

**AMERICAN ANGUS ASSOCIATION®**  
**HIGHLIGHTS OF THE MEETING OF THE BOARD OF DIRECTORS**  
**JUNE 13-15, 2017**

The following is a review of topics discussed and action taken during the meeting of the American Angus Association (Association) Board of Directors held June 13-15, 2017, in Jackson, Wyoming.

***ACTIVITIES COMMITTEE***

- David A. Dal Porto moved, seconded by Mike McCravy, that at the National Western Stock Show (NWSS) Angus Bull Sale, any Division and Reserve Division Champion bulls from the NWSS Roll of Victory (ROV) open Angus show on the hill may enter into the NWSS Angus Bull Sale, as long as they meet the set Expected Progeny Differences (EPD) requirements. The motion passed unanimously.
- David Dal Porto moved, seconded by Alan Miller, that the January 1-May 31 junior bull classifications will add a junior bull calf division to the standard classifications. The motion was unanimously approved.

***BREED IMPROVEMENT COMMITTEE***

- Staff summarized updates to economic assumptions for \$Values, to be implemented July 7, 2017. A review of index assumptions and traits included was provided, with discussion of a comprehensive index to be developed. Kevin Yon moved that staff proceed with development of a comprehensive index, consider addition of traits to current indexes, and report back with progress at the September 2017 Committee meeting. Jerry Connealy seconded the motion, and it passed unanimously.
- Staff reviewed policies regarding sharing of information with other organizations, especially other Angus organizations outside the U.S. Jerry Connealy moved to provide EPDs and Parentage SNP genotypes to member organizations of the World Angus Secretariat outside the United States at no charge, under agreements that limit access to the information to the designated organization only. Jonathan Perry seconded the motion, and it passed unanimously.
- Staff summarized activity with the Structured Sire Evaluation program, and inclusion of birth weights and calving ease scores into the Angus genetic evaluation prior to submission of weaning weights. This change will be implemented with the August 8, 2017, genetic evaluation release. Recent efforts surveying MaternalPlus® users, and resulting changes to the user interface were discussed.

***MEMBER AND AFFILIATE SERVICES COMMITTEE***

- The Committee directed staff to investigate the possibility of the American Angus Association serving as a warehouse for AI Certificates. A report will be presented to the Committee at the September Board meeting.
- Discussion took place regarding the possibility of condensing the Genetic Condition section in the Breeder's Reference Guide. Staff will investigate options and prepare a report to present to the Committee at the September Board meeting.
- Staff was directed to prepare a comparative report with various scenarios for the possibility of increasing the number of allowed delegates to the Annual Convention of Delegates. This report will be presented to the Committee in September.

- In response to member inquiries, staff reported that the Association continues to make advancements in payment options while maintaining security as a priority.

### **SPECIAL BUILDING COMMITTEE**

- Staff reported on the design process and working with the architect firm on the proposed building expansion. Upon completion, the design will be sent out to bid.
- The proposed layout for the Genomic Education Center was reviewed.
- Several areas of the existing buildings were also evaluated to see what efficiencies could be gained by upgrades, which will also be included in the bid.

