

ANGUS

THE BUSINESS BREED

AMERICAN ANGUS ASSOCIATION®

HIGHLIGHTS OF THE MEETING OF THE BOARD OF DIRECTORS FEBRUARY 22-25, 2022

The following is a review of topics discussed and action taken during the meeting of the Board of Directors held February 22-25, 2022, in St. Joseph, Missouri.

BREED IMPROVEMENT COMMITTEE

- After discussion, it was recommended that the current two Angus-on-Dairy indexes, Angus-On-Holstein (AxH) and Angus-On-Jersey (AxJ) be included on EPD/Pedigree Lookup in an expandable section.
- Staff presented an update on the research hair shed expected progeny difference (EPD) and the plan to move out of the research phase. The hair shed EPD will be released from the research environment to a production EPD in May 2022 and will be included in the management section.

COMMERCIAL PROGRAMS COMMITTEE

- Material was provided on year-to-date (YTD) enrollments for the AngusLinkSM program.
- Marketing initiatives were presented and discussed.

COMMUNICATIONS AND PUBLIC RELATIONS COMMITTEE

- The Committee discussed priorities for the year, the breeder use program for Powered By Angus, and the outline of the communication plan for various departments, entities, and projects.
- The Committee discussed a plan of action for updating Angus.org including vision, goals, needs and beginning phases for the project.

EVENTS AND EDUCATION COMMITTEE

- Jonathan Perry moved, seconded by Alan Miller, to approve the following seven Super Roll of Victory (ROV) shows: Fort Worth Stock Show, Atlantic National, North American International Livestock Expo, Western National Angus Futurity, Cattlemen's Congress, National Western Stock Show, and American Royal. The motion was unanimously approved.
- Jonathan Perry moved, seconded by Loran Wilson, to accept the judges list for 2022 National Junior Angus Show (NJAS), 2022 Eastern Regional Junior Angus Show (ERJAS) and 2022-2023 ROV show season. The motion was unanimously approved.
- Jonathan Perry moved, seconded by Alan Miller, to accept the NJAS associate judges as submitted by the judges. The motion passed unanimously.
- Discussion was held on gathering exhibitor input on the future of the show industry and how that will impact Association programs. A focus group of exhibitors will be pulled together to gather input and feedback.

FINANCE AND PLANNING COMMITTEE

- Balance sheets and income statements for the period ending January 31, 2022, were reviewed. Total assets on the consolidated financial report were \$82,824,100, consisting of current assets of \$16,076,000, investments of \$54,043,700, property and equipment of

\$12,080,200 and non-current assets of \$698,000. Current liabilities were \$6,249,800, consisting of accounts payable, accrued liabilities and deferred income. Long-term liabilities of \$1,954,700 consisted of accrued health insurance benefits. Consolidated net income for the period ending January 31, 2022, was \$6,848,600. The financials through January 31, 2022, for each entity were reviewed and presented on as well. Those financials will be presented in each entity's minutes.

- Staff presented an overview of the portfolio. Staff reviewed the investment policy and reported on diversification of the portfolio. The investment portfolio consisted of 60.6% equities and 39.4% fixed income securities. Consolidated investment income year to date through January 31, 2022, was \$112,000. Staff reported on the performance of the portfolio pointing out the volatility that may occur month to month. The return on investment of the balanced portfolio fiscal year to date was a positive 0.80%. The return on investment of the fixed income portfolio was a negative 1.84% through January 31, 2022. Year to date, through January 31, 2022, there were zero withdrawals out of the portfolio of the Association and its subsidiaries.
- The Committee discussed the annual audit of Association records. It was reported that a request for proposals for audit and tax services was sent out. The Committee will select an audit firm at the June 2022 Board meeting.

MEMBER SERVICES COMMITTEE

- After discussion, Mark Ahearn moved, seconded by Jerry Theis, to approve the following rule changes and proposed bylaw amendments set forth below. The motion was unanimously approved.

