



AMERICAN ANGUS ASSOCIATION®
HIGHLIGHTS OF THE MEETING OF THE BOARD OF DIRECTORS
FEBRUARY 18-21, 2020

The following is a review of topics discussed and action taken during the meeting of the Board of Directors held February 18-21, 2020, in St. Joseph, Missouri.

BREED IMPROVEMENT COMMITTEE

- Layouts for online and print documents for Expected Progeny Differences (EPDs) and \$Values, including the new Pulmonary Arterial Pressure (PAP) EPD and the Combined \$Value (\$C) were reviewed.
- The importance of correct cow disposal codes for genetic evaluation of cow longevity was discussed and staff was directed to develop potential disposal codes for bulls.

COMMERCIAL PROGRAMS COMMITTEE

- David Dal Porto moved, seconded by Alan Miller to update the Commercial Programs Committee description to reflect the recent restructuring of AngusLinkSM and AngusSource. Motion passed unanimously.
- The committee received an update on enrollment numbers for AngusLinkSM. Commercial marketing efforts were discussed as well as the growth of Process Verified Programs (PVP). Details of the service agreement with Earth Claims LLC were outlined.

COMMUNICATIONS AND PUBLIC RELATIONS COMMITTEE

- The Committee confirmed staff's strategy to move away from sponsoring rodeo participants at this time.
- Previously, the decision was made to move away from RFD-TV in order to refocus the video efforts to a more focused, targeted, cost effective distribution. The new strategy for video was shared with the committee.

EVENTS AND EDUCATION COMMITTEE

- Jonathan Perry moved, seconded by John Grimes to continue following the format of the 2020 National Western Stock Show (NWSS) Bull Sale for the 2021 NWSS Bull Sale. Motion passed unanimously.
- Jonathan Perry moved, seconded by David Dal Porto to approve the current six Super Roll of Victory (ROV) shows. Motion passed unanimously.
- John Grimes moved, seconded by Alan Miller to recognize the Kansas State Fair Angus Show as a regular ROV show. Motion passed unanimously.
- Alan Miller moved, seconded by Jonathan Perry to approve the slate of judges for the 2020 National Junior Angus Show (NJAS) and the 2020-2021 ROV shows. Motion passed unanimously.

FINANCE AND PLANNING COMMITTEE

- Balance sheets and income statements for the period ending January 31, 2020 were reviewed. Total assets on the consolidated financial report were \$66,492,500, consisting of current assets of \$10,944,900, investments of \$45,001,600, property and equipment of \$9,510,700 and non-current assets of \$1,035,300. Current liabilities were \$4,937,400, consisting of accounts payable, accrued liabilities and deferred income. Long-term liabilities of \$1,924,500 consisted of accrued health insurance benefits and deferred compensation. Net income for the period ending January 31, 2020 was \$4,232,300.
- The committee discussed the annual audit of Association records. Barry Pollard moved, seconded by John Grimes to use CliftonLarsonAllen, LLP for the annual audit of the American Angus Association and its subsidiaries. Motion passed unanimously.
- Barry Pollard moved, seconded by Richard Dyar to direct staff to research Automated Clearing House (ACH) options for member credit card payments of Association services. Motion passed unanimously.

MEMBER AND AFFILIATE SERVICES COMMITTEE

- Chuck Grove moved, seconded by Dave Hinman to accept the following addition to Rule 100. Motion passed unanimously.

Rule 100: Registration Rules

*The official record of animal registrations of the Association shall be known as the American Angus Herd Book. It shall be kept in such form as the Board of Directors determines. Entries in the book from registration number 3200001 forward shall not be published or sold, **with the exception of specified registration numbers designated for Angus Foundation fundraising purposes.***

- Mike McCravy moved, seconded by Chuck Grove to accept the following addition to Rule 403. Motion passed unanimously.

Rule 403: Transfer of Registration

*c. A seller and his sales agent (if any) who fail to furnish a buyer of a registered animal with a transferred Certificate of Registration, within forty-five (45) days of date of sale or receipt of full payment, **if timely notification is provided to the Association,** will be contacted by the Association for a written statement on fifteen (15) days' notice as to the basis for the failure. If the seller and said sales agent do not timely respond to the Association's request, the rights and privileges of their membership(s) in the Association will automatically be temporarily suspended. The temporary suspension(s) will expire on the Association's receipt of the transferred Certificate of Registration or the written statement. During the temporary suspension(s), the Association will not process any registration or transfer applications executed by seller or said agent until the Association's receipt of the transferred certificate or the written statement.*

