

ANGUS

THE BUSINESS BREED

AMERICAN ANGUS ASSOCIATION® HIGHLIGHTS OF THE MEETING OF THE BOARD OF DIRECTORS SEPTEMBER 9-12, 2019

The following is a review of topics discussed and action taken during the meeting of the Board of Directors held September 9-12, 2019, in St. Joseph, Missouri.

BREED IMPROVEMENT COMMITTEE

- Guest speaker Dr. John Cole, United States Department of Agriculture (USDA), Agricultural Research Service, reviewed fertility haplotypes in dairy cattle and provided insight to how the information is presented and utilized in dairy cattle breeding.
- Staff reviewed policies in effect regarding the Combined Index (\$C), until it is officially released next year. No changes in policy regarding publication on Association documents and websites were made.
- Staff reviewed growing participation in the MaternalPlus® program and reported on continuing efforts to increase enrollment.
- Staff reported on the number of matings and cattle on feed in the Structured Sire Evaluation program and reviewed the impact of new carcass data on Expected Progeny Differences, (EPDs). Directors suggested this information be shared with the membership as part of ongoing educational and informational efforts.
- Staff presented a proposal that the American Angus Association submit nominations for Beef Improvement Federation (BIF) seedstock and commercial producer awards. Dave Nichols moved, seconded by Barry Pollard, that the Association Board nominate candidates and that the Breed Improvement Committee select the final nominees. The motion was unanimously approved.
- Staff led a discussion of the relative impact of pedigree, individual performance, genomic information and progeny performance on EPD accuracy. The genetic relationships between birth weight and growth traits were reviewed, using examples from the Angus database. Directors suggested this information would be useful content for future member education.

COMMERCIAL PROGRAMS COMMITTEE

- Discussion centered on merging the Association's feeder calf programs. AngusSource® will be merged into Angus Link in early 2020. The move to one program is designed to alleviate confusion in the marketplace and elevate Angus brand equity to quality feeder calves sired by registered Angus bulls. Don Schiefelbein moved and James Henderson seconded to approve the proposed program changes. The motion was approved unanimously.

COMMUNICATIONS AND PUBLIC RELATIONS COMMITTEE

- The committee reviewed the current national ad campaign and considered more impactful photos that will establish consistency across the campaign for the coming year.
- Staff presented a new direction for The Angus Report that moves away from distribution on RFD-TV in favor of more targeted videos.

