



Board Action

► Highlights of the June 10-12, 2009, meeting of the American Angus Association® Board of Directors

Board conducts June business

Pursuant to notice, the meeting of the American Angus Association Board of Directors was convened June 10-12, 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 American Angus Association schedule at the National Western Stock Show (NWSS) has changed for 2010.

Activities begin with the bull show on Wednesday; the bull sale cattle judging and bull sale and junior heifer show on Thursday; the female show on Friday; and the carload and pen show on Saturday.

► Premiums were reduced for the 15 **Roll of Victory (ROV) shows** beginning with the 2010-2011 show season. The open fair show premiums were also adjusted.

► The Show Heifer, Show Bull and Breeder of the Year **awards** for the 2008-2009 ROV show season will be presented to the winners during the awards banquet in Louisville, Ky., in November.

► There will be no **herdsman banquet** during the NWSS in 2010. The Herdsman of the Year award will be presented during one of the open shows.

► Staff was directed to reduce the cost of the **Angus reception** hosted during the NWSS.

► The junior ownership deadline for the **North American International Livestock Exposition (NAILE)** has been changed from July 31 to Sept. 1.

► **Melissa Miller**, Brandon, Fla., is the summer intern for the Junior Activities Department.

► The request by the Kentucky Angus and Junior Angus associations to host the **2012 National Junior Angus Show (NJAS)** at Louisville July 15-21 was approved. The Ohio and Tennessee associations will be assisting with the show.

BREED IMPROVEMENT COMMITTEE

► An update of the National Beef Cattle Evaluation Consortium (NBCEC) **genomics project** for growth traits was

presented. A producer participant meeting, planned by the NBCEC, Extension and university cooperators was scheduled for June 22-23, 2009, at the Roman L. Hruska U.S. Meat Animal Research Center (USMARC), Clay Center, Neb.

► Efforts are under way to compile **Angus feed intake data** from sponsored research projects, industry intake data sites and breeder records. Feed intake records on Angus bulls and heifers are being consolidated for estimation of genetic parameters in pursuit of a genetic evaluation for efficiency measures.

► Plans and a timetable for the fall 2009 American Angus Association **National Cattle Evaluation (NCE)** were given. Yearling height and scrotal genetic evaluations will be upgraded to use University of Georgia software. Additional pedigree ties will be incorporated into the upcoming fall analyses for these traits. In addition, the complete Canadian Angus Association database will be included in the evaluation. No other changes or trait additions are planned for the evaluation, which was scheduled to be online at www.angus.org by Monday, July 13.

► A research update was given on Angus molecular breeding value (MBV) development and the progress toward **marker-assisted expected progeny differences (EPDs)**. Additional details were covered in the Angus Genetics Inc. (AGI) Board meeting. The Committee unanimously agreed to continue the creation of DNA marker-assisted EPDs for the American Angus Association NCE.

► Consideration of the **AHIR fee structure** was referred to the Breed Improvement Committee by the Finance & Planning Committee. It was recommended that a special committee be appointed by the

President to address the performance record fee structure.

FINANCE & PLANNING COMMITTEE

► **Balance sheets and income statements** were reviewed. The financial review included the consolidated financial reports and the financial reports of each subsidiary.

Total assets on the consolidated financial report were \$29,348,000, consisting of current assets of \$6,796,000, investments of \$17,232,000, property and equipment of \$4,943,000 and non-current assets of \$377,000. Current liabilities are \$2,115,000 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 April 30, 2009, of \$698,000. Financial projections of the American Angus Association for the current fiscal year (FY) ending Sept. 30, 2009, were also reviewed.

► The Committee reviewed the **investment portfolio** of the Association and its subsidiaries. The portfolio has lost 16.8% for the trailing 12 months, but has gained 4.5% during the calendar year. The Committee reviewed the investment policy and asset allocation of the investment portfolio.

► The corporate **insurance program** and the employee health insurance policies were discussed. Favorable renewal rates were negotiated for both insurance programs.

► The **ProRodeo computer software upgrade** was implemented June 1. Development and equipment costs were \$1,729,000.

► The Committee then convened in executive session to discuss expectations for the **2010 fiscal budget**.