RESEARCH PRIORITIES COMMITTEE

- Chuck Grove moved, seconded by James Henderson to update the Research Priorities Committee description to replace the Angus Foundation President with the Angus Foundation Executive Director. Motion passed unanimously.
- James Henderson moved, seconded by Jerry Connealy that a project from the University of Georgia be recommended to the Foundation Board and the Association Board for funding. Motion passed unanimously.
- Chuck Grove moved, seconded by Jerry Connealy that the following four areas, fertility,

health, longevity and end product merit, be established, in no particular order, as the current research priorities of the American Angus Association and its entities and be listed on the Association website. Motion passed unanimously.

ANGUS FOUNDATION

- Barry Pollard moved seconded by James Coffey that the minutes of the September 11, 2019, regular meeting and the November 4, 2019, annual meeting of the Angus Foundation be approved as emailed. Motion passed unanimously.
- The financial report for the Angus Foundation was presented. As of January 31, 2020, the Angus Foundation had total assets of \$23,072,121.61, consisting of current assets of \$602,455.88 and investments of \$22,362,678.23. Current liabilities were \$19,964.09 consisting of accounts payable, and accrued liabilities. Long-term liabilities of \$21,300 consisted of accrued health insurance benefits. Net income for the period ending January 31, 2020, was \$1,088,055.98. James Coffey moved, seconded by Barry Pollard, to accept the financial report. Motion passed unanimously.
- The board discussed their involvement with fundraising and stewardship, plans to grow unrestricted funding and strategic priorities for the Angus Foundation.
- The Research Priorities Committee recommended that the Foundation Board consider the following project for funding by the Angus Foundation. James Coffey moved, seconded by Tom McGinnis to approve funding. The motion passed unanimously.
 - Using Doppler Ultrasonography and Blood Markers to Improve Reproductive Efficiency Through Early Pregnancy Diagnosis and Prediction of Embryonic Viability – Georgia State University
- Barry Pollard moved, seconded by James Coffey to authorize staff to proceed with planning for the 2021 Rancher's Rendezvous (or similar event), Angus Foundation Heifer Package and to also pursue the sale of a lot at Bases Loaded, Denim and Diamonds and Foundation Female sales during the National Western Stock Show. Motion passed unanimously.
- Directors Richard Dyar and Barry Pollard volunteered to serve on the 2020 Allied Angus Breeders Undergraduate Scholarship Selection Committee.
- Directors James Coffey and Tom McGinnis volunteered to serve on the 2020 Angus Foundation Undergraduate and Graduate Student Scholarship Selection Committee.

ANGUS GENETICS INC.

- The minutes of the September 10, 2019 and November 4, 2019 meetings AGI Board Meetings were distributed. It was moved by Mick Varilek, seconded by Alan Miller to accept the minutes as provided. Motion carried unanimously.
- A financial report was presented. Total assets as of January 31, 2020, were \$1,546,600 and consisted of current assets of \$1,498,200, fixed assets of \$ 34,600, and non-current assets of \$13,800. Current liabilities were \$1,032,600 consisting of accounts payable and accrued liabilities. Long-term liabilities of \$14,300 consisted of accrued health insurance benefits. Net income for the period ending January 31, 2020, was \$216,200. Jim Brinkley moved, seconded by Jerry Connealy to accept the financial report. Motion passed unanimously.
- Dr. Brian Vander Ley of the University of Nebraska Great Plains Veterinary Educational Center and Dr. Michael Heaton of the US Meat Animal Research Center presented their research on bovine congestive heart failure.
- An AGI board meeting is planned for August 2020 in the Sioux City, Iowa area.

ANGUS PRODUCTIONS INC. d/b/a ANGUS MEDIA

- James Coffey moved, seconded by Chuck Grove to approve the minutes of the Sept. 11 2019 and Nov. 4, 2019 meetings of the Angus Productions Inc. (API) Board of Directors. The motion passed unanimously.
- A financial report for Angus Productions Inc. d/b/a Angus Media was presented Total assets at January 31, 2020 were \$2,877,300, and consisted of current assets of \$1,536,400, investments of \$722,500, fixed assets of \$435,500, and non-current assets of \$182,900. Current liabilities were \$1,592,000 consisting of accounts payable, accounts payable intercompany, accrued liabilities and deferred income. Long-term liabilities of \$214,700 consisted of accrued health insurance benefits. Net income for the period ending January 31, 2020 was \$100,900. Dave Hinman moved, seconded by Mick Varilek, to accept the financial report. Motion passed unanimously.
- Staff reviewed business for the first quarter of the fiscal year, as well as initiatives for growth. While revenue is down due to the overall ag economy, the entity is keeping expenses in check to maintain value for the membership.
- A transparent pricing system for sale books was discussed, along with additional potential discounts and workflow efficiencies planned with the launch of the Pasture to Publish system in May.
- In-depth surveys targeting Angus breeder and commercial producer audiences are nearing completion. Information will be available in late February. This information will provide great value to advertisers in both print and digital realms, as well as helping API to establish priorities for future growth.

