



# Board Action

► Highlights of the Feb. 20-22, 2008, meeting of the American Angus Association® Board of Directors

## Board takes action 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. 20-22, 2008. 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.

### ACTIVITIES & EVENTS COMMITTEE

- The 2008 National Western Stock Show (NWSS) Angus Bull Sale was discussed and plans were approved for the 2009 sale.
- The Board adopted the rule that a person cannot judge the National Junior Angus Show (NJAS) owned heifer or bred-and-owned heifer shows and a Roll-of-Victory (ROV) show within the same show year.
- The NWSS was discussed. Weights will continue to be taken on all bulls and females, and ultrasound will be taken for rump and back fat.
- Judges were selected for the 2008-2009 ROV show year and will be posted on the Association's web site as confirmed by the show.
- The Board approved the use of an associate judge upon the judge's request at the NWSS and the North American International Livestock Exposition (NAILE).

### BREED IMPROVEMENT COMMITTEE

**Growth trait evaluation software.** A summary of growth trait evaluation results using the University of Georgia software was presented. Animal expected progeny differences (EPDs), trends and descriptive statistics were consistent with in-house evaluation software results. The adoption of new software would enhance accuracy routines and improve evaluation run time. It was approved to use the new software to conduct the growth trait evaluation for birth, weaning, yearling weight and milk EPDs in the Fall 2008 National Cattle Evaluation (NCE). Highlights presented in the fall 2008 evaluation will note the implementation of the new software and the more conservative

accuracies that would be associated with the EPDs.

#### Integrated carcass genetic evaluation.

A report was given on publications and outreach activities that have been provided to membership to introduce the fall 2008 new carcass EPD release. Requirements and guidelines for submitting carcass data to the Association were discussed. It was approved to accept the requirements and recommendations for carcass data collection as presented.

#### Centralized ultrasound processing update.

An update was provided on the Association's ultrasound processing approved labs.

**Docility genetic evaluation report.** A summary was provided of temperament scores that have been submitted since the first release of docility EPDs in the spring 2008 NCE. Discussion was held on the criteria for listing sires in research docility genetic evaluation. Consideration of temperament scores at weaning and yearling time was discussed.

**Cattle efficiency data collection.** An overview was given regarding the interest expressed by Angus breeders to begin submitting feed intake data to Angus Herd Improvement Records (AHIR®). An update on efficiency projects and the various data points collected during the research was also provided. A subcommittee of Gordon Stucky, chairman; Rob Thomas; and Cathy Watkins was appointed to study avenues for efficiency data collection and guidelines.

### FINANCE & PLANNING COMMITTEE

Balance sheets and income statements were reviewed, including the consolidated financial reports and the financial reports of each entity.

Total assets on the consolidated financial report are \$33,703,000, consisting of current assets of \$6,495,000, investments of \$21,856,000, and property and equipment of \$4,910,000. The investment portfolio is a diversified portfolio with 67% in equities and 33% in fixed income securities. The return on investment for the trailing 12 months for the equities portion and fixed income portion of the portfolio is 2.8% and 6.1%, respectively. The return on investment for the fiscal year to date is 3.6% for the fixed income portion, down 6.4% for the equities, and, overall, the fiscal year to date return on investment is down 2.7%. Current liabilities are \$2,170,000 consisting of accounts payable, accrued liabilities and deferred income. Long-term liabilities consist of \$1,370,000 of deferred income, accrued health insurance benefits and deferred compensation. The net income for the period ending Jan. 31, 2008, is \$1,123,000.

The committee discussed forecasted revenue for fiscal 2008.

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 total return for the trailing 12 months ending Jan. 31, 2008, is 4.0%.

Gary Frazer, a partner in the CPA firm, Clifton Gunderson, met with the committee. He commented on new financial standards and current changes to the profession regarding additional reporting issues that will require changes to our annual reports beginning in fiscal year (FY) 2009.

Frazer commented on changes in the accounting profession that will result in an expanded review of internal controls, more detailed risk assessment and increased operational audit procedures. These changes are expected to be fully incorporated in the 2008 audit.

Effective April 1, 2008, M&I Institutional Trust Services will take over the duties as pension plan administrator.

The ProRodeo computer software upgrade is on budget and on schedule.

### INDUSTRY RELATIONS COMMITTEE

Staff provided an update on new and

revised educational pieces and promotional materials.

