinued.
- The standard classifications for shows conducted Jan. 1 to May 31 for open show heifers and bulls was changed:
 - Junior heifer calves calved between May 1 and May 31 (instead of May 1 and after).
 - Junior bull calves calved between May 1 and May 31 (instead of May 1 and after). (To view the Association's standard show classifications, go to www.angus.org/shows/classifications.html.)
- A three-man judging system was approved for the North American International Livestock Exposition (NAILE) Roll-of-Victory (ROV) Angus Show.
- Judges were selected for the 2009-2010 ROV show year and will be posted on the Association's web site as confirmed by the shows (see www.angus.org/shows/angus_show_schedule.html).
- The National Junior Angus Show (NJAS) manual has been completed. It will be updated yearly for the chairs of the hosting states.
- The judges for the NJAS will be selected at the February Board meeting each year, beginning with the 2010 NJAS.

BREED IMPROVEMENT COMMITTEE

- **NBCEC genomics project for growth traits.** An outline of the National Beef Cattle Evaluation Consortium (NBCEC) genomics project for growth traits was presented. Discussed was potential participation in the project and funding avenues available for the Association's

contribution to offset genotyping costs. It was approved to refer the project proposal to the Angus Foundation for consideration.

- **Cloned animal EPD.** As a follow-up directive from the September 2008 committee meeting, staff provided details on cloned animal genetic predictions in dairy cattle. 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 four-month period ending Jan. 31, 2009.
- Total assets on the consolidated financial report are \$29,060,000, consisting of current assets of \$7,116,000, investments of \$16,578,000, property and equipment of \$4,988,000 and non-current assets of \$377,000. The investment portfolio is a diversified portfolio with 55% in equities and 45% in fixed income securities. The return on investment for the trailing 12 months is a loss of 19.8%. The equities portion and fixed income portions of the portfolio lost 35.5% and 0.9%, respectively. Current liabilities are \$3,003,000 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 for the period ending Jan. 31, 2009, of \$1,874,000.
- The Finance Committee reviewed the effects of declining revenue on 2009 and 2010 budgets. Spending cuts were reviewed and steps to establish spending priorities were implemented.
- Staff has recommended and is implementing many cost-saving measures, and the Board agreed to conduct its June meeting in Saint Joseph.

- A task force was formed to meet prior to the June Board meeting to re-evaluate the financial situation.
- The Finance Committee reviewed the consolidated investment portfolios and investment policy guidelines.
- A representative of the CPA firm Clifton Gunderson LLP met with the Committee. He discussed the financial statements for fiscal 2008 and commented on changes in the accounting profession that have resulted in an expanded review of internal controls, more detailed risk assessment and increased operational audit procedures. These changes were fully incorporated in the 2008 audit.
- Staff reported current expenditures for the ProRodeo software project through Jan. 31, 2009, total \$1,579,000. Funding of the project has occurred through operating cash and reserves ear-marked for that purpose.

INDUSTRY RELATIONS COMMITTEE

- AngusSource® enrollments are up 1% year-to-date.
- The annual AngusSource USDA audit was conducted in February. Everything was in conformance.
- The Communications Department is striving to make the Angus Education Center the portal for Angus educational information.
- A second Beef Leaders Institute (BLI) is set for May 31-June 3.
- The Association is hosting the National Pedigreed Livestock Council Annual Meeting May 4-6 this year in Kansas City, Mo., and Saint Joseph.
- Staff will coordinate all segments of public relations by communicating the Angus message to motivate and reassure the viability of the Angus message using all resources available.

INFORMATION & DATA MANAGEMENT COMMITTEE

- **Progeny testing for genetic defects.** A new protocol for progeny testing a bull for fully expressed recessive traits was discussed. The GDF notation for "Genetic Defect Free" as it appears on the pedigrees for a bull within the Association was also reviewed. It was approved to accept the new protocol and to change the GDF notation to RTF

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(“Recessive Trait Free”) for all current and future bulls fulfilling this requirement.

► **Suggested sale terms and conditions.** The committee reviewed the current Suggested Sale Terms and Conditions as they relate to genetic defects, and modifications to the Suggested Sale Terms and Conditions were approved (see www.angus.org).

► **AM test requirements for registered steers.** It was approved to waive the arthrogryposis multiplex (AM) testing requirement for steer registrations.

► **Identifying carriers of genetic defects.** Discussion centered on the procedures for genetic defect notation on the Performance Registration Certificate (PRC), standardization of the current genetic defect and genetic factor codes. The new notations and the rearrangement of the PRC layout were approved.

► **Commercial Programs report.** A report was given on continued educational efforts directed at producers, as well as auction markets, video auctions and other marketing outlets for producers utilizing Angus genetics. Orders for the BRS/AngusSource Black Books were received

for 15,035 books from 87 customers. The EPD Update was mailed to 44,147 affiliate members in February.

► **IS update.** The Information Systems (IS) department is continuing with testing in ProRodeo as it prepares to go live this spring. Other programming projects were outlined.

CERTIFIED ANGUS BEEF LLC

► Staff reported that Certified Angus Beef LLC (CAB) had an excellent presence at the recent NCBA conference as a result of the great teamwork between CAB, Angus Productions Inc. (API) and the Association. They are continuing to hear the message of the role that quality plays in the beef industry, which is encouraging.