CERTIFIED ANGUS BEEF LLC

- A financial report for Certified Angus Beef LLC (CAB) was presented Total assets at January 31, 2020 were \$17,160,200, and consisted of current assets of \$5,800,200, investments of \$7,287,400, and fixed assets of \$4,072,600. Current liabilities were \$1,353,400 consisting of accounts payable, accounts payable intercompany, and accrued liabilities. Long-term liabilities of \$821,900 consisted of accrued health insurance benefits. Net income for the period ending January 31, 2020 was \$1,921,500. James Henderson moved, seconded by Jonathan Perry to approve the financial report. Motion passed unanimously.
- It was announced that Bruce Cobb will join the Certified Angus Beef LLC team on March 1, 2020 as Executive Vice President, Production.
- Through January, brand supply is relatively flat while sales are down about 21 million lbs. and associated revenue down almost 6%. With sales beginning to strengthen moving through February, optimism is high as the brand moves toward the latter half of the fiscal year. Yet, expenses have been adjusted to match revenue until a clearer picture on sales is visible.
- Staff presented an update on the Targeting the Brand™ program and what the new EPD and index requirements might be for use of the mark. It was shared that the team would be looking to implement any changes effective June 1, 2020 so as not to disrupt sale season or any other current uses in place today.
- Staff shared the team's continued efforts to ensure usage of the Certified Angus Beef® registered logo mark by producers is in the proper size and context when marketing their use of product for their sales, or when calling out the number of cattle they had qualify for the brand.

BOARD OF DIRECTORS

- A financial report for the American Angus Association was presented. Total assets at January 31, 2020 were \$22,464,400, and consisted of current assets of \$2,135,800, investments of \$14,629,000, and fixed assets and goodwill of \$5,699,600. Current liabilities were \$1,567,500 consisting of accounts payable, accounts payable intercompany, accrued liabilities and deferred income. Long-term liabilities of \$852,300 consisted of deferred compensation and accrued health insurance benefits. Net income for the period ending January 31, 2020 was \$905,600. Jerry Connealy moved, seconded by James Coffey to approve the financial report. Motion was unanimously approved.
- President Schiefelbein reported that the minutes of the November 1, 2019 regular Association Board meeting and the November 4, 2019, annual meeting of the Association Board were unanimously approved by an email vote that was completed on January 2, 2020.
- The Special Bundling Task Force reported on their progress. Staff will continue to develop strategies to incentivize phenotype data collection.
- The sale of unregistered, undocumented Angus bulls was discussed. Staff was directed to develop strategies to better clarify and communicate the value of Association data.
- The Genetic Evaluation Task Force will meet in St. Joseph on March 31. The task force includes a diverse group of breeders who will provide feedback and input regarding the Association's genetic evaluation.
- Mike McCravy moved, seconded by James Henderson to amend the Release of Votes Policy to allow transmission of reports by email. The motion was unanimously approved.
- The Board approved committee reports and recommendations:
 - Breed Improvement Committee report and recommendations: motion by Alan Miller, second by Jonathan Perry, unanimous approval.
 - Commercial Programs Committee report and recommendations; motion by Jonathan Perry, motion by Jim Brinkley, unanimous approval.
 - Communications and Public Relations Committee report and recommendations: motion by James Coffey, second by James Henderson, unanimous approval.
 - Events and Education Committee report and recommendations: motion by Mick Varilek, second by John Grimes, unanimous approval.
 - Finance and Planning Committee report and recommendations: motion by Jerry Connealy, second by Richard Dyar, unanimous approval.
 - Member and Affiliate Services Committee report and recommendations motion by Barry Pollard, second by Dave Hinman, unanimous approval.
 - Research Priorities Committee report and recommendations: motion by David Dal Porto, second by John Grimes, unanimous approval

NEXT REGULAR BOARD MEETING

- June 1-4, 2020, St. Joseph, Missouri