EVENTS AND EDUCATION COMMITTEE

- The judges list for the 2020 Western Regional Junior Angus (WREG) Show was presented to the Committee: 1. Mark Johnson, 2. Mark Hoge, 3. Mark Duffel. Chuck Grove moved, seconded by Alan Miller to approve the list. Motion passed unanimously.
- John Grimes moved, seconded by David Dal Porto, to provide premium support for the following regional and junior preview shows: Mid Atlantic Junior Angus Classic (MAJAC) Regional Preview, Harrisonburg, Virginia; Atlantic National Regional Preview, Timonium, Maryland; All American Angus Breeders' Futurity Regional Preview, Louisville, Kentucky; and Western Regional Junior Angus Show, Reno, Nevada. The motion was unanimously approved.
- Alan Miller moved, seconded by Chuck Grove, to approve The North Carolina Junior Angus Association to host the Eastern Regional Junior Angus Show in 2021 and the Virginia Junior Angus Association to host the Eastern Regional Junior Angus Show in 2022. The motion was unanimously approved.
- David Dal Porto moved, seconded by Alan Miller, to approve the Nebraska Junior Angus Association to host the 2021 National Junior Angus Show (NJAS). The motion was unanimously approved.
- John Grimes moved, seconded by Alan Miller, to approve the following locations for future NJAS locations; Denver, Colorado; Grand Island, Nebraska; Tulsa, Oklahoma; Kansas City, Kansas; Indianapolis, Indiana; Louisville, Kentucky; Madison, Wisconsin. The motion was unanimously approved.
- John Grimes moved, seconded by David Dal Porto, to hold a Phenotype and Genotype Show (PGS) at the 2020 Western Regional Junior Angus Show, 2020 Eastern Regional Junior Angus Show and 2020 National Junior Angus Show. The motion passed by a vote of three (3) in favor, and one (1) opposed.
- Discussion was held regarding NJAS. Topics included, cow/calf age divisions, showmanship divisions, the addition of age divisions, and top 5 overall placings. No action was taken.
- A letter was reviewed regarding changes to the EPD requirements for the National Western Stock Show (NWSS) sale bulls. No action was taken.
- The committee discussed changing the National Junior Angus Association (NJAA) age requirement to twenty-one as of January 1st as opposed to the current age requirement of twenty by that same date. The topic will be referred to the NJAA Board of Directors.
- Staff provided an update regarding the newly revamped Angus University program. A purpose, vision, mission and top five priorities regarding the educational platform was presented.
- The committee created a judges list for the 2020 NJAA. The list will remain confidential until it has been sent to the Pennsylvania NJAS planning committee. John Grimes moved, seconded by Chuck Grove to approve the 2020 NJAS Show judges list. The motion was unanimously approved.
- Alan Miller moved, seconded by David Dal Porto, to approve a list of associate judges for the 2019 North American International Livestock Exposition (N.A.I.L.E). The motion was unanimously approved.
- The committee created a judges list for the 2020 WREG Show PGS. David Dal Porto moved and Alan Miller seconded to approve the list. The motion was unanimously approved.

- The committee created the 2020-21 Roll of Victory (ROV) judges list. The list will remain confidential until it has been sent to the ROV shows. John Grimes moved and Chuck Grove seconded to approve the list. The motion was unanimously approved.

FINANCE AND PLANNING COMMITTEE

- Balance Sheets and Income Statements for the period ending July 31, 2019 were reviewed. The financial review included the consolidated financial reports and the financial reports of each entity.
- Total assets on the consolidated financial report are \$66,484,000, consisting of current assets of \$9,715,000, investments of \$45,485,000, property and equipment of \$9,924,000 and non-current assets of \$1,360,000. Current liabilities are \$3,829,000 consisting of accounts payable, accrued liabilities and deferred income. Long-term liabilities of \$1,844,000 consist of notes payable, deferred compensation and accrued health insurance benefits. Consolidated Net income for the period ending July 31, 2019 is \$3,900,000.
- Projections of the financial results for the fiscal year that will end September 30, 2019, were presented. The Committee discussed the proposed budget for fiscal year (FY) 2020. Jerry Connealy moved, seconded by Dave Nichols, to recommend that the Board approve the FY 2020 budget proposal. The motion was unanimously approved.
- The Committee reviewed the investment portfolio for the Association and its subsidiaries.
- The Committee reviewed the codes of conduct for directors and employees. Barry Pollard moved, seconded by Jerry Connealy, to approve the codes with no changes needed. The motion was unanimously approved.

MEMBER AND AFFILIATE SERVICES COMMITTEE

- Discussion took place regarding a member letter requesting multiple breeders and multiple first owners on the registration certificate. No action was taken.

RESEARCH PRIORITIES COMMITTEE

- Two research proposals were reviewed and discussed. No action was taken.

ANGUS FOUNDATION

- Minutes of the Angus Foundation Board of Directors meetings of June 5, 2019, were previously distributed. Mick Varilek moved, seconded by James Henderson to approve the minutes as distributed. The motion was unanimously approved.
- A financial report was presented for the period ending July 31, 2019 and a proposed budget for fiscal year 2020. Total assets at July 31, 2019 were \$22,264,600, and consisted of current assets of \$531,900, investments of \$21,616,500, and non-current assets of \$116,200. Current liabilities were \$82,000 consisting of accounts payable and accrued liabilities. Long-term liabilities of \$27,800 consisted of accrued health insurance benefits. Net income for the period ending July 31, 2019 was \$922,400.
Jerry Connealy moved, seconded by Barry Pollard, to accept the financial report and the 2020 budget. The motion was unanimously approved.
- Staff provided an update on past and upcoming projects.
- Barry Pollard moved, seconded by Mick Varilek, to further explore the development of a "Giving Circle" donor program. The motion was unanimously approved.
- Mick Varilek moved, seconded by Lamar Steiger, to accept an updated Memorandum of Understanding (MOU) between the American Angus Association and the Angus Foundation. The motion was unanimously approved.