► Recent staff changes were announced, including the appointment of Geof Bednar to director, International. Reporting on the increased supply of cattle qualifying for the *Certified Angus Beef*[®] (CAB[®]) brand, the number of certified cattle is up 7.6% over the prior year, with the percent of Angus-type cattle exceeding 60% of the cattle processed in licensed plants. Sales are currently running 2.2% ahead of the prior year with greater demand for the end meats and weaker demand for the middle meats.

► Under new business, staff presented an

update on the financial position of the program and projections for the year. It is very likely that CAB will exceed prior year sales, but it may fall a bit short of the budget. As a result, expenses are being monitored closely. The next several months will be the key months determining the outcome for the year.

► Foodservice sales (off by 9%) have been affected the most by the tight economy. In addition to large numbers of restaurants closing and the layoff of many foodservice distributor personnel, some restaurants are experiencing double-digit declines.

► Modest growth was reported in the retail division, coupled with middle meat features as a result of lower-than-normal product pricing and good supplies. An update was provided relative to the strong growth in the South Korean and Canadian markets despite the decrease in business in the Mexican market (as a result of the devaluation of the peso).

ANGUS PRODUCTIONS INC.

► The financial and budget reports were reviewed, and year-to-date figures were discussed.

► Current circulation for the *Angus Journal* is 16,370.

► A preliminary report on the *Angus Journal*

■ BOARD HIGHLIGHTS

Readership Survey was presented. Further details will be offered at the June 2009 Board meeting.

- ▶ A proposal was received from an individual desiring to sell API publication advertising in Canada. The proposal will be reviewed to consider the potential impact for generating advertising revenue in Canada.
- ▶ A status report was given on the *Angus Beef Bulletin Extra*, with prospects for increasing the outreach and increasing the subscriptions of the new online publication.

ANGUS FOUNDATION

The financial report of the Angus Foundation for the four-month period ending Jan. 31, 2009, was reviewed. Financials include total cash of \$179,188.12, investments of \$3,852,899.51 and total assets of \$4,723,287.79. Liabilities are \$124,649.95, with a net loss for the fiscal year-to-date of \$539,632.01.

Staff updated the Board on the Angus Foundation's recent fundraising activities and future efforts to increase support levels to education, youth and research for the benefit of Angus breeders, youth and the Angus breed. Highlights included:

- ▶ The 2009 Angus Foundation Heifer Package sold for \$92,500 to Ron and Myki Simek of Canyon Creek Angus, Cody, Wyo. The heifer was donated by Chris McCutchen of Limestone LLC of Perkins, Okla. David and Mary Ann McMahon of Belle Point Ranch, Lavaca, Ark., were contending bidders. Nearly \$1.4 million has been raised through this fundraising activity since 1980.
- ▶ The Looking to the Future No. 1 Angus bronze was purchased for \$40,000 by Belle Point Ranch, Lavaca, Ark.; Whitestone Farms, Aldie, Va.; and Tanner Farms, Ellisville, Miss., at the 2008 Angus Foundation Supporter Recognition Event in Louisville, Ky. This limited-edition bronze can be purchased from the Angus Foundation to support the campaign.
- ▶ The Angus Foundation Golf Tournament is set for July 21 at the 2009 NJAS at Houston Lake Golf Club at Perry, Ga. A fundraising goal of \$20,000 is set for this event.
- ▶ The 2009 Annual Fund, titled Looking to the Future, currently has gifts and pledges of more than \$10,875 from 67 Angus breeders.
- ▶ Planned giving (bequest) commitments and participation in the Angus Legacy Society continues to grow with \$1.6 million in confirmed commitments at this time.
- ▶ The Rising Angus Star Youth Scholarship Fund, a new scholarship fund, has been

established by Angus breeders. Awards will be based on financial need, personal and/or family hardship, physical handicap, medical disability and/or other extenuating circumstances as determined by the Angus Foundation Scholarship Selection Committee.

- ▶ Through the Texas Challenge, more than \$574,000 has been pledged to the \$1 million goal set by the Texas Angus Association and Angus breeders in Texas for Vision of Value: Campaign for Angus. Other states are encouraged to support the campaign through similar types of matching fund arrangements.

Staff provided an update on Vision of Value: Campaign for Angus, which aims to raise \$11 million by Dec. 31, 2011. As of Feb. 1, more than \$5.4 million has been raised in outright cash gifts, pledges and planned gift commitments toward this goal.

Directors considered an external proposal outlining an alternative fundraising activity to the Angus Foundation Heifer Package. It was determined to maintain the Angus Foundation Heifer Package fundraiser activity in Denver in 2010. Staff will further develop fundraising options to be considered at the June Board meeting for confirmed heifer pregnancies to be offered at auction at Louisville beginning in 2010.

Directors approved a genomics research project for growth traits with the National Beef Cattle Evaluation Consortium (NBCEC).

ANGUS GENETICS INC.

- ▶ The financial report for Angus Genetics Inc. (AGI) was reviewed. Year-to-date figures were discussed.
- ▶ Company activities were summarized in the president's report, which included a list of the breed organizations currently receiving genetic evaluation services. Additional breed organizations that have contracted future evaluations were outlined.
- ▶ Continued efforts to incorporate marker data into national cattle evaluation (NCE) were discussed, as well as the collaborative discussions with other industry participants.

BOARD OF DIRECTORS ACTION

- ▶ The Association Board approved recommendations from the Boards of Directors of CAB, AGI and the Angus Foundation to draft resolutions to amend the Operating Agreements of those entities to allow election of an industry representative to serve on those entity Boards.

NEXT BOARD MEETING

June 10-12, 2009, Saint Joseph, Mo.