### **ANGUS FOUNDATION**

- The Board reviewed the financial report of the Angus Foundation for the seven-month period ending April 30, 2017. Total assets were \$19,997,872, and consisted of current assets of \$721,546, investments of \$19,273,666, and non-current assets of \$2,660. Current liabilities were \$21,314 consisting of accounts payable, and accrued liabilities. Long-term liabilities of \$22,000 consisted of accrued awards and accrued health insurance benefits. Net income for the period ending April 30, 2017 was \$710,437. Financial projections for the year ending September 30, 2017 were reviewed. The net income for the year then ending was projected to be \$499,897. Barry Pollard moved, seconded by James S. Coffey, to accept the financial report. Motion passed unanimously.
- Staff updated the directors on the organization's operations, development, marketing, and public relations activities.
- Staff proposed that 100% of the unrestricted gross revenue of \$34,785 from the 2017 Angus Foundation Annual Fund mail solicitation be allocated toward beef cattle research. James S. Coffey moved, seconded by Barry Pollard, to approve the proposal. Motion passed unanimously.
- Alan Miller moved to approve a resolution to appoint Chris Engel, Merck Animal Health, as an Allied Industry Representative on the Angus Foundation Resource Development Committee. James S. Coffey seconded the motion, which passed unanimously.
- Two beef cattle research projects were recommended by the Association's Research Priorities Committee (RPC) for funding by the Angus Foundation.
  - The first proposal, "Utilizing Genomic Information to Increase Robustness and Predict the Effects of Inbreeding in the Angus Population", was received from North Carolina State University. Barry Pollard moved and Allen Moczygamba seconded to approve the funding request as recommended by staff. Motion passed unanimously.
  - The second proposal, "Identification of Influential Ancestors and Optimized Selection of Sequencing Candidates in American Angus", was received from HiggsGene Solutions, Inc., Guelph, Ontario. Alan Miller moved and Barry Pollard seconded to approve the funding request for this one-year research project. Motion passed unanimously.
- A progress report was provided on the *Angus Foundation 2020* long-range resource development plan.
- The Board reviewed core research priorities of the Association's Long Range Strategic Plan (LRSP) and discussed support of those priorities through a multi-year fundraising campaign focused on research on fertility, feet and leg structure, and health. Barry Pollard moved, seconded by Alan Miller, to direct staff to develop a refined fundraising plan supporting research to be presented at the September Board meeting. The motion passed unanimously.

### **ANGUS GENETICS INC.**

- A financial report for Angus Genetics Inc. (AGI) was provided. Total assets were \$1,295,991 and consisted of current assets of \$1,292,137, and non-current assets of \$3,855. Current liabilities were \$903,074 consisting of accounts payable and accrued liabilities. Long term liabilities of \$4,000 consisted of accrued health insurance benefits. Net income for the period ending April 30, 2017 was \$(279). Financial projections for the year ending September 30, 2017 were reviewed. The net income for the year then ending was projected to be \$(88,310). Don Schiefelbein moved to accept the financial report, seconded by Dave Hinman. The motion carried unanimously
- Staff presented an update on Single Step genetic evaluation, to be implemented July 7, 2017. A review of new methodology, models, and parameters was provided, with descriptions of those impacts on genetic predictions for Angus cattle.

### **ANGUS PRODUCTIONS INC.**

- A financial report for Angus Productions Inc. (API) was reviewed. Total assets were \$3,355,117, and consisted of current assets of \$1,829,229, investments of \$1,051,199, property and equipment of \$206,178 and non-current assets of \$268,511. Current liabilities were \$1,111,446 consisting of accounts payable, accrued liabilities and deferred income. Long-term liabilities of \$643,483 consisted of deferred compensation and accrued health insurance benefits. Net income for the period ending April 30, 2017 was \$508,922. Financial projections for the year ending September 30, 2017 were reviewed. The net income for the year then ending was projected to be \$3,464.42. John Pfeiffer Jr. moved to approve the financial report as presented. James W. Henderson seconded the motion, which passed unanimously.
- Staff reviewed the Sale Book Guidelines established since the February meeting with assistance of the regional manager team:
  - Angus must be featured prominently on the cover.
  - If Angus cattle are featured on the cover, Angus cattle must be registered.
  - A minimum of 51% of the cattle in the sale book must be Angus, with 75% of the Angus cattle in the sale book being registered Angus.
  - Angus cattle must be featured prominently in the sale book, e.g., featured first in the sale book.
  - Cannot use photos of other breeds that are consistently larger than any Angus photos within the sale book.
  - The API president or general manager will make the final decision on cases that fall outside the sale book guidelines.

After discussion, Chuck Grove moved, seconded by John Pfeiffer Jr., to accept the Sale Book Guidelines as presented. The motion passed unanimously.

- Staff updated the Board on the current status of informing producers that a second ringman will no longer be provided by the Association as of January 1, 2018. The new policy will be communicated three ways:
  - September 1: Staff will send a letter to those affected.
  - September-October: Regional managers will personally contact those affected.
  - November 1: Staff will send a second letter to those affected.
- After discussion of the new ringman policy, Chuck Grove moved to instruct staff to develop a structured pricing list for all API services, including volume discounts. James W. Henderson seconded the motion, which passed unanimously.