- The At-Large Recommendation Committee presented recommendations for two Angus Foundation Board of Directors at-large positions and for six External Relations Committee positions. James Henderson moved, seconded by Barry Pollard to accept the recommendations. The motion was unanimously approved. The recommendations will be presented to the Association Board at the November 4, 2019 meeting.

ANGUS GENETICS INC.

- The minutes of the June 4, 2019 and August 30, 2019 of the Angus Genetics Inc. (AGI) Board Meetings were distributed. It was moved by John Grimes, seconded by Alan Miller, to accept the minutes as provided. The motion was unanimously approved.
- A financial report was presented for the period ending July 31, 2019 and a proposed budget for fiscal year 2020. Total assets at July 31, 2019 were \$1,090,700, and consisted of current assets of \$1,030,000, fixed assets of \$39,200, and non-current assets of \$21,500. Current liabilities were \$723,000 consisting of accounts payable, accounts payable intercompany, and accrued liabilities. Long-term liabilities of \$5,600 consisted of accrued health insurance benefits. Net income for the period ending July 31, 2019 was \$92,900. Jerry Connealy moved, seconded by David Dal Porto, to approve the financial report and the 2020 budget. The motion was unanimously approved.
- Staff updated the board on AGI research projects, including the research EPD for pulmonary arterial pressure, and potential research EPDs for hair shedding, and tenderness. A project just underway investigating the genetics of immunity in Angus cattle, and efforts in the areas of fertility haplotypes, and cow longevity were also reviewed.
- In response to a growing demand for Angus semen used on dairy cows, staff led a discussion on a potential selection index for Angus bulls used on dairy females. The index would be accessible for the specific market and would allow Angus genetics to compete with other breeds being aggressively marketed to dairymen. Jerry Connealy moved, seconded by Alan Miller, to direct AGI staff to develop educational materials for the dairy industry, highlighting the advantages of using Angus bulls on dairy females and to develop an Angus on dairy index. The motion was unanimously approved.

ANGUS PRODUCTIONS INC. d/b/a ANGUS MEDIA

- Brett Spader was welcomed to his first Board Meeting as president of Angus Productions Inc. (API).
- Minutes of the June 5, 2019, meeting of the API Board of Directors were distributed. Chuck Grove moved, seconded by Jonathan Perry, to accept the minutes as provided. The motion was unanimously approved
- A financial report was presented for the period ending July 31, 2019 and a proposed budget for fiscal year 2020. Total assets at July 31, 2019 were \$2,691,700, and consisted of current assets of \$1,408,300, investments of \$684,100, fixed assets of \$377,100, and non-current assets of \$222,200. Current liabilities were \$886,200 consisting of accounts payable, accounts payable intercompany, accrued liabilities and deferred income. Long-term liabilities of \$221,100 consisted of accrued health insurance benefits. Net income for the period ending July 31, 2019 was \$673,500. Jonathan Perry moved, seconded by Barry Pollard, to approve the 2019 financial report and the proposed 2020 budget as presented. The motion was unanimously approved.
- Spader presented a report of his first month as president and shared with the Board his vision for ensuring Angus Media is a member service organization offering a full line of marketing and communications services to all members.
- Staff presented an update on the revised sale-book pricing structure. The updated structure

will offer greater transparency and lead to lower pricing for the overwhelming majority of customers.

