

# Board Action

Highlights of the June 2-4, 2001, meeting of the American Angus Association Board of Directors

- ▶ Rules address the need for accuracy in AHIR submissions
- ▶ Policy limits access to member and nonmember mailing lists
- ▶ Task force to explore generating ancestral records, genetic predictions on Angus-derivative cattle
- ▶ American Simmental Ass'n requests electronic access to Angus EPDs

Pursuant to notice, the meeting of the American Angus Association Board of Directors was called to order in Sun Valley, Idaho, June 2-4, 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; and Dave Smith.

## EXECUTIVE COMMITTEE

The Board approved a proposal to restructure the National Cattle Evaluation (NCE) for the American Angus Association. A letter regarding the subject was distributed with the June Board agenda. The objective of the proposal was to develop a program that would result in a full in-house capability to conduct ongoing NCE programs, more fully research the growing Association performance and pedigree database, and provide assistance in the expansion of the Association producer-service programs.

The Board approved a proposal to discontinue mailing the printed version of the national *Sire Evaluation Report*. It was felt the availability of the national *Sire Evaluation Report* via the Association home page had minimized the need to send the report by mail. The printed report still would be available upon request by any producer who wanted a copy. The decision would save the Association about \$200,000 each year.

Next, the Board approved a change in committee structure for fiscal year (FY)

2002. The proposal changed the Industry Relations Committee to the Commercial and Industry Relations Committee and the Long-Range and Administrative Planning Committee to the Member Services Committee.

The Board unanimously adopted an amendment to emphasize and to address the need for accuracy in submissions to the Angus Herd Improvement Records (AHIR) program. Section XI of the Association rules deals with the subject. Table 1 displays the newly adopted rules of Section XI that pertain solely to the AHIR program.

The Board approved an Association policy on member and nonmember mailing lists. The new policy provided the following:

## Active Member List

- ▶ State, local and regional Angus associations may request and receive mailing labels (not electronic files) for their own states. One list per year may be obtained free of charge. Additional lists, up to four per fiscal year, may be purchased at a cost of 10¢/label (\$100/1,000 labels) with a minimum of \$100/request.
- ▶ The labels are for a one-time use and may not be copied by any means.
- ▶ All requests must be made in writing prior to shipment of the labels. This request must be made with a signature from an association officer to the director of member services of the American Angus Association, agreeing to the one-time, confidential use of the list.

**TABLE 1: SECTION XI (A NEW SECTION XI) – VERIFICATION OF PERFORMANCE AND HERD RECORDS**

### Rule 1. Performance Records

All participants in the Angus Herd Improvement Records program shall maintain accurate performance records in the manner established by that program and shall submit only accurate performance information to the program.

### Rule 2. Accuracy of Performance Records and Data

a. Whenever the accuracy of any data comprising performance information submitted to the Angus Herd Improvement Records program is deemed questionable or is otherwise challenged, the matter may be referred to the Executive Committee of the Board of Directors for investigation.

b. Based upon such referral, the Executive Committee of the Board of Directors, or the Board of Directors, may order an investigation to be conducted, and such investigation may include the examination, identification, blood-typing or DNA-marker-typing of any registered animal or any herd, as well as an examination of any breeding, herd or performance records maintained by a member or nonmember.

### Rule 3. Misrepresentation or Fraud

a. If such investigation shall conclude that the accuracy of any data comprising performance information submitted to the Angus Herd Improvement Records program has been submitted in a willful attempt

to misrepresent such information or as a result of fraud, such conclusions will be forwarded to the Board of Directors for disposition pursuant to Article VII of the Bylaws of the Association.

b. If the Board determines that misrepresentation or fraud has occurred, it may impose sanctions including, but not limited to, expulsion from the membership, suspension of all rights of membership, suspension or expulsion from any prospective participation in the Angus Herd Improvement Records program, elimination of a participant's submissions from the program's database, or any combination of the above.

