



# Board Action

► Highlights of the Sept. 3-5, 2008, 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 called to order Sept. 3-5, 2008, in Saint Joseph, Mo. The following officers and directors were present: Paul Hill, president and chairman of the Board; Jay King, vice president and vice chairman of the Board; Bill Davis, treasurer; Gregg Blythe; Jarold Callahan; Al DeClerk; Norman Garton; Joe Hampton; Chad Hoffman; Steve Olson; James Rentz; Robert "Bob" Schlutz; John Schurr; Gordon Stucky; Rob Thomas; Phil Trowbridge; and Cathy Watkins. Highlights of the meeting are as follows.

### BOARD OF DIRECTORS ACTION

At the request of the Breed Improvement Committee, a committee was appointed and approved to assign future research priority areas and review research proposals for the Association and Angus Foundation. The committee is composed of: Joe Hampton, chair; Sally Northcutt, vice chair; Bill Bowman; Larry Corah; Bill Davis; Gordon Stucky; and Cathy Watkins. Bryce Schumann, Milford Jenkins and Richard Wilson will serve as ex-officio members.

### ACTIVITIES & EVENTS COMMITTEE

- The following people will be inducted into the 2008 Angus Heritage Foundation: Minnie Lou Bradley, Memphis, Texas; Joe Schaff, Bismarck, N.D.; Robert (Bob) Schlutz, Columbus Junction, Iowa; Richard Wilson, Saint Joseph, Mo.; and Roy Wallace, formerly of Plain City, Ohio (posthumous induction).
- The following shows were designated as national shows:
  - 2009-2010, National Western Stock Show (NWSS)
  - 2010-2011, North American International Livestock Exposition (NAILE)
  - 2011-2012, NWSS
- The 2009 Northwest Regional Junior Preview was approved for Filer, Idaho, in June 2009.
- The Western Regional Junior Show was approved for Reno, Nev., April 25. Kyle Colyer was approved as the judge.
- The 2009 Eastern Regional Junior Show was approved for Columbus, Ohio, June 24-28. An additional division in the heifer calf division was added, and expected progeny differences (EPDs) will be added to the show program. Brett Barber was approved as the judge.
- The 2009 National Junior Angus Show (NJAS) will take place in Perry, Ga., July

19-26. The following people were selected as judges.

- Brandon Callis, Texas, steers
- Frank Jackson, Minnesota, bred-and-owned cattle and cow-calf pairs
- Bill Conley, Missouri, owned cattle

New to the junior show, the primary judge selected for the owned cattle will select an assistant, approved by the Activities Committee, to place the bottom part of the classes. Also, all carcass steer contest entries must be halter broke.

- The 2010 Eastern Regional Junior Angus Show will take place in Bloomington, Ill.
- The 2010 Western Regional Junior Angus Show will take place in Reno, Nev.
- The following shows were approved for Regional Preview Show status for 2010.
  - Mid-Atlantic Junior Angus Classic, Harrisonburg, Va.
  - Atlantic National, Timonium, Md.
  - Northwest Regional, Prineville, Ore.
  - All-American Angus Breeders' Futurity, Louisville, Ky.
- The 2010 NJAS is set for July 11-17 at the National Western Livestock Show facility, Denver, Colo. Colorado, Kansas and Nebraska are the host states.

### BREED IMPROVEMENT COMMITTEE

#### ► Review of current genetic selection tools.

An overview of the current selection tools provided in the National Cattle Evaluation (NCE) was presented. The overview included principles of basic contemporary grouping, EPD development, and the use of these tools. Angus dollar value indexes (\$Values) were reviewed, including their initial development, derivation of equations, reference datasets, and component EPDs used in each index. Discussion was held and questions were fielded.

#### ► Cattle efficiency data collection

**committee report.** The Board subcommittee to develop guidelines for collection and storage of phenotypic feed intake data reported on recent activities. A draft copy of American Angus Association guidelines for feed intake data in bull, heifer and steer progeny was distributed. Discussion included the recommendation that the breeders collecting feed efficiency data be encouraged to warehouse DNA material on the animals measured for feed intake. It was unanimously approved to accept the draft guidelines for feed intake data.

#### ► Research projects for consideration.

Discussion was held for the need to establish a review committee to consider the numerous proposals that are received at the Association for research funding.

It was unanimously approved to request that the President name a committee responsible for assigning future research priority areas and reviewing proposals for the Association and Angus Foundation, with strong consideration for committee continuity over time. Discussion was held regarding the participants in such a committee, its objectives, and the need for continuity over time as Board members complete terms.