Approved Rule Changes

Rule 100: Registration Rules

The registration of any animal which does not conform with the requirements set forth in these Rules shall become null and void and be officially cancelled. ~~in such cases of hard copy certificates,~~ the Certificate of Registration shall should be surrendered to the Association ~~for official cancellation.~~

Rule 103: Animals Ineligible for Registration

c. Skin color. The skin color of all animals for which application for registration is made must be BLACK, except that animals having birthmarks or white hairs on black skin may be eligible for registration. An animal red in color or with white skin above the underline, in front of the navel or on leg, foot, or tail, shall not be eligible for registration. To be eligible for registration, an animal whose ancestor is purebred Angus but red in color, must have a genomic profile including being free-tested of all known genetic conditions, must comply with all genetic condition policies and must be proven by DNA testing to be homozygous black. ~~In the event that~~ If a registered animal is discovered to be red in color or to have ineligible white skin, its registration shall be null and void, and the Certificate of Registration must be returned to the Association for cancellation. (As amended February 26, 2021)

Rule 110: Surrender of Registration Certificate

Whenever a registered animal is lost by death, destruction, or other means, or is disposed of for slaughter or as a common grade animal, ~~it shall be the obligation of~~ the holder of the Certificate of Registration should submit the date and reason for disposal to the Association. All hard copy certificates should be returned to the Association for cancellation. ~~to return it to the Association for cancellation endorsed to indicate the date and method of disposition.~~

Rule 1304: Notices to the Membership of Disciplinary Action Taken

a. ~~In the event that~~ If a member has been ~~expelled or~~ disciplined, the Association shall publish such fact to the membership in the next regularly scheduled issue of the *Angus Journal* and/or the appropriate electronic communication platform, unless the action taken has occurred during the pendency of an investigation under Article VIII. In that event, publication shall be left to the discretion of the Executive Committee of the Board of Directors.

b. ~~In the event that~~ If a suspension disciplinary action of a member has been terminated by the Board of Directors, the Association shall publish such fact to the membership in the next regularly scheduled issue of the *Angus Journal* and/or the appropriate electronic communication platform.

Proposed Bylaw Amendments

Section 3.14. Attendance at Annual Convention of Delegates by Electronic Transmission or Similar Communications Equipment.

In the event that remote attendance at the Annual Convention of Delegates for a particular year is approved by the Board of Directors, delegates may participate in such an Annual Convention using interactive technology, including but not limited to electronic transmission, internet usage, or remote communication, by means of which all persons participating in the meeting can communicate with each other. Board approval of remote attendance shall apply to all elected delegates/alternates and shall not be granted or denied on an individual basis. Participation in such meeting shall constitute attendance and presence in person at the meeting of the person or persons so participating.

Section 8.1. Misconduct. The following acts by a regular, life, junior or non-resident member of the Association (for purposes of this Article VIII, a “Member”), or by a party issued an affiliate member code by the Association and who holder holds of a Certificate of Registration issued by the Association (a “Holder”), shall constitute misconduct (“Misconduct”) on the part of such Member or Holder, subjecting such a Member or Holder to the provisions of this Article VIII:

The proposed bylaw amendments will be brought before the delegates during the Annual Convention of Delegates on November 7, 2022, in Salt Lake City Utah.

- Discussion took place regarding the current default for transferred registrations. The Committee put forth a recommendation for staff to increase awareness of electronic storage through focused member and affiliate educational efforts.
- The Committee discussed a member concern regarding the genetic condition testing requirement within Rule 504. No action was taken.
- The gene edit policy was discussed by the Committee, and staff was directed to review any new information and have additional discussion at following meetings, as necessary.

ANGUS FOUNDATION

- A financial report for the Angus Foundation was presented. Total assets on January 31, 2022, were \$25,966,700, and consisted of current assets of \$611,100, and investments of \$25,155,600, of which \$24,273,900 is restricted, and long-term pledges receivable of \$200,000. Current liabilities were \$52,800 consisting of accounts payable, accounts payable intercompany, and accrued liabilities. Long-term liabilities of \$24,900 consisted of accrued health insurance benefits. Net income for the period ending January 31, 2022, was \$423,900. Loran Wilson moved, seconded by Greg McCurry, to approve the financial report.

The motion was unanimously approved.

