

AMERICAN ANGUS ASSOCIATION®
HIGHLIGHTS OF THE MEETING OF THE BOARD OF DIRECTORS
FEBRUARY 21-23, 2017

The following is a review of topics discussed and action taken during the meeting of the Board of Directors held February 21-23, 2017, in St. Joseph, Missouri.

ACTIVITIES COMMITTEE

- National Western Stock Show (NWSS)
 - David Dal Porto moved, seconded by Mike McCravy, to select Joe Goggins as the 2018 NWSS Angus bull sale auctioneer. The motion passed unanimously.
 - Jonathan Perry moved that any bull consigned to be in the NWSS Angus bull sale at the time of application must have a genomic test and be tested for known genetic conditions by the late entry deadline of October 1. A non-refundable entry fee must also accompany the application. David Dal Porto seconded the motion, which passed unanimously.
 - Jonathan Perry moved that to be eligible for the NWSS Angus bull sale, bulls must be in the top 50 percent of non-parent bulls by October 1 for WW, YW, \$W, and \$B. David Dal Porto seconded the motion, which passed unanimously.
 - Alan Miller moved, seconded by David Dal Porto that the Junior Yearling Female Division in the Open and Junior NWSS will be split into two divisions at the March 1st birthdate. The motion passed unanimously.
 - Alan Miller moved, seconded by David Dal Porto, that the NWSS Junior Show judge will have the option to submit three names to be considered as an associate judge to be approved by the Association Activities Committee. The motion passed unanimously.
 - Jonathan Perry moved, seconded by Mike McCravy, that the Pen and Carload show program and the judges' sheets will include \$W, \$B, Marbling, and REA. The motion passed unanimously.
- Roll of Victory (ROV) Shows
 - Mike McCravy moved, seconded by Jonathan Perry, that the 2018 Fort Worth Stock Show will be a Super Point ROV Show in the 2017-2018 show year. The motion passed unanimously.
 - Alan Miller moved, seconded by Jonathan Perry, that the New York State Fair will receive Roll of Victory Show status for the 2017-2018 show year. The motion passed unanimously.
 - Jonathan Perry moved, seconded by Mike McCravy, that the 2019 National Junior Angus Show (NJAS) will be held in Louisville, Kentucky. The motion passed unanimously.
- Judge Selection
 - A slate of judges was approved for the 2017-2018 ROV Shows and the 2017 NJAS and Eastern Regional Junior Angus Show, as moved by Jonathan Perry and seconded by Alan Miller. The motion passed unanimously.
- Other Business
 - NJAS state fundraising was discussed. Staff will bring additional information and a proposal to the June Board meeting.

- Mike McCravy moved, seconded by Alan Miller, that at the 2017 NJAS, the top five overall females will be selected from both the owned and bred-and-owned divisions. The motion passed by a vote of three (3) in favor and one (1) opposed.

BREED IMPROVEMENT COMMITTEE

- Staff reviewed a prototype genetic evaluation for Warner-Bratzler Shear Force, an indicator of meat tenderness.
- Current Angus \$Values, and the potential for a combined index of maternal and terminal traits, as described in the Association's Long Range Strategic Plan, were discussed.
- Association and Certified Angus Beef staff reported on a meeting held during NWSS, with representatives of Colorado State University and cattle feeders in that region, regarding relationships between high altitude disease and feedlot mortality.
- Directors received an update on Structured Sire Evaluation and a report on AHIR activity since the last Board meeting.

FINANCE AND PLANNING COMMITTEE

- The Committee reviewed balance sheets and income statements of the American Angus Association, its subsidiaries and affiliate for the period ending January 31, 2017. Total assets on the consolidated financial report were \$63,041,000, consisting of current assets of \$11,547,000, investments of \$45,718,000, property and equipment of \$5,501,000 and non-current assets of \$275,000. Current liabilities were \$5,574,000 consisting of accounts payable, accrued liabilities and deferred income. Long-term liabilities of \$1,839,000 consisted of notes payable, deferred compensation and accrued health insurance benefits. Net income for the period ending January 31, 2017, was \$3,298,000.
- The Committee discussed the annual audit of Association records. James S. Coffey moved, seconded by Barry Pollard, to use CliftonLarsonAllen, LLP for the annual audit of the American Angus Association and its subsidiaries. The motion was unanimously approved.
- The Committee reviewed the investment portfolio of the Association and its subsidiaries. Mike McCravy moved, and John F. Grimes seconded, to authorize staff to select mutual funds for the investment portfolio. The motion was unanimously approved.

