



Board Action

► Highlights of the Feb. 22-24, 2006, meeting of the American Angus Association Board of Directors

Board conducts business in February

Pursuant to notice, the meeting of the American Angus Association Board of Directors was called to order in the boardroom of the American Angus Association, Saint Joseph, Mo., on Feb. 22-24, 2006. The following officers and directors were present: Ben Eggers, president; Jot Hartley, vice president; Paul Hill, treasurer; Gregg Blythe; Jarold Callahan; Bill Davis; Al DeClerk; Norman Garton; Joe Hampton; Jay King; Robert "Bob" Schlutz; John Schurr; Dave Smith; Gordon Stucky; Richard "Dick" Tokach; Rob Thomas; and Phil Trowbridge. Highlights of the meeting are as follows.

BOARD OF DIRECTORS

- The Association will modify its policy of accepting ultrasound image data from a single lab and begin accepting image data in the future from those ultrasound interpretation organizations that have consented in writing to provide scan data and other information to the Association under guidelines and protocol to be specifically developed by the Association. In that regard, the Board commissioned a special five-person committee to develop and recommend guidelines and protocol to be followed by ultrasound interpretation organizations seeking to submit ultrasound data to the Association. Along with the guidelines and protocol, the committee will also report to the Board on the need, if any, for new rules, new procedures or new policies relating to the subject. Until the Board acts on that committee's report, the Association will continue to receive and process image data only from the National CUP Laboratory & Technology Center, Ames, Iowa.
- The Board directed Association staff to pursue multi-breed genetic evaluation and create a separate business entity to offer genetic evaluation services to other approved breed associations.
- The Association will enter into discussions with Iowa State University Research Foundation to negotiate an exclusive license to market a test relating to a particular strain of dwarfism identified in a line of Angus cattle. The test can determine if Angus cattle are carriers of this particular strain of dwarfism. If the negotiations are successful, the Board will next address how, and to what extent, the test should be incorporated into the Association's

policy relating to genetic defects. It should be emphasized that the test the Association seeks to license relates only to a particular strain of dwarfism. The test cannot predict the presence or absence of all strains of that defect.

ACTIVITIES & EVENTS COMMITTEE

- The committee received an update on the National Angus Conference & Tour, which is scheduled for Sept. 26-28 in Boise, Idaho.
- It was reported that attendance at the Outreach Seminars had been very good.
- Taking rump- and rib-fat measurements at the National Western Stock Show (NWSS) has been eliminated. Weighing of the animals and scrotal measurements will be continued.
- The following statement will be added to the NWSS premium book: *Class designation is calculated on the average age of the bulls in the carload/pen. Bulls may be no more than 30 days older or younger than the age classification specified for the class.*
- The auctioneer for the 2007 National Western Angus Bull Sale was selected and will be announced after confirmation.
- The judges for the 2007 National Western Angus Bull Sale Show were selected and will be announced after they have been confirmed.
- The committee selected judges for Roll of Victory (ROV) shows. The judges for these shows will be announced once they have been confirmed by show management.
- A cow-calf classification will be added to the standard classifications for junior Angus shows.
- The following Angus shows have been designated as the National Angus Show for the respective show year.

- 2006 North American International Livestock Exposition (NAILE; 2006-2007 show year)
- 2008 National Western Stock Show (2007-2008 show year)
- 2008 North American International Livestock Exposition (2008-2009 show year)
- Following discussion of the funding and responsibilities of the Association and host state for the National Junior Angus Show (NJAS), the topic was tabled until the June 2006 Board of Directors meeting so additional review could be conducted.
- Two divisions will be added to the owned heifer classes at the Western Regional Junior Angus Show.
- American Angus Auxiliary officers will meet in Saint Joseph, Mo., for a planning session March 14-15, 2006.
- New this year at the NJAS will be a team fitting competition, which is being organized by the National Junior Angus Association (NJAA) Board of Directors, and a judging contest, which is being organized by the hosting state in cooperation with Indiana Extension and Purdue University.
- The NJAA Board of Directors will meet for its spring meeting in coordination with the 2006 Youth Beef Industry Congress (YBIC) March 16-20. YBIC is being held at Mississippi State University in Starkville. The Board will finalize plans for coming shows and events.