### Rule 4. Inaccurate Records

If, upon investigation, it is determined that the performance records in question are maintained in such a manner that is deemed inadequate to assure the accurate submission of data for the Angus Herd Improvement Records program, then the Executive Committee of the Board, or the Board of Directors, may take such action as either deems necessary to assure accuracy, including — but not limited to — the elimination of a participant's submissions from the database or the requirement that periodic reports be made to either until such time as either is satisfied that such performance records are being maintained in such a manner as to assure their accuracy.

- ▶ The complete active-member list is not available for distribution.

### Active Junior Member List

- ▶ State, local and regional Angus associations or junior associations may request and receive mailing labels (not electronic files) for their own states. One list per year may be obtained free of charge. Additional lists, up to four per fiscal year, may be purchased at a cost of 10¢/label (\$100/1,000 labels) with a minimum of \$100/request.
- ▶ The labels are for a one-time use and may not be copied by any means.
- ▶ All requests must be made in writing prior to shipment of the labels. This request must be made with a signature from an association officer to the director of member services of the American Angus Association, agreeing to the one-time, confidential use of the list.
- ▶ The complete active-junior-member list is not available for distribution.

### Nonmember Buyer List

- ▶ The nonmember-buyer list is not available for purchase.

Jim Shirley distributed individual reports from each of the 12 regional territories and summarized them.

Staff reported on the results of a meeting conducted May 22 with representatives of the American Chianina Association (ACA). The ACA requested that the American Angus Association do performance and registry work for their association. The Board felt the subject raised a larger issue of providing services to other breed associations or to explore the potential of a service to generate ancestral records and genetic predictions on Angus-derivative cattle. President Hillman was asked to appoint a task force of Board members, breeders and staff to address the issue and to present a report at the September 2001 Board meeting.

Joe Elliott suggested that more thought should be given to encouraging the registration and transfer of Angus bulls.

The Board approved a proposal to merge the responsibilities of the director of activities and the director of junior activities into one staff position recognized as the director of activities and junior activities.

### ACTIVITIES COMMITTEE

Quintin Smith of Lebanon, Tenn., was approved by the National Western Stock Show (NWSS) as judge along with a tentative schedule. Smith submitted four names to the committee for approval as his

associate judge. Tim Fitzgerald, Lewisburg, W.Va., was approved.

The Board approved a motion to take rump-fat measurements on the cattle at the NWSS in Denver.

Staff updated the committee on the 2001 North American International Livestock Exposition (NAILE). Jim Pipkin had confirmed he would judge the Roll of Victory (ROV) super-point show.

The World Beef Expo requested approval as an ROV show beginning with the 2002 show. Considering geographical location and the time of year, the committee approved the request. It will replace as an ROV show the Georgia National in October.

The 2001 Eastern Regional will be in Verona, Miss. Mark Johnson, Stillwater, Okla., will judge. The Association had received entries for 468 head by 218 exhibitors from 21 states.

Plans were being finalized for the 2001 National Junior Angus Show (NJAS) in Denver, Colo., July 9-14. Due to an illness, Jack Ward, Lagrange, Ind., would not be able to judge the owned heifers. Alex Dees, Yuma, Ariz., would judge the owned heifers.

The 2001 Leaders Engaged in Angus Development (LEAD) Conference will be in Nashville, Tenn., Aug. 2-5. The theme is "A Cut Above the Rest."

There were 11 candidates expected to run for the six National Junior Angus Association (NJAA) Board positions.

### FINANCE COMMITTEE

The committee reviewed the financial reports for the seven-month period ending April 30, 2001. The cash balance on the consolidated financial report was \$2,503,058.71. The investment portfolio of \$11,565,703.38 consisted of government and agency notes, money market accounts, bank certificates of deposit, bond mutual funds, and stocks managed by Chase Investment Counsel Corp. The total of all assets was \$21,568,032.36. Long-term debt included a note payable in the amount of \$630,651 of which \$25,669.04 was a current liability and \$604,982.40 was payable in future years. Also included in long-term debt were funds accumulated and identified for sponsorship of the winter Olympics in Salt Lake City, Utah. The excess of revenue over expenses for the period was \$1,803,594.47.