INDUSTRY RELATIONS COMMITTEE

► The Committee instructed staff to pursue offering a **second-tier program** of the AngusSource® PVP.

► **Jamie May**, a student at North Dakota State University, was introduced as the summer communications intern.

► Discussion of the **promotional program** presented by staff was tabled for consideration at a later date.

CONTINUED ON PAGE 33

▶ BOARD ACTION

CONTINUED FROM PAGE 32

▶ Staff was directed to look into building a more cohesive Angus **web site** presence, beginning with a cost-feasibility analysis.

▶ The Committee requested that a committee be appointed to evaluate **cost comparison** of other age- and source-verified programs to AngusSource.

INFORMATION & DATA MANAGEMENT COMMITTEE

▶ The new **ProRodeo system** and its implementation during May 30-31 were summarized. Enhancements to ProRodeo will be made as needed.

▶ The updated Performance Registration Certificate with notations for **genetic defects** and animal transfer information was reviewed by the Committee.

▶ A breeder request to **access Association pedigree information** was discussed by the Committee.

CERTIFIED ANGUS BEEF LLC (CAB)

▶ The projected **year-end budget** was reviewed, reflecting a reduction of expenses at a level that balances the budget for the year. Sales are projected to be up over the

prior year (despite the tough economy); however, income will fall short of the budget by approximately 2%.

▶ Based on the finances and year-end projections, the Board approved that the **distribution to be paid to the Association** for FY 2009 be set at 15% of royalty growth, but not less than \$100,000.

▶ Staff reported on the upcoming plans for **sponsorship** and involvement with the World Angus Forum and the National Cattleman's Beef Association (NCBA) summer meetings, as well as an update on Mick Colvin's induction into the Saddle & Sirloin Club to occur in November.

▶ 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. Cattle continue to grade very well, with monthly *Certified Angus Beef*® (CAB®) acceptance rates surpassing 20% for the first time since 1999.

▶ **Opportunities for growth** include the launch of CAB® Prime Natural beef with a regional retailer, re-launches of the brand



and renewed commitment to marketing by several other large retail chains, stressing the importance of maintaining "brand relevance" with several other national accounts that are posing challenges given their current direction in marketing premium beef.

▶ The various initiatives and activities directed at **growing supply of CAB®-qualifying cattle** were summarized. Choice and Prime grading has exceeded 63% year-to-date, a level not seen in decades. Staff reviewed the stocker *Best Practices Manual*, the upcoming Consumer First web site launch, expanded feedlot communication and various research opportunities involving marbling. Current grading trends for Choice and CAB cattle were reviewed, including the various factors that influence these trends. Demand for Select beef this year has actually declined (less production at a lower price), while the demand for Choice and CAB has remained relatively stable (lower prices but in the face of much greater production). The CAB-Choice spread has remained relatively

BOARD HIGHLIGHTS

stable, even with the downturn in the economy.

► A **sales update** included a review of the current trends and customer highlights in foodservice, retail, international and value-added products. Foodservice continues to be a challenge as it has been the hardest hit by the economy. Retail continues to gain market share on foodservice, with more consumers eating in. International continues to show great growth in South Korea and the Caribbean nations, while Mexico has been hard-hit by both the economy and public concern stemming from the H1N1 virus. Value-added products have remained relatively stable with the prior year but are set to show some nice growth with new product introductions.

► Staff reviewed highlights of the various **CAB® brand marketing activities**. Marketing initiatives geared toward public relations at the national level are seeing wonderful results with many “unpaid” celebrity chef endorsements. National media activities are also paying huge dividends with great coverage in the right publications. Various regional marketing activities in target markets are affecting the growth of those retailers.

► A **new initiative** is being geared toward foodservice distributors to increase the financial commitment of those distributors to fund marketing efforts with their high-end restaurant customers.

ANGUS PRODUCTIONS INC. (API)

► The **financial report** was presented with \$5,522,744.68 total revenue and total expenses of \$5,275,306.24, resulting in excess revenue over expenses of \$190,188.49.

► Current **circulation** is 16,120 for the *Angus Journal* and 71,050 for the *Angus Beef Bulletin*.

