

Board Meeting Highlights

Board of Directors Meeting — February 21-22, 2001

- **Board turns down Angus Plus proposal**
- **New rule addresses breeder's six-head entries**
- **Membership, *Journal* subscription fees increase**

EXECUTIVE COMMITTEE

Don Painter, director of member services, explained the project underway to acquire DNA analysis on Angus bulls that sired 100 or more registered calves in fiscal year (FY) 2000. Painter indicated that semen or blood samples have been submitted on 134 of the 196 bulls. He further mentioned that the cooperation from breeders and bull studs had been excellent.

Painter commented on the American Angus Association DNA Parent Verification Program being conducted at Ohio State University. He distributed information that is being sent to members requesting DNA analysis of animals.

Painter opened discussion on the proposed guidelines for the registration of cell-cloned transplants, a subject that was referred from the November 2000 Board of Directors meeting.

A motion was made to adopt a new Rule 5b for inclusion in the *Breeder's Reference Guide*. The motion was amended to assure that replicated cell-cloned animals would be accepted, but not genetically modified animals. The amended motion was approved.

Richard Wilson, director of finance, outlined a health-benefit plan for retired employees.

A motion was approved to provide a supplemental insurance plan to cover employees after retirement if they have 25 years of service with the Association, Angus Productions Inc. (API) or Certified Angus Beef LLC (CAB), to be limited to an 8% inflation cap.

Chuck Grove presented the regional managers' report. Various topics were discussed with no major problems identified. Casey Worrell had assumed regional manager duties in New Mexico and Texas.

Michael Wooten, vice president of Angus Plus International, submitted a formal proposal for the Association to provide specified services to Angus Plus International. The Board approved a motion not to enter into any agreement with Angus Plus International.

A breeder had contacted a Board member with the request for a rule change in Section VII, Rule 2b, which currently reads: "A

'member of the immediate family' means and is limited to the husband, wife, sons and daughters of the owner(s) of record of the sire." The breeder asked that "immediate family" include mother and father. A motion was approved to make that suggested rule change.

ACTIVITIES COMMITTEE

Data collected were discussed, and it was the consensus of the committee to use the same format as in 2001 — ultrasound for back fat, weights for bulls and females, scrotal measurements for bulls and expected progeny differences (EPDs) for bulls and females.

The Board discussed selection of associate judges for the North American International Livestock Exposition (NAILE) and the National Western Stock Show (NWSS). The lead judge for these two shows will decide if an associate judge is needed.

The rule concerning the breeder's six head, as stated in the standard classifications for the open Angus shows, was discussed. The rule was changed to read as follows:

The exhibitor of the breeder's six head must be breeder and first owner, identified by the same member code for the animals exhibited. Cattle owned by other exhibitors may be included, provided the exhibitor of the breeder's six head is the breeder and first owner of the included animal(s). Animals must be exhibited in individual classes. Cattle bred and owned by a junior member(s) may be included if the exhibitor of the breeder's six head is an individual or married couple and is the parent or legal guardian of the junior member(s). This change will take effect with the 2001-2002 Roll of Victory (ROV) show year, beginning July 1, 2001.

The decision was made to split the junior calf division at the NAILE.

The ROV point standings will be posted on the Association home page on the Internet.

Plans were discussed concerning the Angus Foundation fund-raiser — a golf tournament that will take place during the National Junior Angus Show (NJAS) in Denver.

There are 165 juniors and 25 adults participating in the computer cow-calf game.

Pursuant to notice, a meeting of the American Angus Association Board of Directors was called to order in the boardroom of the American Angus Association, Saint Joseph, Mo., Feb. 21-22, 2001. The following officers and directors were present:

Howard Hillman, President
 Leroy Baldwin, Vice President
 Steve Brooks, Treasurer
 Keith Arntzen
 Leo Baker
 Jim Bradford
 Minnie Lou Bradley
 John Curtin
 Ben Eggers
 Joe Elliott
 Jot Hartley
 Paul Hill
 Brian McCulloh
 Cecil McCurry
 Lowell Minert
 Abbie Nelson
 Dave Smith

Twenty-five juniors are eligible to receive their gold awards.

It was decided to add a fourth junior division and to break the intermediate division into early and late in the owned heifer show at the NJAS.