The committee discussed the projection of operating income and expenses for the

current fiscal year ending Sept. 30, 2001. The projection showed a loss for the Association of \$136,286.90. The loss was partly offset by a gain from Angus Productions Inc. (API) of \$67,045.88. The volume of business for the remainder of the year will determine the outcome for FY 2001.

The committee also reviewed the preliminary proposed budget for the fiscal year ending Sept. 30, 2002. The budget has total revenues of \$7,758,400 and total expenses of \$7,756,900, with an excess of revenue over expenses of \$1,500. The individual revenue categories were budgeted about the same as expected for the current year, except for membership income. Membership income changed because subscriptions to the *Angus Journal* are now separated from dues and because a new fee schedule for membership dues becomes effective Oct. 1, 2001.

The Board will vote to adopt a budget at the September 2001 meeting.

Insurance protection for event cancellation and protection from loss of income was discussed. The Association had purchased event

cancellation insurance for the 2001 NJAS. Staff was investigating the availability of blanket coverage for cancellation of scheduled events and protection from loss of income.

### PUBLIC RELATIONS COMMITTEE

The Public Relations Committee reviewed a summary of the response to the 2000-2001 Association advertising campaign. From October 2000 through May 2001, approximately 2,005 requests for information about the Angus Beef Record Service (BRS) and other commercial programs had been fulfilled.

Staff reported on the 2001 National Angus Conference and Tour, which will be in October in North Platte, Neb. All speakers and tour stops had been confirmed, and registration and promotional

materials were in production.

Keri Geffert, a student in agricultural journalism at Kansas State University, was working as the summer intern in the Communications and Public Relations (PR) Department and would be assisting with summer show publicity and events.

The *Bull Buying Strategies* brochure had been revised, and a Spanish translation was

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in production. The Spanish translation also will be posted on the Association Web site. A revision of the general Association brochure that goes to new members was currently at the printer.

Staff and a representative of the Association's advertising agency shared the creative blueprint and rationale used to develop the proposed national advertising campaigns. Campaigns will deliver a "profitability" message by focusing on five basic areas of the Angus business: Angus bulls, Angus females, Angus genetics, Angus BRS and Certified Angus Beef LLC (CAB).

Campaigns were presented, and discussion by Board members and staff followed. Joe Elliott moved and Dave Smith seconded to approve the fourth option, the "black hide" campaign, for the 2001-2002 national advertising program. More discussion followed about the merits of the campaign and additional messages that could be included. The motion passed unanimously.

The committee reviewed a preliminary media schedule for the campaign, which will reach 80% of producers with 50 or more cows an average of 7.1 times with an Angus message throughout the year. Changes from past schedules include the use of one-page four-color ads instead of four-color spreads. The media mix includes 62% print advertising, 32% radio advertising and 6% Internet advertising in regards to total expenditures. Total budget for the schedule is estimated at \$350,000.

### BREED IMPROVEMENT COMMITTEE

A report from the Genomics Task Force meeting at the Association office on April 17, 2001, was distributed and discussed. Task force members were Steve Brooks, chairman; Brian McCulloh; Ben Eggers; Larry Corah; Doyle Wilson and Jim Reecy of Iowa State University; Penny Slicer and Andrea Sellers of the law firm Stinson, Mag & Fizzell; John Crouch; Bill Bowman; and Richard Spader. The Genomics Task Force report was adopted unanimously, and an initial focus for the Association will be to develop a repository of information relative to DNA sequencing. Staff and advisors will continue to monitor research and recommend implementation of technologies at the appropriate time.

A request from the American Simmental Association (ASA) relative to a memorandum for long-term electronic access to Angus expected progeny

differences (EPDs) was discussed. Following extensive discussion, a motion was passed to have legal counsel review the intellectual property rights associated with, but not limited to, the AHIR database, DNA samples and other genomic information and to have counsel advise what steps can be taken to protect those rights. Staff will inform the ASA of the concerns it has about this proposal and request that the ASA not proceed further until the American Angus Association has considered the matter more carefully.