- The Angus Foundation Board welcomed Josh Jasper, the National Junior Angus Board (NJAB) Foundation Director and Alexandria Cozzitorto, NJAB Chair, to introduce themselves, provide an update and overview of their activities and share the impact of Foundation grants on Junior Angus programs.
- The Board reviewed fundraising activities from January 2022 and discussed future plans for the heifer package, sale of pregnancies and Oklahoma Stars event. Staff will explore options based on discussion and will provide recommendations.
- Greg McCurry moved, seconded by Larry Gossen, to approve a change to the fund agreement with the Virginia Junior Angus Association. The motion was unanimously approved.
- Mark Ahearn moved, seconded by Greg McCurry, to establish a giving program to cooperate with production, consignment, and private treaty sales. The motion was unanimously approved.
- Tom McGinnis moved, seconded by Larry Gossen, to reinstate an option for members to add a Foundation gift at check out in log-in. The motion was unanimously approved.
- The board directed staff to explore ideas for new activities at the Angus Convention.

ANGUS GENETICS INC.

- A financial report for Angus Genetics, Inc (AGI) was presented. Total assets on January 31, 2022, were \$2,304,100, and consisted of current assets of \$1,720,200, investments of \$500,800, fixed assets of \$66,600, and non-current assets of \$16,500. Current liabilities were \$1,456,000 consisting of accounts payable, accounts payable intercompany, and accrued liabilities. Long-term liabilities of \$12,900 consisted of accrued health insurance benefits. Net income for the period ending January 31, 2022, was \$413,100. Darrell Stevenson moved, seconded by Smitty Lamb, to approve the financial report. The motion was unanimously approved.
- Staff provided an update on sustained cow fertility research; reporting AGI is pursuing a functional longevity model for this trait. Work is progressing nicely, and the AGI team hopes to target an early fall release for a longevity research EPD to the membership.
- Discussion around the value of large data sets including those from beef x dairy, structured sire evaluations, commercial cattle populations, etc. to research and genetic evaluation took place. This will be an ongoing discussion that will be the highlight of the AGI off-site retreat in May 2022.

ANGUS PRODUCTIONS INC. d.b.a ANGUS MEDIA

- A financial report for Angus Productions, Inc. (API) was presented. Total assets on January 31, 2022, were \$3,690,100, and consisted of current assets of \$2,082,100, restricted investments of \$905,400, fixed assets of \$554,500, and non-current assets of \$148,100. Current liabilities were \$2,012,500 consisting of accounts payable, accounts payable intercompany, accrued liabilities and deferred income. Long-term liabilities of \$288,200 consisted of accrued health insurance benefits. Net loss for the period ending January 31, 2022, was (\$24,200). Jonathan Perry moved, seconded by Darrell Stevenson, to approve the financial report. The motion was unanimously approved.
- Staff offered highlights of activities year-to-date that had been explored in greater detail by video prior to the meeting.
- Staff presented an overview of API's business development efforts, focusing on increases in corporate advertising in all media platforms, preliminary results of the second round of readership surveys, and increases in digital advertising based largely on retargeting buys.

- Staff introduced a new digital advertising option with ConnectedTV.
- Staff shared strategies for expanding reach through audio and premiered the Angus Beef Bulletin's Angus at Work podcast, which will launch on March 2, 2022.

CERTIFIED ANGUS BEEF LLC

- A financial report for Certified Angus Beef, LLC (CAB) was presented. Total assets on January 31, 2022, were \$24,450,600, and consisted of current assets of \$8,219,200, investments of \$8,927,400 of which \$2,035,800 is restricted, and fixed assets of \$7,304,000. Current liabilities were \$1,356,400 consisting of accounts payable, accounts payable intercompany, and accrued liabilities. Long-term liabilities of \$793,800 consisted of accrued health insurance benefits. Net income for the period ending January 31, 2022, was \$3,555,700 of which \$1,999,500 was for the Small Business Administration Loan Liability that was forgiven. Richard Dyar moved, seconded by Jim Brinkley, to approve the financial report. The motion was unanimously approved.
- Brand product sales were up 2.1% compared to the prior year with foodservice and international sales up 31.0% and 2.6%, respectively, and in spite of retail sales being down 13.8%.
- The percentage of Angus-influenced cattle in the fed-cattle mix at licensed plants was at 71%. This combined with strong brand acceptance rates, the number of certified carcasses was down only 0.4% year-to-date despite fed-cattle harvest volume being down 4%. Driven by strong demand, the brand experienced a 1.2% increase in the market share of all Premium Choice and Prime product sold.
- Over the next few months, the brand intends to finalize the marketing approach for a brand claim communicating the commitment of cattlemen toward humane animal care and sustainably raised beef that emphasizes the fact that there is a "Family Behind Every Steak."
- As a means to further boost consumer confidence in the brand and demonstrate and validate producer commitment to compassionate animal care, the Board supported the brand actively promoting and encouraging beef producers become Beef Quality Assurance (BQA) certified.
- The Board discussed various traceable supply chain options and how they could be implemented to elevate demand for feeder cattle sired by registered Angus bulls.