State carcass group contest protocol for the NJAS was approved.

FINANCE COMMITTEE

The Finance Committee reviewed the financial reports for the four-month period ending Jan. 31, 2001. The cash balance on the consolidated financial report was \$2,277,810.87. The investment portfolio consisting of government notes, agency notes, bank certificates of deposit, bond mutual funds and stocks managed by Chase Investment Counsel Corp. totaled \$11,192,907.35. The total of all assets was \$21,082,133.70.

The building expansion in Wooster, Ohio, was financed with debt of \$662,044.87, of which \$57,062.47 was a current liability and \$604,982.40 was payable in future years.

The excess of revenue over expenses for the fiscal year was \$1,394,670.82.

The Association investment portfolio had increased about \$321,000, with additions of \$250,275 in cash from last year's operations and from realized gains of \$73,500 from the equities in the portfolio. The performance of the portion of the investment portfolio managed by Chase Investment Counsel for the calendar year ending Dec. 31, 2000, was

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1%. This positive return compared to a loss in the Dow Jones Industrial Average (DJIA) of more than 6% and a loss by the Standard & Poor's (S&P) of about 10%. Over the nine and one-half years Chase had managed the portfolio, the average return had been 17.4%.

Wilson presented to the Finance Committee a graphic analysis of financial trends for the past five years. The presentation included charts of revenues and expenses for the consolidated companies and the individual companies of the Association, CAB and API.

The Board approved an annual dues charge of \$20 to junior members beginning with members who join Oct. 1, 2001. The purpose of the annual dues assessment is to help recover some of the cost of the services provided to junior members, such as the many programs of the Junior Activities Department and two issues of the *Angus Journal*. Annual dues will not apply to current junior members. Annual dues will improve the management of the junior membership list and produce cost savings.

An investment reserve classification was created for the purpose of purchasing health benefits for retired employees. The fund was established at \$200,000 and was to be increased until it reaches the estimated liability of the health benefit, approximately \$500,000. These additions to the fund will come from current operating cash or, if necessary, from operations over the next three fiscal years. The reserve will be placed in equity-type investments.

PUBLIC RELATIONS COMMITTEE

The Public Relations Committee reviewed a summary of reader response to the 2000-2001 advertising program. From October 2000 through Feb. 19, 2001, the advertising program produced 1,250 requests for information about the Angus Beef Record Service (BRS) and other commercial programs.

Results were distributed from a survey of attendees at the 2000 National Angus Conference and Tour. Speakers received good ratings, and there were many positive comments about the conference and the Kentucky Angus Tour. Committee members shared their views on tour stops and speakers to assist staff in planning future conferences.

The 2001 National Angus Conference will be Oct. 3 in North Platte, Neb. A two-day tour hosted by the Nebraska Angus Association will be Oct. 1-2, preceding the conference. A "Back to Basics" program likely will be offered Sunday, Sept. 30,

preceding the tour, and will include an Angus Information Management Software (AIMS) workshop, a Web marketing workshop, and other sessions related to Association programs and services.

The Association and CAB had a combined booth in the trade show at the recent Cattle Industry Annual Convention and Trade Show in San Antonio, Texas. The Association and the CAB Supply Development Team hosted an informational program at the convention. "Improving Genetics Through Angus Technology" was the theme of the program, which featured Bill Bowman and Francis Fluharty as speakers. More than 150 producers attended.

An open discussion by all committee members and staff took place on the topic, "What will affect bull-buying decisions in the next 12-24 months?"

BREED IMPROVEMENT COMMITTEE

Doyle Wilson, Iowa State University (ISU), gave the committee a brief explanation with respect to how the percent retail product EPD is calculated from ultrasound data. The same formulation is used with carcass and ultrasound data with the following exceptions:

- Carcass weight is calculated as a percentage of adjusted scan weight.
- A constant of 2% kidney, pelvic and heart (KPH) fat is assumed.
- An average of rib fat and rump fat is used as a single index in the percent retail product formula.

Scan weight has a slightly negative effect on retail product, while rib fat and rump fat have a significantly more negative effect on retail product. On the other hand, ribeye area has a moderately positive effect on retail product yield.