A report on centralized ultrasound processing (CUP) was given, with cattle numbers processed this year at 42% over a year ago. Craig Hays and Becky Werner have resigned their positions at the CUP lab but will continue to be involved in a limited manner. Walter & Associates had hired Mark Henry as CUP operating officer. The lab is operating efficiently, and no apparent delays in image interpretation were experienced this spring.

Doyle Wilson gave a research update covering the following topics:

- ▶ "Using Ultrasound to Predict Retail Yield," by J.F. Tait, D.E. Wilson and G.H. Rouse. The research suggests the measurement of muscle depth could increase the accuracy of predicting retail yield.
- ▶ "Preliminary Research on Age at First Calving in Angus Females," by Jennifer Minick, Doyle Wilson and Gene Rouse.

Pursuant to the development of a reproductive EPD, the Association should develop a comprehensive reproductive database for first-calf heifers. Staff will explore establishing a program for building this database and report to the committee at the September Board meeting.

### INDUSTRY RELATIONS COMMITTEE

An update about the Commercial Relations Department programs was given. Brenda Schafer began work as the administrative assistant for both the Commercial Relations Department and Performance Programs Department in May. Brenda works with the Angus BRS program; her duties include data entry, mailing and general communication for the program.

Interest had grown in Angus BRS, and an

online site had been developed by the Information Services (IS) Department to allow Angus BRS participants to view their herd records and summaries via the Internet. Development of the Angus BRS online site will shift to the data-input side, allowing producers to enroll dams and to submit information through an Internet connection.

The Commercial Relations Department had explored options of designing a pocket book for cow and calf recordkeeping. Similar to the National Cattlemen's Beef Association (NCBA) Integrated Resource Management (IRM) "red books," this pocket-sized book will have pages for cow and calf information and an annual calendar. The fields will correspond with Angus BRS fields, and blanks also will be available for users to customize their books. The books likely will be mailed to cattlemen responding to our national advertising campaigns for Angus BRS, and they also will be presented to potential users of the Angus BRS program.

The Angus Resource Clearinghouse Network (ARCNet) also had undergone an update, with new versions activated on the Web site in the previous week. The new version of ARCNet will make the listings more

informative and comprehensive to benefit the potential buyers using the site. The increased use of the Angus BRS and ARCNet programs by commercial cattlemen nationwide has stimulated dialogue for synergistic relationships with identification (ID) companies, marketing companies and auction market managers.

The current status of efforts relative to a national animal ID program was discussed. The ID topic continues to be a front-burner issue for the national media and most producer organizations. A technical workshop for the beef breed associations was conducted prior to the National Pedigreed Livestock Council (NPLC) meeting on May 9 in Omaha, Neb., with a presentation from John Wiemers, the national animal identification director for

the U.S. Department of Agriculture (USDA) Animal and Plant Health Inspection Service (APHIS). It appeared the American identification number (AIN) system will be a part of the program, and the use of AIN numbers in Angus BRS and a structure for their use in



registered Angus provides a good start on a compliant system.

An added agenda item was the consideration of a request from the Ranchers-Cattlemen Action Legal Fund/United Stockgrowers of America (R-CALF USA) for the American Angus Association to adopt a resolution in support of their efforts to pass legislation for country-of-origin labeling on meat products. Consideration of the matter was tabled while additional information is being assembled.

The committee then reviewed the current Association long-range goals and discussed activities of the Commercial Relations Department relative to the accomplishment of those goals.

### LONG-RANGE & ADMINISTRATIVE PLANNING COMMITTEE

Staff gave an update on the Angus Information Management Software (AIMS). On May 16, the version 2.1 upgrade for AIMS was shipped. Some users reported experiencing problems; therefore, a new upgrade CD-ROM will be sent to all users. Once final testing is done, the CD probably will be sent in early June. The main feature of version 2.1 is the addition of ultrasound EPDs. Several functional enhancements to the customer manager were added. Several fields were added that will be used at a later time.