It was unanimously approved to fund Year 4 of the North Carolina State University biological efficiency project. Also, a University of Nebraska proposal to study mature cow size relationships was approved for funding.

#### ► Cloned animal EPD consideration.

A member request to provide cloned animals with EPDs identical to the donor animal was addressed. A summary of current clone counts in the Association's database was provided. It was discussed that changes to cloned animal reporting procedures may require a rule change. Staff was directed to pursue more details on how the dairy industry has provided genetic predictions on clones.

**► Other items.** Additional discussion was held regarding the perception of the Beef Value (\$B) bioeconomic index among Angus breeders and commercial producers. It was approved to recommend that a subcommittee be appointed to address the comments expressed by the

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committee on the use of \$B. The committee, chaired by Bill Davis, will report back to the full Board.

### 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, 2008.
- ▶ Total assets on the consolidated financial report are \$33,325,000, consisting of current assets of \$6,669,000, investments of \$21,246,000, property and equipment of \$4,970,000, and non-current assets of \$440,000. Total liabilities are \$3,387,000. The net income before non-operating charges for the period ending July 31, 2008, is \$3,896,000. After considering income taxes of \$167,000 and a decrease in the market value of the investment portfolio of \$2,826,000, the net income is \$903,000.
- ▶ The proposed budget of the American Angus Association for fiscal year (FY) 2009 has projected revenue of \$11,033,000 and expenses of \$11,175,700. Net income from operations for 2009 is budgeted at \$150,200. The income statement will also reflect expenditures from reserve accounts. After nonrecurring expenditures paid from reserves, the income statement will show a net loss of \$169,700.
- ▶ Staff was directed to explore alternative formats for reporting financial information to the Board and the Treasurer's report at the annual meeting.
- ▶ Staff reported on the status of prior funding authorizations. Subject to the availability of cash, funding of these reserve accounts is anticipated to occur in October and November of this year.
- ▶ Staff reported the stock intersection of the various equity fund managers to the committee and the international exposure in the portfolio. The largest holding in the equity portfolio makes up 1.26% of all equities. The total foreign exposure is 9.25% of the total investment portfolio.
- ▶ The ProRodeo computer software upgrade is on budget. Current expenditures total \$1,350,000, with expected total costs to be within the \$2 million budget.
- ▶ The status of the Nexus study being conducted by Clifton Gunderson LLP was reviewed. Preliminary work is under way, with a first report expected by the end of the fiscal year.
- ▶ The Committee reviewed the codes of conduct for directors and employees. There were no changes recommended to the codes. Staff was directed to provide prospective Board members with the code of conduct for directors.
- ▶ The Committee discussed the Expense Policy and Procedure for Officers and Directors. The policy was changed to include expenses for four days at the National Junior Angus Show.
- ▶ A Committee was appointed to further

study the travel reimbursement policy for officers and directors.

### INDUSTRY RELATIONS COMMITTEE

- ▶ Two new educational pieces are being prepared. A brochure, "Developing a Registered Angus Herd," is being printed for new and potential members. "Fitting and Showing for Success" is an instructional DVD that will sell for \$15.
- ▶ Staff was instructed to pursue the opportunity to offer tags that include the "840" numbering system to producers enrolled in AngusSource.® The visual and radio frequency identification (RFID) matched-pair "840" tag options will be available in addition to the traditional AngusSource tags. The "840" tags will replace the current Beef Improvement Records (BIR) RFID tag and RFID matched-pair tag options.
- ▶ Long- and short-term goals for national advertising and marketing will be discussed on a future conference call.

### INFORMATION & DATA MANAGEMENT COMMITTEE

- ▶ **Information System (IS) update.** Chris Stallo was introduced as the new assistant director of Information Systems. A progress report was given on programming and testing for Project ProRodeo. Discussion was held on educating members about the new features in AAA Login when ProRodeo is released. Also, additional outreach to affiliates is needed regarding electronic storage of registration papers.
- ▶ **Commercial Programs subcommittee update.** A summary was given on eight commercial producer meetings conducted recently at auction markets, with discussions including the Association's commercial programs and promotion of AngusSource at 44 sales. Orders for the BRS/AngusSource Black Books were received for 15,035 books from 87 customers. The EPD Update was mailed to 23,574 affiliate members in August. It was reported that the subcommittee formed to focus on commercial programs and increasing registered Angus bull demand continues to be active.
- ▶ **Discussion of voluntary contribution on registrations.** The feasibility was discussed of a \$1-per-head voluntary member contribution to the Angus Foundation on each animal registration as directed at the June 2008 Board of Directors meeting. Programming and accounting

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considerations in implementing the \$1-per-head contribution were outlined. An alternative proposal was reviewed for a voluntary donation during AAA Login checkout on any cart with fees associated, with a minimum amount for a donation set at \$10. It was unanimously approved to implement the alternative proposal as presented.