Jenny Minnick, a graduate student at ISU, is currently examining the Angus data set for components of age at first calving. The committee requested that the components of gestation length be included in ISU reproductive research.

The transition in January 2001 of the Centralized Ultrasound Processing (CUP) Lab to private industry, Walter & Associates, was accomplished smoothly. The lab, officially called the National Centralized Ultrasound Processing Laboratory and Technology Center, was being operated by the same personnel who worked with the project at ISU. Activity was approximately 1.3 times more than last year with no delays observed. So far in 2001, the number of bulls posted a 54% increase while heifers showed an increase of 104%.

Scott Johnson, director of AIMS, and John Crouch, director of performance

programs, conducted a review of the current performance data pricing structure. No change was recommended in the previously approved EPD pricing structure.

Howard Hillman, Lowell Minert, Richard Spader, Bill Bowman, John Crouch and Doyle Wilson attended a meeting called by John Pollak, coordinator of the National Beef Cattle Evaluation Consortium, during the NWSS in January 2001. The purpose of the meeting was to update breed association personnel and others interested in funding, research priorities and organization.

Doyle Wilson reported the group had received favorable comments from legislators in regard to funding during their visit to Washington, D.C., on Feb. 13-14.

A request from the New Zealand Angus Association to have its data included in the North American Angus analysis was approved.

Discussion was conducted relative to the presentation by Luke Lind and Tom Burnell from GenomicFX, Austin, Texas. The ideas presented were formulated by personnel at GenomicFX who expressed the desire to work with the Association and CAB on molecular programs.

Hillman appointed a task force to formulate a plan of action relative to involvement with molecular genetics and genotyping companies. The members of that task force included Steve Brooks, chairman; Bill Bowman; John Crouch; Jim Reedy and Doyle Wilson of ISU; Brian McCulloh; Ben Eggers; Larry Corah; and Paul Donnelly, legal counsel.

INDUSTRY RELATIONS COMMITTEE

Matt Perrier was welcomed as the new assistant director of commercial relations. He reviewed a list of strategies outlined to drive both existing and new programs for the department. Committee members and staff discussed current coordination involving livestock auction markets and the potential for further cooperative marketing efforts.

Also new to the Commercial Relations Department was Rhonda Knouse, the administrative assistant for both the Commercial Relations and Performance Programs departments. Her duties also involve data entry, mailing and general communication for the Angus BRS program.

Staff attended the animal identification (ID) symposium at the Cattle Industry Annual Convention in San Antonio. The development of a national ID system was drawing a lot of attention, and an estimated 200 people attended the full-day meeting. The Association continues to stay abreast of the most current discussions.

Bill Bowman, director of commercial relations, gave an update on the activity level within the Commercial Relations Department. Inquiries and interest levels in the Angus BRS have been good, although individual recordkeeping is still a challenge for many commercial producers to incorporate into their current management schemes. The Standardized Performance Analysis (SPA) certification of Angus BRS had been approved, and it was listed in the Integrated Resource Management (IRM) display at the convention in San Antonio.

The Angus Resource Clearinghouse Network (ARCNet) continued to generate a lot of interest, both from the sellers and buyers of feeder cattle and replacement females. Fiscal year to date, 200 producers had submitted listings on replacement females and feeder cattle. The Bull Listing Service (BLS) portion of ARCNet also continued to expand, with 412 bulls listed on the site for sale. Since its inception, the BLS had listed 1,785 bulls from 216 customers.

A copy of the new mailing labels being used on the *Angus Beef Bulletin* was distributed. In an effort to increase the value of a properly transferred registration certificate, the labels give credit to the seller of the bull who transferred the registration and will provide another reason to complete the transfers.

The committee conducted further dialogue regarding the concept of an Angus marketing cooperative. Chairman Joe Elliott reviewed highlights of past meetings of the marketing cooperative task force. Discussion relative to purpose, feasibility, and necessary cattle and membership requirements for a unique grid to be negotiated with packers was reviewed. Under old business, a motion was approved to table the subject for one year and to do research during that time.

LONG-RANGE & ADMINISTRATIVE PLANNING COMMITTEE

Version 2.0d was shipped to all existing owners of AIMS in late December. Smaller fixes and enhancements had been made available for download from the Internet. Johnson also had recorded two videos; the first was a replacement for the existing AIMS instructional video. The second was a two-hour instructional video for Crystal Report Writer.