Highlights of future events include the National Angus Conference & Tour (NAC&T) in Oklahoma City, Okla., Oct. 7-9 and the Association's 125th anniversary celebration that will be recognized at numerous membership events throughout the year.

Staff reported on the progress of the AngusSource® program. Future marketing plans for the program were discussed.

### **INFORMATION & DATA MANAGEMENT COMMITTEE**

**Discussion of committee's organization and purpose.** A general discussion opened the committee meeting with comments relative to the importance of data and information management and how it affects the future of the beef industry.

A discussion was held on the performance and progeny information available on the Association's web-based EPD/Pedigree lookup. It was approved to develop a recommendation to access average progeny ratios on sires and to consider other options for information access, including economic impact considerations.

**Information Systems (IS) project update.** Reports on projects in the Information Systems department were given, including activities to develop and maintain programs on both the current Rodeo system and the new ProRodeo system. A target date for implementation of ProRodeo is Oct. 1, 2008.

**AIMS update.** Angus Information Management Software (AIMS) activities included modifications to the program to clarify udder scoring data entry, display of the new carcass EPDs and online AIMS classes.

**Genetic defect marker test for dwarfism.** It was reported that the DNA test for dwarfism is commercially available to the beef industry, and the February *Angus Journal* included an informational article on the development of the test.

**Commercial programs update.** Highlights were given on commercial program activities, including producer meetings, BRS/AngusSource Black Book orders and the EPD update mailing. Another *Priorities First* fact sheet has been recently released, and the interactive Producer Priority Finder is online at [www.angus.org/tools/](http://www.angus.org/tools/)

*priority* to assist producers in identifying management areas.

The need for a more focused approach using the resources from all entities to develop and communicate information to the commercial industry was discussed. A subcommittee was formed to focus on commercial programs and growing the commercial demand to purchase registered Angus bulls. Subcommittee members include Steve Olson, chairman; Gordon Stucky; Bill Davis; and Rob Thomas.

**Demographic survey.** An initial overview was given on the results from the recently completed demographic American Angus Association member and affiliate survey. Results have been compiled on responses from 24.6% of the members and 9.1% of the affiliates who received the survey. A strategic plan and protocol will be developed to manage and utilize the survey data for the Association and its entities.

### **CERTIFIED ANGUS BEEF LLC (CAB)**

The president reported that the U.S. District Court judge in Omaha, Neb., had entered summary judgment against BCD Farms and in favor of CAB on all surviving issues in that case. The judge's action effectively concluded the lawsuit in that court.

The position of assistant director of public relations has been filled by Melissa Brewer, who comes to the program from the Ohio Department of Agriculture. A manager trainee program is in development to recruit new college graduates for future manager and leadership positions.

The *Certified Angus Beef®* (CAB®) brand exceeded 600 million pounds (lb.) sold in a 12-month period this past November. Carcass utilization would continue to be a focus in growing the program during the next 12-18 months.

A status report on the penetration of beta<sub>2</sub>-agonists into the feeding industry was presented, as well as an update on the actions that the CAB staff has undertaken to create awareness within the trade of its effects on quality and long-term supply effects on high-quality beef production.

Marketing initiatives that have been undertaken within the program these past several months were reviewed. Highlights included a special ad placed for the Waldorf Astoria in the Robb Report, a new beef production map for foodservice licensees, promotions at the recent NCBA annual meeting, several free radio and TV spots obtained in CAB target markets, a new

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kids cook-off that garnered tremendous media coverage in Albany and a recap of the Specialist 2008 seminar.

Sales through the first four months of the year were reviewed. The program experienced nice growth in all divisions. The review of foodservice also included new distributors added to the program, some recent chain restaurant opportunities being pursued, and some of the challenges within the foodservice marketplace.

Some very nice growth within several key

retailers has been experienced. A promotion will be conducted between the National Cattlemen's Beef Association (NCBA) and one of CAB's licensees featuring the new CAB chuck cuts. International highlights included excellent growth in both Mexico and Canada. The presentation concluded with a showcase of new value-added products being added to the CAB offerings in the next several months.

A long-term growth plan will focus on the next three years, as well as the following 10 years through 2020. Long-range supply needs must be considered to keep the program growing at an optimal rate.