INDUSTRY RELATIONS COMMITTEE

- A report was provided of a meeting the Committee held via conference call on February 15 to discuss educational efforts of the Association and Angus Media.
- The goal of the call was to create awareness of current Association and Angus Media educational initiatives, to discuss strategy development within the context of the Long-Range Strategic Plan (LRSP), and to gain input regarding educational opportunities for various audiences.
- Staff presented an overview of current Angus Media educational initiatives as well as audience feedback and engagement data that influence content decisions and communications strategies. Staff also discussed the value of in-person activities and events and the opportunities to provide extended value online through the Education Center at www.angus.org.
- Further discussion centered on the need to improve accessibility of current educational resources. Specific topics, mobile app capabilities and radio opportunities were considered in an effort to better reach target audiences like feeders.

MEMBER AND AFFILIATE SERVICES COMMITTEE

- The Committee discussed the ET Authorization policy. Alan Miller moved to eliminate ET Authorizations as a requirement for registration of calves resulting from embryo transfer. Chuck Grove seconded The motion, which passed unanimously.
- A review of the AIMS 3.0 Update illustrated the new features. The “soft rollout” is scheduled for this spring, as beta testers are currently using the new program.
- Staff demonstrated new enhancements of AAA Login. Scheduled to roll out this spring, notification of these updates will appear in user Login accounts.
- The Committee discussed posting delegate nominations online. Chuck Grove moved to implement posting the delegate nominations online with the 2017 delegate nomination period. An alphabetical list of the nominees will be available by herd state only, and will be available to view through AAA Login. Dave Nichols seconded the motion, which passed unanimously.
- The Committee also discussed the possibility of accepting delegate nominations online. Chuck Grove moved to provide the online nomination of delegates as an option, with implementation effective in April 2018. Alan Miller seconded the motion, which passed with a unanimous vote.

ANGUS FOUNDATION

- The financial status of the Angus Foundation was reviewed. Total assets were \$19,642,100, and consisted of current assets of \$843,300 and investments of \$18,796,200. Current liabilities were \$39,200 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 January 31, 2017, was \$336,800. James S. Coffey moved to accept the financial report. Barry Pollard seconded the motion. Motion passed unanimously.
- Guest speaker Dr. Travis O’Quinn, Ph.D., Assistant Professor, Meat Extension Specialist, Kansas State University Department of Animal Sciences and Industry, reported results on two meat science related research projects funded by the Angus Foundation.
- Staff updated the directors on the organization’s operations, marketing and resource development activities.
- Fundraising plans and strategies for FY 17 were presented by staff.
- Chuck Grove moved that the Angus Foundation conduct the heifer package fundraiser at the 2018 National Western Stock Show. James S. Coffey seconded the motion. Motion passed unanimously.
- Richard M. Dyar moved to appoint Barry Pollard and Alan Miller to serve on the 2017 Angus Foundation Undergraduate and Graduate Student Scholarship Selection Committee. James S. Coffey seconded the motion, which passed unanimously.
- Barry Pollard moved to appoint Chuck Grove and Richard M. Dyar to serve on the Allied Angus Breeder Undergraduate Student Scholarship Selection Committee. Alan Miller seconded the motion, which passed unanimously.
- Staff reported progress on *Angus Foundation 2020* long-range resource development plan.

ANGUS GENETICS INC.

- A financial report for AGI was presented. Total assets were \$1,897,800, and consisted of current assets of \$1,894,000, and non-current assets of \$3,900. Current liabilities were \$1,370,300 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 January 31, 2017, was \$134,300. Don Schiefelbein moved to accept the report. The motion was seconded by Dave Hinman and carried unanimously.
- The AGI Board held a special meeting on February 20 to discuss the Long Range Strategic Plan strategy of developing a commercial cattle database. Discussion included collecting data needed to build a strong feeder cattle marketing program, and to better evaluate fertility and longevity traits using commercial data.
- During the regular AGI Board meeting, staff updated directors on Single Step Genetic Evaluation and AGI business activities such as genomic testing, and genetic evaluation services for other breed organizations.

ANGUS PRODUCTIONS INC.

- The Board reviewed finances for the period ending January 31, 2017. Total assets were \$3,201,200, and consisted of current assets of \$1,727,800, investments of \$1,007,400, property and equipment of \$197,500 and non-current assets of \$268,500. Current liabilities were \$1,314,700 consisting of accounts payable, accrued liabilities and deferred income. Long-term liabilities of \$623,800 consisted of deferred compensation and accrued health insurance benefits. Net income for the period was \$171,400. John Pfeiffer Jr. moved, seconded by James W. Henderson, to approve the financial report. Motion carried unanimously.
- The Board reviewed a draft of the letter that will be sent to customers to communicate the new ring service policy approved last fall. The policy authorizes API to provide only one ringman to members who meet the minimum business threshold for sale advertising. Barry Pollard moved, seconded by Mike McCravy, to approve the letter to be distributed. Motion carried unanimously.
- The Board discussed rates for sale books in the *Angus Journal* and the most cost-effective options for breeders. James W. Henderson moved to give the executive team of Angus Productions Inc. the authority to set the rates of sale books in the annual budget, which is approved by the Board. John Pfeiffer Jr. seconded. Motioned passed unanimously.
- The Board discussed the collections policy for all API services. John Pfeiffer Jr. moved and Barry Pollard seconded to adopt the following policy: "*Customers with past-due accounts greater than 120 days are required to remit payment in full to bring their account into current status. The customer will be required to prepay in full for future API services for a period of two years and subject to credit approval.*" Motion carried unanimously.
- The API Board applauded Eric Grant and LaVera Spire for their service to the breed and the American Angus Association.