Staff updated the committee on the IS Department. So far, 3,049 members had signed up for the member logon service of the Association Web site. These members have registered 30% of the total animals registered in FY 2001.

Registering animals online had been popular since the service began on May 12. Approximately 8% of the total animals registered since that time had been from online registrations.



### CERTIFIED ANGUS BEEF LLC

Jim Riemann presented his president's report, which included fiscal-year trends in cattle acceptance rates and pounds sold. He reported that *Certified Angus Beef*<sup>®</sup> (CAB<sup>®</sup>) product sales are expected to fall below last year's numbers. He reported that higher beef prices coupled with small increases in certified numbers account for the decrease.

Riemann also reported on recent staff changes, along with the merging of the Public Relations and Marketing divisions under a single director, Deb Leonard. Riemann updated the Board on various seminars and corporate reviews, which had been successful in strengthening the relationship with licensees.

In conclusion, Riemann shared highlights of several divisions, which included an increased focus on foodservice-chain development, utilization of category management to grow CAB product sales at retail, and the development of several new value-added products.

Brent Eichar, senior vice president, presented an update on the Olympic suppliership and the various marketing materials and special promotions that have been developed to gain maximum exposure for the largest marketing project in CAB history.

Eichar also presented an update on the "premiumizing" of the current CAB logo and the development of the brand platform. Initial consumer surveys indicated that the updated logo presented a more premium image while maximizing the brand impression and helping to eliminate the "Angus confusion."

Larry Corah presented an update on Supply Development activities. He shared an update on the DNA research that is progressing positively but approximately five months behind schedule. Corah also shared that the number of cattle enrolled in the Feedlot Licensing Program (FLP) had been growing over the previous year and is exceeding this year's projections.

Under new business, the Board approved a retirement health benefit for CAB employees. The Board also approved the funding of the benefits using current funds in the contingency account.

Eichar presented a preliminary budget for FY 2002 that included a 7% increase in revenue. The account-supplies area experienced the greatest increase to provide funding to roll out new materials at the conclusion of the Olympics. To balance the budget, significant cuts were made in

advertising and PR programs, with only limited new positions identified for next year.

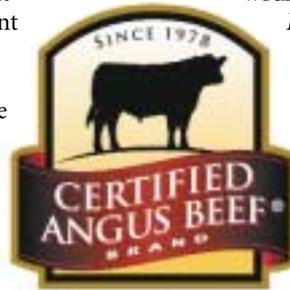
### ANGUS PRODUCTIONS INC.

The year-to-date financial report for API was given. There was excess revenue over expenses of \$125,326.97, which is 8.3% more than was budgeted.

A preliminary budget was presented for FY 2002 with estimates that the budget would be balanced.

The July issue of the *Angus Journal* also would be mailed to the *Angus Beef Bulletin* readership, and it will include the popular "feeding options" advertising and editorial.

The Web Marketing Department had activated its first Flash site and its latest service — the Angus e-list, which is news and information about the Angus and beef industry.



### ANGUS FOUNDATION

Staff reported that [www.angusfoundation.com](http://www.angusfoundation.com) and [www.angusfoundation.org](http://www.angusfoundation.org) had been reserved for the Angus Foundation. The Web site currently was under development and was scheduled to go online within the month. The layout and design for the pages and information that would be available on the Angus Foundation Web site were reviewed.

Staff reported that approximately 40 applications had been received for the Angus Foundation scholarships.

Staff then discussed the fund-raising activities planned by the NJAA Board that would take place during the NJAS. For the first time, a golf tournament would be conducted to raise money for the Angus Foundation. Both players and sponsors still were needed for the tournament.

A silent auction also was to be conducted at the NJAS. Donations were being accepted from individuals, companies and associations for the silent auction.

### NEXT BOARD MEETING

Sept. 5-7, 2001 — Saint Joseph, Mo. 