FINANCE & PLANNING COMMITTEE

- Balance sheets and income statements were reviewed during the open forum attended by members of the Board of Directors of the American Angus Association, Angus Productions Inc. (API), the Angus Foundation and Certified Angus Beef LLC (CAB). The financial review included consolidated financial reports and the financial reports of each entity for the four-month period ending Jan. 31, 2006.
- Total assets on the consolidated financial report are \$28,296,000, consisting of current assets of \$5,565,000, investments of \$18,647,000, and property and equipment of \$4,084,000. The investment portfolio is a diversified portfolio with 60% in equities and 40% in fixed income

securities. The return on investment (ROI) for the equities portion and fixed income portion of the portfolio is 10.5% and 3.3%, respectively. A portion of the investment portfolio is on the balance sheet of each company and designated for specific purposes relative to the business of each company. Current liabilities are \$1,717,000, consisting of accounts payable, accrued liabilities and deferred income. Long-term debt consists of \$944,000 for accrued health insurance benefits and \$363,000 for deferred compensation. The net income for the period is \$2,692,000.

- ▶ The committee reviewed the Medicare Supplement Coverage Plan, discussing the development of the plan and its financial aspects. The plan was discontinued for employees hired after March 1, 2006.
- ▶ Clifton Gunderson LLP met with the committee to discuss the fiscal year (FY) 2005 audit of the financial records and

address other questions of the committee.

- ▶ The committee reviewed the investment portfolio of the American Angus Association, its subsidiaries and affiliates. This review included investment policy, activity in the accounts, account balances, performance information on individual accounts, and managers and diversification of the portfolio.
- ▶ The Dodge & Cox income fund and the Chase Mid Cap Growth A fund will be used to further diversify the Association's investment portfolio.
- ▶ The committee discussed the pending merger of the Gold Trust Bank.

INDUSTRY RELATIONS COMMITTEE

- ▶ **AngusSource®.** Program status and enrollment numbers were presented, along with a plan for future promotion.
- ▶ **Education programs.** A Cattlemen's Boot Camp, along with a Skills Lab, is scheduled

for April 28-29 at Cal Poly State University in San Luis Obispo, Calif. A plan for expanded educational efforts utilizing Webcast technology will be presented at the June Board meeting. A project to identify and prioritize all aspects of production that are necessary for commercial cattlemen to be successful was approved.

- ▶ **Producer outreach.** Eight producer Outreach Seminars have been conducted, and two more will be conducted in the near future. The Listening Post at the NWSS was a success.
- ▶ **National advertising.** A new ad for use in the Gulf Coast region was presented. Proposals for radio advertisement are to be presented at the June Board Meeting.
- ▶ **Commercial cattle Web listing.** Two Web sites will remain for listing of commercial Angus cattle: the AngusSource site and the commercial sale site.

CONTINUED ON PAGE 42

▶ BOARD ACTION

CONTINUED FROM PAGE 41

INFORMATION & DATA MANAGEMENT COMMITTEE

- ▶ **Information Systems (IS) project update.** A progress report was given on the ProRodeo computer system upgrade. Base objects have been created, and several search screens have been developed and tested.
- ▶ **AIMS update.** Online classes are currently being used for Angus Information Management Software (AIMS) training. A first-time class took place online in early January. Two additional classes are scheduled. Recent additions to the AIMS program were reported, along with the scheduling of a workshop in Syracuse, N.Y., in March 2006.

There was discussion about the need for a more inexpensive way to import a newly transferred animal into a breeder's AIMS program. The request was made to develop a more automated approach to import these animals into AIMS in the new ProRodeo system.
- ▶ **Heifer pregnancy.** Breeding data collection and current research for Angus heifer pregnancy genetic evaluation were reviewed. Preliminary research data on expected progeny differences (EPDs) for heifer pregnancy have been computed. Additional data is needed to expand the evaluation.
- ▶ **Stayability research.** Research efforts continue in defining and analyzing stayability in Angus females. A research-based genetic evaluation for cow stayability at 3 and 6 years of age has been modeled. Additional approaches are of continued interest.
- ▶ **Research proposal.** A research proposal submitted by Kansas State University to study the effect of scrotal circumference (SC) on ultrasound measurements reported in yearling bulls was approved. Correlations of scrotal circumference with ultrasound traits and carcass measures are of interest, as well as the potential for reviewing age-adjusted ultrasound scans.
- ▶ **Research proposal.** A research proposal from the University of Missouri to characterize the variation of temperament in Angus cattle using various scoring techniques was approved. The American Angus Association database includes more than 38,000 yearling temperament scores to be incorporated into the project.
- ▶ **Use of Australian Angus estimated breeding values (EBVs).** Discussion was held regarding requests to incorporate genetic predictions on Australian animals into the American Angus Association

National Cattle Evaluation (NCE). The request was not approved at this time.