- An update was provided on the Pasture to Publish portal for building sale books. Guided demonstrations will be presented at the 2019 Angus Convention in Reno, Nevada and five regional marketing workshops are planned to assist with the platform's launch in summer 2020.
- Staff reported activities of the *Angus Beef Bulletin* and the *Angus Journal*, including a good showing in contests at the Ag Media Summit, where the *Angus Journal* won the General Excellence for Association Publications and the *Angus Beef Bulletin* won the Flanagan Award for Most Improved Publication by the Livestock Publications Council (LPC).
- Staff presented an overview of 100th Anniversary activities for the *Angus Journal*, including plans for celebrating with those in attendance at the 2019 Angus Convention.
- Barry Pollard moved, seconded by Jonathan Perry, that a disclaimer be published in Angus Media products and services carrying Combined Value (\$C) numerical ranks (versus percentile rankings) that the American Angus Association will neither generate nor endorse \$C numerical ranks until \$C numerical ranks are officially released. Following discussion, the motion was unanimously approved.

CERTIFIED ANGUS BEEF LLC

- A financial report was presented for the period ending July 31, 2019. Total assets at July 31, 2019 were \$18,401,400, and consisted of current assets of \$6,226,400, investments of \$7,957,800, and fixed assets of \$4,217,200. Current liabilities were \$704,800 consisting of accounts payable, accounts payable intercompany, and accrued liabilities. Long-term liabilities of \$762,300 consisted of accrued health insurance benefits. Net income for the period ending July 31, 2019 was \$4,111,300.

Mick Varilek moved, seconded by Mike McCravy, to approve the fiscal 2019 year-end financial report. The motion was unanimously approved.

- All sales divisions are showing increases over the prior year and it is estimated the year should conclude with sales of 1.254 billion pounds.
- For the fiscal year, retail continues to lead the way with a projected increase of 45.9 million pounds. Foodservice continues to show nice growth at 18.6 million pounds followed by International at just under 2 million pounds of growth. Sales of middle meat, end meats and grinds are all showing growth. The big category leader is Certified Angus Beef ® brand Prime which is up 36% for the year. Value-added products will top 30 million pounds in sales for the first time ever, growing by 13%.
- Certified carcasses increased 8.7% over the prior year in large part due to the fact brand acceptance rates are running at a record 35%, a 2.5 ppt increase over a year ago.
- James Henderson moved and John Grimes seconded a motion to approve the 2020 proposed budget based on a projected increase in sales of 2.2%. The motion was unanimously approved.
- A request from the Canadian Angus Association (CAA) to allow CAA-tagged red-hided Angus cattle to be eligible for the Certified Angus Beef ® brand in licensed Canadian plant was discussed with no action taken.
- The brand has been presented with an opportunity to sell product in the European Union and is investigating Non-Hormone Treated Cattle (NHTC) supply options.

BOARD OF DIRECTORS

- President Pfeiffer reported that the minutes of the regular Board of Directors meeting held June 3-6, 2019, were unanimously approved by an email vote completed on August 5, 2019.
- A financial report for the Association was presented for the period ending July 31, 2019. Total assets at July 31, 2019 were \$22,774,300, and consisted of current assets of \$1,257,100, investments of \$15,227,000, and fixed assets and goodwill of \$6,290,200. Current liabilities were \$2,169,600 consisting of accounts payable, accrued liabilities and deferred income. Long-term liabilities of \$827,200 consisted of deferred compensation and accrued health insurance benefits. Net loss for the period ending July 31, 2019 was (\$1,861,100).

James Coffey moved, seconded by Mick Varilek, to approve the fiscal 2019 financial report. The motion was unanimously approved.