The next major release of AIMS, designated version 2.1, was in progress. The most significant change will be the addition of ultrasound EPDs and Angus BRS-related fields and programming.

The Information Systems (IS) Department launched the member logon site (www.angusonline.org) on Dec. 20, 2000. In its first two months, more than 1,800 members had signed up to use the new service. Many positive comments had been received.

The next major addition to the site was to be the ability for members to register their animals online once they logged in. Once the registration is entered, the data will be validated against the database. If there are any problems with the registration, the user will be notified at the time of entry.

After registrations are online, additional options, such as entering performance data and ordering supplies, may be made available.

CERTIFIED ANGUS BEEF LLC

Wilson presented the financial reports for the fiscal year through January 2001. The reports reflected a positive cash balance, with both income and expenses below budget through Jan. 31.

Jim Riemann presented his president's report, which included year-to-date changes in cattle acceptance rates and pounds sold. He reported that *Certified Angus Beef*® (CAB®) product sales were up 6% over the previous year.

Riemann reported on the licensing of approximately 170 Giant Food stores in the Washington, D.C., and Baltimore, Md., areas. His report also included an update on one of the larger packing companies' move toward hot-fat trimming of cattle, which would require the CAB office to re-evaluate the yield grade requirement as it applies to those cattle.

In conclusion, Riemann shared with the Board the number of USDA-certified programs (both Angus and non-Angus). The CAB carcasses represent 74% of the USDA's certification of Modest^o and higher carcasses.

Under new business, Tracey Erickson, vice president, updated the Board on the brand-positioning research and development. The major findings of both Monahan & Co. and Ketchum Inc. were shared. She reported that, based on the consumer research, the agencies would be working with CAB to upgrade and to modernize the current CAB logo. This could be accomplished through such concepts as introducing other colors or reworking the layout of the words.

Brent Eichar, senior vice president, shared that the U.S. Patent and Trademark Office issued a service mark registration for the trade name "*Certified Angus Beef*." This registration had been pursued for more than 15 years.

ANGUS PRODUCTIONS INC.

The API year-to-date financial report showed a total income of \$1,335,450.65 and

total expenses of \$1,483,840.01, for a net deficit of \$148,389.36.

The current *Angus Journal* subscription rate was discussed. Because of the increases in paper, printing and postage, the rate was raised to \$50/year effective Oct. 1, 2001.

The circulations of the *Angus Journal* and *Angus Beef Bulletin* were 23,348 and 66,840, respectively.

Quebecor World Pendell was the new printer of the *Angus Journal* effective with the March issue. The March *Angus Journal* was the largest issue published while owned by the Association, mailing 1,008 pages.

The *Angus Beef Bulletin* officially had been granted Periodicals Mail privileges by the U.S. Postal Service (USPS).

ADDITIONAL BOARD ACTION

The Board approved a motion to decouple regular membership and the *Angus Journal* subscription effective Oct. 1, 2001. The regular membership fee at that time will increase to \$30 annually.

ANGUS FOUNDATION

The Board discussed the investment policy of the Angus Foundation and approved the motion to move up to 50% of the General Fund investment into equity-type investments.

A report was presented on the Angus Foundation scholarships for junior members. Applications are now available on the Association home page or from the Junior Activities Department.

A report was given on the various Junior Board fund-raising activities for the Angus Foundation. The Angus Foundation Heifer Package sold for \$101,000 to Falcon Seaboard Ranches, Fredericksburg, Texas.

The 2002 Angus Foundation Heifer Package will be the same basic offering, and Shady Brook Angus Farm, Leoma, Tenn., will give the heifer.

The National Junior Angus Association (NJAA) Board will be conducting a benefit golf tournament during the NJAS with the proceeds going to the Angus Foundation. A flier about the golf tournament was distributed to Board members.

Bryce Schumann, director of activities, and Richard Wilson reported on the work being done to develop a relationship and a plan for promoting the Angus Foundation as a recipient of charitable remainder trusts.

It was suggested that additional measures be made to promote the Angus Foundation during the NJAS each year.

NEXT BOARD MEETING

June 2-5, 2001 — Sun Valley, Idaho