- ▶ **Percent retail product EPDs.** Adding the percent retail product (%RP) EPDs back into the American Angus Association NCE was discussed. No action was taken. Recommendations to increase the visibility of dollar value indexes (\$Values) for yield grade and quality grade (\$YG and \$QG) will be considered at the June board meeting.
- ▶ **Data collection for hair shedding.** Discussion was held on data collection of hair shedding scores and the current literature available on hair shedding. Staff was directed to explore research possibilities on hair shedding within regional areas and report back to the committee.
- ▶ **Embryo transfer (ET) recipient dam policy.** The feasibility of requiring a percentage of ET calves to be out of registered Angus recipient dams was discussed. The committee indicated there was a need to raise breeder awareness of the benefits of using registered Angus cows as recipient dams.
- ▶ **Additional research.** Discussion was held on the feasibility of setting up a research project to correlate ultrasound percent intramuscular fat (%IMF) data with vision camera carcass grading data. Staff will develop a protocol for a research project to define the relationship between %IMF as evaluated by ultrasound and U.S. Department of Agriculture (USDA) marbling score as assigned by camera technology.

ANGUS PRODUCTIONS INC.

- ▶ Circulation for the *Angus Journal* continues to increase and is now 17,700.
- ▶ Regular advertising pages in the *Angus Journal* show an increase from FY 2005 for the same period. The largest increase is in Special Services sale book pages that are published.
- ▶ The Web Services Department will no longer be attending super-point ROV shows for real-time coverage. Instead, those shows will be posted upon completion of the event. Most of those shows now have their own coverage of placings.
- ▶ Three new employees have joined API's editorial team since September 2005. They are Meghan Soderstrom, Micky Wilson and Craig Simmons.

ANGUS FOUNDATION

- ▶ A funding request from Montana State University for an Animal Bioscience

▶ BOARD ACTION

Complex was tabled until the June 2006 meeting of the Angus Foundation Board.

- ▶ Consideration of a policy for external requests of the Angus Foundation for funding support was deferred until the June 2006 meeting of the Angus Foundation Board.
- ▶ A comprehensive five-year strategic plan constructed around a major fundraising initiative was approved.

CERTIFIED ANGUS BEEF LLC

- ▶ The first four months of FY 2006 posted a decrease in the number of cattle meeting the *Certified Angus Beef*[®] (CAB[®]) brand's standards. As a result, income is running approximately 8.7% behind budget through January 2006. Several project areas are being evaluated for possible cuts, with the desire to balance the budget despite the drop in supply. The good news is demand for the product is very strong.
- ▶ An update on supply included a 9.2% decrease in certified cattle for the fiscal year to date through January 2006. CAB product sales are running approximately 1.7% below levels one year ago, with utilization running 8.3% more than a year ago.
- ▶ Recent staff additions include the hiring of Vince Bank as assistant director of public relations. Brian Donelan has been hired as an account specialist, assisting David MacVane in the Northeast region. Other additions include the hiring of Miranda Reiman to start in June as an industry information assistant working with Steve Suther. She replaces Lance Zimmerman, who moved to Ohio to work on the supply development marketing team.
- ▶ CAB Natural was launched during the 2006 Cattle Industry Annual Convention and Trade Show. Production began in February. Many of the packing plants scaled back production the past few weeks due to unfavorable market conditions. In addition, one major packer was no longer segregating CAB carcasses that had a dentition evaluation of more than 30 months of age. As a result of this change, CAB acceptance could be affected in the short term by as much as 2% at this packing company.
- ▶ 2005 consist study data and the YG 4 situation and its current effect on the CAB program were reviewed extensively. The 2005 consist data reflects YG 4s in the product supply are affecting CAB acceptance by 6% (14.4% vs. 20.4%).

Heavier cattle (with inadequate ribeye area at these higher weights) and the lack of market signals discriminating against YG 4s from the packers appear to be some of the current drivers in this trend. The board will further consider this issue at the June meeting.

- ▶ An update on the industry's use of instrument grading and its possible effect on the CAB program was provided. Data collected in the 2005 consist study reflect that the move to cameras to call yield grade

could reduce acceptance rates by 1% for the CAB program. Currently, some of the major packers are at varying stages of testing cameras in one or all of their plants.

- ▶ In light of the Association's strong business year to date, the Board suspended the CAB monthly disbursement to the Association effective March 1, 2006, through Sept. 30, 2006.

NEXT BOARD MEETING

June 7-9, 2006



▶ BOARD ACTION
CONTINUED FROM PAGE **xx**