- Staff will conduct a full review of API's media assets by July 15. The focus will be to strengthen API's major media properties to improve the reader and user experience. The report will be the foundation that drives the redesign process of API's print, television and online properties.
- Additional editorial/content staff support will be added, including a writer and a digital content manager.
- Staff reviewed the API Delinquent Accounts Policy, noting that the team is managing the policy diligently.

### **CERTIFIED ANGUS BEEF LLC**

- A financial report was provided for Certified Angus Beef LLC (CAB). Total assets were \$15,808,306 and consisted of current assets of \$5,835,958, investments of \$6,666,000 and property and equipment of \$3,306,348. Current liabilities were \$1,602,626, consisting of accounts payable and accrued liabilities. Long-term liabilities of \$529,733 consisted of accrued health insurance benefits. Net income for the period ending April 30, 2017 was \$2,563,780. Financial projections for the year ending September 30, 2017 were reviewed. The net income for the year then ending was projected to be \$159,473. Staff commented on increased spending in the marketing area as a result of sales exceeding budget. Mick Varilek moved to approve the financial reports. David A. Dal Porto seconded the motion, and it passed unanimously.
- Some of the key international issues were reviewed, including the opening of China to U.S. beef (and the various restrictions), and the potential ban on beef cattle slaughter in India.
- An update was provided on USDA's actions regarding the use of dentition and age-documentation for determining carcass maturity for use in quality grading, along with progress on evaluating improvements in the Yield Grade calculation for beef carcasses.
- An update was provided on the vision and progress regarding a *Certified Angus Beef*<sup>®</sup> (CAB<sup>®</sup>) learning facility that has been proposed to be built on the ATI campus of Ohio State University (OSU) in Wooster. The facility would allow for expanded customer education and marketing events and provide easy access to cattle without having to put the burden on Angus Association members and commercial Angus breeders near Wooster. David A. Dal Porto moved that the staff of CAB continue to pursue the opportunity. Mick Varilek seconded the motion. The motion passed unanimously.
- A comprehensive recap of brand marketing projects and efforts for this year was presented to the Board. In addition, a report on brand research findings and an update on progress being made collaboratively with the Association to finalize a joint position on socially important topics such as cattle care, the environment and work and community enrichment, was shared during the meeting
- E-commerce business was highlighted and the challenges and opportunities these shopping trends create for existing retail and foodservice partners.
- Year-to-date the supply of CAB<sup>®</sup> certified cattle is up 20.3% with the acceptance rate hitting a year-to-date rate of 28.9% through April (a full 1.4% higher than the prior year of 27.5%). Even with the added supply, CAB<sup>®</sup> premiums to Choice and Select continue to show strong demand for the brand.
- The Board reviewed revised wording for the specification determining live cattle eligibility for U.S. Department of Agriculture (USDA) certified Angus brands. The new wording would move from the "51% predominantly solid black hide color" to "have a main body that is solid black, no color behind the shoulder or above the flank, or breaking the midline behind the shoulder (excluding the tail)." Ratification of the new language by the American Angus

Association Board would make this a specification of the American Angus Association for determining Angus influence under the USDA GLA schedule. John Stika moved that the CAB Board recommend that the Board of Directors of the American Angus Association ratify the changes made to the Schedule GLA as listed in USDA's Notice to Trade. James Henderson seconded the motion, and it passed unanimously.

- The guidelines for entry and qualifications, along with the nomination process for the Angus Value Discovery contest were shared.