## ANGUS PRODUCTIONS INC. (API)

- ▶ The financial and budget reports were presented with \$3,152,344.30 in total revenue and total expenses of \$3,031,017.43, resulting in excess revenue over expenses of \$52,649.80
- ▶ The API Board was updated on the current status of *Angus Journal* printer Quebecor World.
- ▶ Two new employees were introduced: Tosha Powell, assistant editor, and Crystal Young, Creative Media coordinator.
- ▶ API's new media kit was distributed.
- ▶ The API Board was updated on both

the circulation audit and readership survey, as several universities have been contacted and have declared interest.

#### **ANGUS FOUNDATION**

The financial report of the Angus Foundation was reviewed for the four-month period ending Jan. 31, 2008. Financials include total cash of \$211,457, investments of \$4,663,173 and total assets of \$5,497,976. Liabilities are \$142,054, with a net loss for the fiscal year-to-date of \$47,611.

Staff briefed the board on numerous current and future Angus Foundation activities and programs. A few highlights include:

- ▶ The Texas Challenge II. A new \$1 million goal was set by the Texas Angus Association and Angus breeders in Texas for Vision of Value: Campaign for Angus. A kick-off event hosted and underwritten by Klaus and Bonnie Birkel of Camp Cooley Ranch will be April 26.
- ▶ The Angus Foundation Golf Tournament was set for July 15 at the 2008 NJAS at The Legacy Golf Club at Norwalk, Iowa. A fundraising goal of \$30,000 was set for this event.
- ▶ The 2008 Annual Fund titled “The Power of One Vision” currently has gifts

and pledges totaling almost \$20,000 from 115 Angus breeders.

- ▶ A new donor recognition feature has been implemented for Angus breeders, allied industry interests and friends supporting Vision of Value: Campaign for Angus with outright cash and/or gift-in-kind donations of \$50,000 or more accumulative since Oct. 1, 2004. Corporate/individual supporters to Vision of Value: Campaign for Angus can be viewed on the scrolling tab at [www.angus.org](http://www.angus.org).
- ▶ “That Old West Magic — A Saturday

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Night in Prosperity Junction,” the Angus Foundation’s gala and auction, will be hosted by Bob and Nedra Funk of Express Ranches at the National Cowboy & Western Heritage Museum in Oklahoma City, Okla., Saturday, Aug. 30. A fundraising goal of \$250,000 has been set for this exciting event to support Vision of Value: Campaign for Angus.

- ▶ Planned giving (bequest) commitments

and participation in the Angus Legacy Society continues to grow with more than \$1.5 million known and confirmed at this time.

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 February, more than \$4.3 million has been raised in outright cash gifts, pledges and planned gift commitments toward this goal.

## **ANGUS GENETICS INC. (AGI)**

A report of company activities was given, and contracts for genetic evaluation services were discussed. The agreement between the North American Limousin Foundation and AGI has been finalized.

An evening program, a Genomics Roundtable, was presented. Speakers included Sue DeNise of MMI Genomics, Bovigen representatives Calvin Gunter and Vic Castellon, and Jim Gibb of Merial Igenity. Bob Weaber of the University of Missouri served as moderator of the program.

In reference to the evening program,

discussion was held on trait areas for future development and research efforts through AGI to arrive at marker-assisted selection tools including reproductive measures and cattle efficiencies.

Discussion included an outline of existing genomics activities involving DNA companies, university researchers, and U.S. Department of Agriculture–Agricultural Research Service (USDA-ARS). Background was given on the potential to design research models for marker-assisted selection tools using the Association’s research database. Discussion was held on potential AGI resources needed for

infrastructure development to actively pursue implementation of genomic tools into NCE procedures.

It was approved to pursue development of a marker-assisted EPD utilizing the Association’s existing NCE database.

#### **BOARD OF DIRECTORS ACTION**

The Board reluctantly accepted notice from John Crouch, chief executive officer (CEO), of his intention to retire from the American Angus Association later in the year. Crouch was praised as “an outstanding leader.” Under his tenure, Angus has experienced unprecedented growth due to

his ability to work with people and to get people to pull in the same direction.

The Board appointed a committee to conduct the initial search for a new CEO. The Search Committee will be chaired by President Paul Hill.

A list of the standing committees, along with a description of each committee’s areas of jurisdiction and its members, will be posted on the Association’s web site.

#### **NEXT BOARD MEETING**

June 11-13, 2008, Keystone, Colo.