### ANGUS PRODUCTIONS INC. (API)

- ▶ The financial report was reviewed for the period ending July 31, 2008. API had year-to-date (YTD) total revenue of \$7,703,607.10 and expenses of \$7,345,046.91. An income tax adjustment of \$166,990.61 resulted in excess revenue over expenses of \$171,729.68.
- ▶ The FY 2009 budget for API was approved with total revenue of \$10,306,100, total expenses of \$10,034,500, and an income tax of \$110,600, leaving excess revenue over expenses of \$161,000.
- ▶ Creative Media shared a segment of the 125th Anniversary edition "I Am Angus" video to be shown during the annual meeting in November.
- ▶ Discussion was held regarding an advertisement that had been refused for publication in the *Angus Journal*. The refusal was based on policy statement: "Member and non-member lists are not available to members or competing organizations." The API Board approved the decision to not accept the advertisement in the *Angus Journal*.
- ▶ An informational presentation for an Internet auction as a new division of API was made. The presentation was to assist the Board of Directors of API in determining whether API should develop an online auction system that supports real-time, active bidding of cattle auctions. Staff was directed to monitor the potential of such an endeavor.

### ANGUS FOUNDATION

- ▶ The financial report for the 10-month period ending July 31, 2008, was reviewed. Financials include total cash of \$245,000, investments of \$4,601,600, and total assets of \$5,393,600 with \$241,600 in liabilities. A net loss for the fiscal year-to-date is \$251,500.
- ▶ The proposed budget for FY 2009 was approved, with revenue of \$1,947,000 and operating expenses of \$1,054,200.
- ▶ Staff briefed the Board on numerous current and future Angus Foundation activities and programs, including:

- ▶ The 2008 Angus Foundation Golf Tournament at The Legacy Golf Club at Norwalk, Iowa, during the NJAS had a record number of 73 players and more than 40 sponsors. The event grossed almost \$21,000.
- ▶ A new record was set at the Angus Foundation Silent Auction at NJAS, with gross revenue of \$14,206.
- ▶ That Old West Magic — A Saturday Night in Prosperity Junction, the Angus Foundation's gala and auction, raised \$345,000 for education, youth and research. Bob Funk of Express Ranches hosted the event at the National Cowboy and Western Heritage Museum in Oklahoma City, Okla., Saturday, Aug. 30, 2008. Proceeds support the Vision of Value: Campaign for Angus.
- ▶ The Angus Legacy Society now has \$1.6 million in known planned giving commitments whereby donors have named the Angus Foundation as a charitable beneficiary in their estate plans via a bequest in their will(s).
- ▶ Staff updated the Board on Vision of Value: Campaign for Angus, which aims to raise \$11 million by Dec. 31, 2011, to advance the Angus Foundation's education, youth and research efforts for the benefit of Angus breeders and the breed. As of Aug. 31, more than \$4.9 million had been raised in outright cash gifts, pledges and planned gift commitments toward this goal.

### ANGUS GENETICS INC. (AGI)

- ▶ Company activities were summarized in the president's report with a list of the breed organizations receiving genetic evaluation services from AGI in summer 2008. Comments were given on breed organizations that have requested to contract future genetic evaluation services from AGI.
- ▶ AGI focus areas were summarized, including genomics and additional discussions relative to expanding the traits evaluated. Continued efforts to incorporate marker data into NCE were discussed, as were collaborative discussions with other industry participants.
- ▶ The financial report for FY 2008 was reviewed. The proposed budget for the upcoming year was discussed. The budget for 2009 was unanimously approved.
- ▶ An update was given on the University of Illinois feed efficiency research project. The first set of cattle is scheduled for harvest in early October, and a preliminary report on the research results is planned for the meeting in Louisville in November.

### NEXT BOARD MEETING

- ▶ Nov. 15 & 18, 2008, Louisville, Ky.



**Editor's Note:** *Minutes of the Certified Angus Beef LLC (CAB) Board of Directors meeting will be posted online, when available, and printed in the November issue of the Angus Journal.*