► The API production staff is preparing a 40-year **NJAS history book** compiled by Tom Burke and the Angus Hall of Fame that will be available at the 2009 NJAS.

► The Board approved changing the **printer of the Angus Beef Bulletin** to Conley Printing of Beaver Dam, Wis., effective with the September 2009 issue.

► The Board reviewed current **accounts receivable** and considered possible additional measures for the collection of the past-due accounts.



ANGUS FOUNDATION

► **Financial status** was reviewed for the seven-month period ending April 30, 2009. Financials include total cash of \$288,967.56, investments of \$4,006,639.00 and total assets of \$4,931,037.14. Current liabilities are \$119,589.58. A projected financial report for FY 2009 and budget considerations for FY 2010 were also reviewed.

► The Angus Foundation will award \$100,000 in undergraduate **student scholarships** and \$25,000 in graduate student scholarships at the upcoming 2009 NJAS. Numerous other scholarships funded by donor-named endowment funds will be presented to Angus youth.

► The **2010 Angus Foundation donation heifer**, Sinclair K Beauty 8R102 E118, is being donated by Sinclair Cattle Co. of Warfordsburg, Pa.

► The Board approved allocation of \$10,200 from the **2009 Annual Fund**, “Looking to the Future,” toward undergraduate and graduate scholarships that will be announced at the 2009 NJAS in Perry, Ga.

► A restatement and expansion of the Angus Foundation’s **investment policy** was approved, providing donors fixed-income portfolio investment options initially for endowment gifts of \$10,000 or more.

► Further study is being conducted regarding a **fundraising proposal** to offer confirmed heifer pregnancies at auction by the Angus Foundation at Louisville beginning in 2010.

► Staff recommended that the Angus Foundation consider the feasibility of funding **recessive trait research** relative to the progeny testing of Angus bulls in accordance with American Angus Association Rule 300. This was referred to the Association’s Research Priorities Committee for further consideration.

► With a recent gift of \$26,000 from the Iowa Junior Angus Association, the **Vision of Value: Campaign for Angus** surpassed the halfway mark of \$5.5 million toward its goal of raising \$11 million by Dec. 31, 2011, in support of education, youth and research activities to benefit Angus breeders and the beef cattle industry.

ANGUS GENETICS INC. (AGI)

► **Company activities** were summarized in the president’s report with a list of the breed organizations currently receiving genetic evaluation services. Additional breed organizations that have contracted future evaluations were also discussed.

► Continued efforts to **incorporate DNA marker data into NCE** were discussed, as well as the collaborative research arrangements to offer genomic profiles. Preliminary research reports were presented to describe the molecular breeding values and models for marker-assisted EPDs. Discussion included validation work by the NBCEC, variance component estimation by Mike MacNeil at the U.S. Department of Agriculture-Agricultural Research Service (USDA-ARS), and marker-assisted EPD evaluation prototypes.



BOARD OF DIRECTORS ACTION

► The Board adopted a combined **policy regarding both arthrogyriposis multiplex (AM) and neuropathic hydrocephalus (NH)**. (Visit www.angus.org for the latest information and to reference Association policy concerning genetic defects.)

► The Board appointed Landi McFarland, Ellston, Iowa, and Gerald Theis, Leavenworth, Kan., to serve as **election observers** to oversee the counting of the ballots for the election of delegates and alternates to the 2009 Annual Meeting Nov. 16.

► A **committee was appointed** to review the performance record fee structure, to evaluate cost comparison of AngusSource and other age- and source-verified programs, and to identify potential additional sources of revenue. The committee is comprised of Joe Hampton, chairman; Jarold Callahan; Darrell Silveira; Jim Sitz; Gordon Stucky; Rob Thomas; and ex officio members Jay King and Bill Davis.

Committee structure and guidelines were approved for the recently formed Research Priorities Committee.

The Board endorsed a recommendation made by the Finance & Planning Committee to significantly cut expenses in the **2010 budget** and authorized the staff to access its reserves to cover any loss that the Association may experience in FY 2009.

NEXT BOARD MEETING

Sept. 9-11, 2009, Saint Joseph, Mo.

