

**AMERICAN ANGUS ASSOCIATION®**  
**HIGHLIGHTS OF THE MEETING OF THE BOARD OF DIRECTORS**  
**FEBRUARY 25-27, 2015**

The following is a review of topics discussed and actions taken during the meeting of the Board of Directors held February 25-27, 2015, in St. Joseph, Missouri.

***ACTIVITIES COMMITTEE***

- The Fort Worth Stock Show was designated as the 2015-2016 Super Point ROV Show. The 2015 WV State Fair, Nebraska State Fair, and Keystone International Livestock Exposition were designated as ROV Shows. The 2015 Arizona National was discussed; no action was taken.
- A slate of judges was approved for the 2015–2016 ROV Shows and the 2015 National Junior Angus Show (NJAS) and Eastern Regional Junior Angus Show.
- The 2015 National Western Stock Show (NWSS) bull sale report was presented. Rick Machado was selected to serve as the 2016 bull sale auctioneer. The NWSS Bull Sale entry fees will be \$400 for early entry and \$500 for late entry after the deadline. Sale bulls will be required to have EPD requirements of basic performance data and \$B and \$W indexes at check-in.

The 2016 NWSS Bull Sale Show will begin at 8 a.m. followed by the NWSS ROV Bull Show beginning at 11:30 a.m. The Foundation Heifer will sell at 3:30 p.m. followed by the Bull Sale.

A heifer pen show will be included in the Pen & Carload Show at the 2016 NWSS. Judges and spectators will be provided with CED, \$W, and \$B EPDs at the 2016 NWSS Pen & Carload Show.

- At the 2015 NAILE, there will be a division break, January-February and March-April, in the Open ROV Angus Show and the Junior Angus Show. There will not be an Angus reception at the 2015 NAILE.
- The National Junior Angus Association (NJAA) age rule information was presented and tabled until the June meeting. The Committee will seek input from members and state associations regarding rules and guidelines.
- NJAA owned female junior ownership rules with siblings were also tabled until the June meeting. The Committee plans to look into state association rules.
- The NJAA Outstanding Leadership Award will be presented at the NJAS.

***BREED IMPROVEMENT COMMITTEE***

- The Association Board approved updating economic assumptions for \$Values in June 2015, and annually in June thereafter, instead of December, to allow better member communication and education prior to seasonal selection and marketing activities.

***FINANCE & PLANNING COMMITTEE***

- The balance sheets and income statements were reviewed for the period ending January 31, 2015. The financial review included the consolidated financial reports and the financial reports of each entity. Total assets on the consolidated financial report were \$48,716,000, consisting of current assets of \$9,418,000, investments of \$34,022,000, property and equipment of \$5,012,000 and non-current assets of \$264,000. Current liabilities were

\$5,158,000 consisting of accounts payable, accrued liabilities and deferred income. Long-term liabilities of \$1,634,000 consisted of notes payable, accrued health insurance benefits and deferred compensation. Net income for the period was \$2,670,000.

- The Committee reviewed the investment portfolio including a discussion of its history, purpose and designated uses. Additional investment options were discussed and approved.

### **ANGUS FOUNDATION**

- The Angus Foundation Heifer Package fundraiser at the 2016 National Western Stock Show was unanimously approved.
- A major fundraising event financially underwritten and hosted by Spruce Mountain Ranch owners Tom and Lois Ames, Larkspur, Colorado, will be held for the Angus Foundation and 2016 NJAS during the 2016 National Western Stock Show in Denver, Colorado.
- The Angus Foundation Undergraduate Student and Graduate Student Scholarship Program and Allied Angus Breeder Undergraduate Student applications are due May 1.
- Funding was approved toward a high altitude brisket disease (PAP) research project at Colorado State University and a fescue toxicosis research project at University of Missouri.
- Progress on the Angus Foundation 2020 long-range resource development plan was reported. Consideration is being given to creation of a complementary resource development committee to assist the board and staff in expanding the organization's outreach.

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

- AGI held a visioning session with outside speakers representing several segments of the beef genetics industry. Directors, guest panelists and staff discussed potential impacts of technology on the beef industry and considered strategies to enhance opportunities for members and their commercial customers.

### **ANGUS PRODUCTIONS INC. (API)**

- The Board received an update on the progress of the unification efforts of API and the Association's Communications and Public Relations Department.
- The Board directed staff to explore the opportunity of hosting an API Board retreat at the St. Joseph, Missouri, headquarters in the coming months, including an up-close look at the services offered and the employees who accomplish them.
- An overview was provided of communications and marketing services, recent and historic trends in audience engagement, and plans for expanding future services to customers.

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

- A request was received recently from the USDA for input on its proposed dietary guidelines. Following feedback from the Board, CAB will look to develop a response and also consider ways to make it easy for licensees and producers to respond.
- The office and warehouse construction project is moving along and is running well under budget. The warehouse part of the project has been completed with the remainder expected to be finished by the first part of April.
- As part of a supply update, it was reported that identified cattle were down 11% and that certified cattle were down 7%. The *Certified Angus Beef*® acceptance rates were up about a

point over the prior year, increasing the upper limit on carcass weights to 1,050, which has helped with supply as anticipated without creating any negative ramifications on the brand's quality image. Product utilization was up 13 pounds per head. The *Certified Angus Beef*<sup>®</sup> cut-out has continued to be very high and is a great indicator of strong demand.

- From October through December sales were down from the prior year but were still strong enough to allow the brand to achieve its second highest sales totals during that time period. It is believed that it is still possible that the brand can post an increase over the prior year before the books close in September. New customers and product sales opportunities to come yet this year were highlighted, especially in the area of ground beef and retail. Both international and foodservice divisions were posting increases. Price points have continued to provide the biggest challenge for retail. Ultimately supply and its impact on price will be the biggest issue to contribute to whether the brand experiences sales gains this year.
- Potential brand production opportunities in Russia were reviewed, including the steps that had been taken to date. CAB continues working to assure that any product potentially produced in Russia would meet or exceed existing standards for quality, consistency and integrity. Plans are in place to travel to Russia in April to review final processes and properly train all personnel that would likely be involved in production of the brand.

#### **BOARD OF DIRECTORS**

- The Board approved a pre-registration fee of \$75 for everyone attending non-delegate activities at the 2015 National Angus Convention and Trade Show.
- The Board voted to support the current alignment of the Regional Manager territories.
- The Special Committee to Review the Mailing List Policy provided a report and recommended changes to the existing policy. Further review was requested.
- The Board approved renaming the Communications and Public Relations Committee to the Industry Relations Committee and increasing the commercial focus of the Committee's responsibilities.
- The Board appointed a special committee to review election procedures of the Annual Convention of Delegates and report to the Board at its regular June meeting. Members of the special Election Procedure Review Committee are: Vaughn Meyer (chair), John Pfeiffer, Dave Nichols and John F. Grimes with staff advisors as appropriate.

#### **NEXT REGULAR BOARD MEETING**

- June 3-5, 2015, CAB Office, Wooster, Ohio