AMERICAN ANGUS ASSOCIATION

- A financial report for the American Angus Association (Association) was presented. Total assets on January 31, 2022, were \$27,208,000, and consisted of current assets of \$4,165,000, investments of \$18,554,500 of which \$9,906,400 is restricted, and fixed assets and goodwill of \$4,488,500. Current liabilities were \$2,093,600 consisting of accounts payable, accounts payable intercompany, accrued liabilities and deferred income. Long-term liabilities of \$834,900 consisted of accrued health insurance benefits. Net income for the period ending January 31, 2022, was \$2,480,000 of which \$1,466,300 was for the Small Business Administration Loan Liability that was forgiven. Jonathan Perry moved, seconded by Barry Pollard, to approve the financial report. The motion was unanimously approved.
- The Board approved committee reports and recommendations:
 - Breed Improvement Committee report and recommendations: motion by Smitty Lamb, second by Darrell Stevenson, unanimous approval.
 - Commercial Programs Committee report and recommendations: motion by Jim Brinkley, second by Darrell Stevenson, unanimous approval.
 - Communications and Public Relations Committee report and recommendations:

- motion by Darrell Stevenson, second by Smitty Lamb, unanimous approval.
- Events and Education Committee report and recommendations: motion by Jerry Theis, second by Jonathan Perry, unanimous approval.
 - Finance and Planning Committee report and recommendations: motion by Barry Pollard, second by Dave Hinman, unanimous approval.
 - Member Services Committee report and recommendations: motion by Richard Dyar, second by Dave Hinman, unanimous approval.
- President Connealy reported that the minutes of the November 5, 2021, regular Association Board meeting and November 8, 2021, annual meeting of the Association Board were unanimously approved in OnBoard on January 12, 2022.
 - The option of electronic identification (EID) as a beneficial tool for permanent identification was discussed by the Board. The topic will be further reviewed in committee. Concerns regarding possible implementation will be addressed at the June 2022 Board meeting.
 - It was the consensus of the Board that research continue on functional longevity. Updates to \$Maternal Weaned Calf Value (\$M) were discussed. Fall of 2022 is the target for a research EPD for functional longevity with the incorporation of the new EPD into \$M by summer of 2023.
 - Paul Bennett moved, seconded by Barry Pollard, to direct staff to continue to research, pursue, and communicate topics and strategies related to sustainability. The motion was unanimously approved.
 - Chuck Grove moved, seconded by Barry Pollard, to approve the appointment of Darrius Lane as Industry Representative on the Angus Productions, Inc Board of Directors. The motion was unanimously approved.
 - Darrell Stevenson moved, seconded by Greg McCurry, to update the Association mission statement as follows. The motion was unanimously approved.

Previous Statement:

To provide programs, services, technology, and leadership to enhance the genetics of the Angus breed, broaden its influence within the beef industry, and expand the market for superior tasting, high-quality Angus beef worldwide.

Approved Revision:

To provide programs, resources and leadership that improve and promote the Angus breed, enhance the livelihoods of family farmers and ranchers, and exceed consumers' expectations.

- After extensive discussion regarding the patent of two dairy animals granted to ABS, Inc by the U.S. Patent and Trademark Office, Barry Pollard moved, seconded by Dave Hinman, that the American Angus Association join other major breed associations and industry stakeholders in voicing concerns over these patents.

NEXT REGULAR BOARD MEETING

- June 6-9, 2022, Kansas City, Missouri