CERTIFIED ANGUS BEEF LLC

- A financial report was given. Total assets were \$15,151,100, and consisted of current assets of \$5,378,100, investments of \$6,406,500 and property and equipment of \$3,366,400. Current liabilities were \$1,938,100 consisting of accounts payable and accrued liabilities. Long-term liabilities of \$529,700 consisted of accrued health insurance benefits. Net income for the period ending January 31, 2017, was \$1,571,000.

- A status update was shared that USDA has not yet issued an approval for the use of dentition in carcass maturity determination. Should USDA approval come in the near-term and prior to the June Board meeting, the Board will be contacted to discuss potential brand implications.
- An update was provided on the Farmer Fair Practices Rules (a.k.a. GIPSA Rules) currently open for public comment through March 24, 2017.
- The implementation of an Angus Value Discovery Contest to recognize producers focused on targeting the *Certified Angus Beef*[®] (CAB[®]) brand was discussed.
- The new value-added product, CAB[®] brand bacon by Schmacon[™], was highlighted.
- A supply and price update indicated the volume of CAB[®] certified carcasses was up 20.2% year-to-date with the acceptance rate hitting 27.9% through January. Despite this supply increase, the price spread between CAB[®] and USDA Choice was 16.4% wider than it was a year ago.
- CAB[®] brand sales through January were up 11.6% with all divisions showing growth. CAB[®] brand Prime sales were up 20% over prior year and CAB[®] brand Natural sales were expected to increase with the addition of National Beef to the list of licensed CAB[®] brand Natural packer/fabricators.
- Consideration is being given to request an update to the USDA Schedule GLA, in place since 1996. Additional discussion will need to occur prior to recommending any changes.
- The adoption of vision grading technology to certify carcasses into the brand has increased across licensed packing plants. Uses for the technology beyond the determination of marbling score, fat thickness and ribeye area will be explored to assist the industry in moving toward a fully objective method of brand certification.

BOARD OF DIRECTORS

- A financial report was presented for the period ending January 31, 2017. Total assets were \$23,495,600, and consisted of current assets of \$2,050,700, investments of \$19,507,600, and property and equipment of \$1,937,300. Current liabilities were \$1,258,700 consisting of accounts payable, notes payable, accrued liabilities and deferred income. Long-term liabilities of \$659,700 consisted of notes payable, deferred compensation and accrued health insurance benefits. Net income for the period was \$1,084,500.
- Dr. Tad Sonstegard, Chief Scientific Officer of Acceligen, updated directors and staff on recent developments in gene editing technology.
- Alan Miller moved, seconded by John F. Grimes, that any Association member who declares as a candidate for the Association Board of Directors will be removed as a judge at Roll of Victory (ROV) shows during the ROV calendar year (June 1-May 31) of that election year. The motion passed by a vote of fifteen (15) approved, none opposed, and one (1) abstained.
- Barry Pollard moved to approve a proposed announcement regarding the potential new genetic condition, Sodium Channel Neuropathy (SCN), to be posted on the Association website. James W. Henderson seconded, and the motion passed unanimously.
 - The announcement was posted on www.angus.org on February 22, 2017. ([click here](#))
 - A subsequent update was posted on February 25, 2017. ([click here](#))

- The Board received an update on various components of the Long Range Strategic Plan.
- Don Schiefelbein moved, seconded by James W. Henderson, to appoint Chuck Grove as the chair of the Special Building Committee that was appointed in November 2016 and to add Chief Executive Officer Allen Moczygemba to the Committee. The motion was unanimously approved.
- The Board approved committee reports and recommendations:
 - Activities Committee report and recommendations: motion by Mike McCravy, second by Alan Miller, unanimous approval.
 - Breed Improvement Committee report and recommendations: motion by Don Schiefelbein, second by Mick Varilek, unanimous approval.
 - Finance and Planning Committee report and recommendations: motion by James S. Coffey, second by Barry Pollard, unanimous approval.
 - Industry Relations Committee report and recommendations: motion by James W. Henderson, second by Dave Hinman, unanimous approval.
 - Member and Affiliate Services Committee report and recommendations: motion by David Dal Porto, second by Kevin Yon, unanimous approval.

NEXT REGULAR BOARD MEETINGS

- June 13-15, 2017, Jackson Hole, Wyoming