- Barry Pollard moved, seconded by Dave Nichols, to approve the 2020 proposed budget. The motion was unanimously approved.
- The Association Board, acting as sole member of the Angus Foundation, approved amendments to the Foundation Bylaws to eliminate the position of Foundation President, create the position of Foundation Executive Director reporting to the Foundation Vice Chair (who is also the Association's CEO), and restructure the Foundation Board to include (a) two at-large directors who are members of the Association but not its Board; (b) four Association Board members; (c) one industry representative; and (d) three ex-officio nonvoting members, the Association CEO, the Association CFO and the Foundation Executive Director. Motion made by Don Schiefelbein, seconded by James Coffey. The motion was unanimously approved.
- Angus Foundation sponsored Henry Smith from Russell Springs, Kentucky, shared a presentation about his participation in the National Cattlemen's Beef Association (NCBA) Young Cattlemen's Conference.
- An update regarding the 2019 Angus Convention in Reno, Nevada was presented. It was noted that a record number of students will be attending the 2019 event.
- Staff presented an update pertaining to an upgrade to information systems. The upgrade will enable the Association to keep pace with current technology and continue to provide a high level of service to the membership.
- Four Procedural documents for the Annual Convention of Delegates were reviewed.
 - David Dal Porto moved, seconded by James Coffey, to approve the (1) Order of Business. The motion was unanimously approved.
 - James Coffey moved, seconded by Mick Varilek, to approve the (2) convention procedures. The motion was unanimously approved.
 - Chuck Grove moved, seconded by Jerry Connealy, to approve the (3) election procedures. The motion was unanimously approved.
 - Jerry Connealy moved, seconded by Mick McCravy, to approve (4) a memo from the Board of Directors to the delegates and alternate delegates.

The documents will be sent to delegates and alternates delegates prior to the Annual Convention of Delegates.

- Jerry Connealy moved, seconded by Barry Pollard, to appoint John Pfeiffer Jr., David Dal Porto and Don Schiefelbein to serve on the Nominating Committee to propose slates of candidates for the Boards of Directors of the Angus Foundation, Angus Genetics Inc., Angus Productions Inc., and Certified Angus Beef LLC. The motion was unanimously approved.

- The Association Board, acting as sole member of the Angus Foundation, approved a resolution to elect Lamar Steiger to serve a one-year term, beginning on November 4, 2019, as an Industry Representative on the Board of Directors of the Angus Foundation. Motion made by James Coffey, seconded by Barry Pollard. The motion was unanimously approved.
- Richard Dyar nominated Don Schiefelbein to serve as the Association's President and Chairman of the Board of Directors for 2020; seconded by Jerry Connealy. James Henderson moved, seconded by Jonathan Perry, that the nomination be approved by acclamation. The motion was unanimously approved.
- Dave Hinman nominated David Dal Porto to serve as the Association's Vice President and Vice Chairman of the Board of Directors for 2020, seconded by Mike McCravy. Jonathan Perry moved, seconded by Mick Varilek, that the nomination be approved by acclamation. The motion was unanimously approved.
- John Grimes moved, seconded by Jonathan Perry, to elect Jerry Connealy to serve as the Association's Treasurer for 2020. Mick Varilek moved, seconded by Alan Miller that the nomination be approved by acclamation. The motion was unanimously approved.
- The Board approved committee reports as follows:
 - Breed Improvement Committee: motion to approve report by John Grimes, second by James Coffey, unanimous approval.
 - Commercial Programs Committee: motion to approve report by Jerry Connealy, second by Don Schiefelbein, unanimous approval.
 - Communications and Public Relations: motion to approve report by Mick Varilek, second by Dave Nichols, unanimous approval.
 - Events and Education Committee: motion to approve report by Jonathan Perry, second by Chuck Grove, unanimous approval.
 - Finance and Planning Committee: motion to approve report by David Dal Porto, second by James Coffey, unanimous approval.
 - Member and Affiliate Services Committee: motion to approve report by Mike McCravy, second by Richard Dyar, unanimous approval.
 - Research Priorities Committee: motion to approve report by Jonathan Perry, second by James Henderson, unanimous approval.

NEXT REGULAR BOARD MEETINGS

- November 1 and 4, 2019, Reno, Nevada