### **BOARD OF DIRECTORS**

- A financial report was presented for the Association for the period ending April 30, 2017. Total assets were \$24,557,127 and consisted of current assets of \$2,287,630, investments of \$20,273,023, and property and equipment of \$1,996,475. Current liabilities were \$1,355,655 consisting of accounts payable, notes payable, accrued liabilities and deferred income. Long-term liabilities of \$662,306 consisted of notes payable, deferred compensation and accrued health insurance benefits. Net income for the period ending April 30, 2017 was \$2,046,483. Financial projections for the year ending September 30, 2017 were reviewed. The net income for the year then ending was projected to be \$892,756. James S. Coffey moved, seconded by James W. Henderson, to approve the finance report as presented. The motion was unanimously approved.
- The Board received an update on some key strategies of the Long Range Strategic Plan.
  - Commercial Programs: Feeder Calf Program  
Staff provided information that included marketplace analysis, development options, and projections. The Board directed staff to move forward on development of a feeder calf program.
  - Genetics: Genomic Education Center  
Staff reviewed the plans for the building expansion that had been developed to-date, including the proposed layout of the building, potential upgrades to existing facilities, and incentive packages through the Chamber of Commerce. When plans have been finalized a bid process will begin, and a recommendation will be brought to the Special Building Committee and the Board of Directors.
  - Research: Increase Research Emphasis  
Plans were reviewed to expand the size of the Research Priorities Committee (RPC) and to develop a long-term Research Plan for the Association.
  - Research: Provide Enhanced Selection Tools  
Staff outlined an approach to develop a research strategy that would address potential fertility challenges.
  - Commercial Programs: Mobile Platform  
Platform needs have been determined. A Request for Proposal (RFP) is complete and has been sent to external vendors.
- Don Schiefelbein moved, seconded by John F. Grimes, to approve a resolution to expand the Research Priorities Committee (RPC) to include two positions to be filled by leading beef cattle researchers/scientists from higher education or industry, effective as of October 1, 2017, or soon thereafter. Each researcher/scientist position shall serve a term of three (3) years. Staff was authorized to take action necessary to identify candidates for the Board's consideration to fill the RPC positions. The motion was unanimously approved.
- The Board reviewed the current ineligible white rule, Association Rule 103 (c). No action was taken.

- Don Schiefelbein moved, seconded by Kevin Yon, to approve a recommendation from the Certified Angus Beef LLC (CAB) Board of Directors that the Board of Directors of the American Angus Association ratify the changes made to the Schedule GLA as listed in U.S. Department of Agriculture’s Notice to Trade regarding American Angus Association’s specification for characteristics of cattle eligible for approved beef programs claiming Angus influence. The motion was unanimously approved.
- Don Schiefelbein moved, seconded by Alan Miller, to approve increasing the registration fee for the Angus Convention as follows, effective with the 2018 convention:
 

July 1–July 31	\$125
Aug. 1–Sept. 30	\$175
Oct. 1–last day of the convention	\$200
Single Day	\$125

The increase is \$50 more than the current registration fees. The motion was unanimously approved.

- James S. Coffey moved, seconded by Mick Varilek, to approve these future dates and locations for the Angus Convention:

Kansas City, Missouri	Nov. 7-9, 2020
Fort Worth, Texas	Nov. 6-8, 2021
TBD	2022
TBD	2023
Fort Worth, Texas	Nov. 2-4, 2024

Staff will continue to investigate sites for 2022, 2023 and 2025 to report to the Board at a later date. The motion was unanimously approved.

- Alan Miller moved, seconded by Jerry Connealy, to appoint two Association members to serve as Election Observers for 2017: Marvin “Bud” Hobbs, Illinois, and Tricia Holmes, Iowa. The motion was unanimously approved.
- The Board engaged in discussion regarding the number of owners allowed to be listed on a transfer of registered animals. No action was taken.
- The Board considered a letter from an Association member requesting that the Board re-examine changes made to Rule 104 at the February 2017 regular Board meeting. Following discussion Don Schiefelbein moved, seconded by Jonathan Perry, to amend the current rule and to retain the former first owner provisions of Rule 104(d)(12) for the registration of calves produced by embryo transfer with specific embryo removal dates from January 1, 2012, to February 23, 2017. The motion was unanimously approved.
- The Board approved committee reports:
  - Activities Committee report: motion by John F. Grimes, second by Alan Miller, unanimous approval.
  - Breed Improvement Committee report: motion by Dave Nichols, second by Jonathan Perry, unanimous approval.
  - Member and Affiliate Services Committee report: motion by David A. Dal Porto, second by Alan Miller, unanimous approval.
  - Special Building Committee report: motion by Chuck Grove, second by James S. Coffey, unanimous approval.

**NEXT REGULAR BOARD MEETING**

- September 12-14, 2017, St. Joseph, Missouri