

ANGUS

THE BUSINESS BREED

AMERICAN ANGUS ASSOCIATION® HIGHLIGHTS OF THE MEETING OF THE BOARD OF DIRECTORS JUNE 3-6, 2019

The following is a review of topics discussed and action taken during the meeting of the Board of Directors held June 3-6, 2019 in Olympic Valley, California.

BREED IMPROVEMENT COMMITTEE

- Staff reviewed the Angus \$Values and EPD updates implemented on Friday, May 31, 2019. Correlations between old and new \$Values were generally high.
- Staff reviewed fertility haplotypes.

COMMUNICATIONS AND PR COMMITTEE

- Staff discussed increasing digital placements for the national advertising campaign and reducing the number of spreads in print publications.
- Staff presented viewership ratings for The Angus Report, showing growth over the last year.
- An update was given on various video projects completed over the course of spring.

EVENTS AND EDUCATION COMMITTEE

- David Dal Porto moved, seconded by Chuck Grove to remove the requirement that consigned bulls be in the top 50% percentile of non-parent bulls for Expected Progeny Differences (EPD's) to qualify for the National Western Stock Show (NWSS) Bull Sale. While there will be no minimum requirements, all bulls must have complete EPD and \$Values Indexes. Motion passed with three (3) in favor, one (1) opposed.
- John Grimes moved, seconded by Alan Miller to replace the Weaned Calf Value Index (\$W) EPD with the Maternal Weaned Calf Value Index (\$M) EPD on the judge's cards for Roll of Victory (ROV) and junior shows. Motion passed unanimously.
- The Angus Heritage Foundation Selection Committee presented the 2019 nominees. Chuck Grove moved, seconded by John Grimes to accept the 2019 nominations for the Angus Heritage Foundation. Motion passed unanimously.
- Discussion was held regarding Oregon State Fair Roll of Victory (ROV) show. Staff was directed to send a letter to the Oregon State Fair ROV show outlining the rules regarding the selection of judges for the ROV.
- Discussion was held pertaining to a letter from a member regarding National Junior Angus Show (NJAS) deadlines. Staff was directed to send a response with an explanation of NJAS rules and deadlines.

- The Committee discussed proposed judges for the North American International Livestock Exposition (NAILE) ROV show. Alan Miller moved, seconded by John Grimes to approve the judge names submitted for the NAILE ROV show. Motion passed unanimously.

MEMBER AND AFFILIATE SERVICES COMMITTEE

- Jerry Connealy moved, seconded by James Coffey to incorporate The Certified Angus Beef ® brand “Targeting the Brand” logo within the Association pedigree look up feature for both bulls and females using non-parent values. Motion passed unanimously.
- James Coffey moved, seconded by James Henderson to update the mailing list request form to include current staff contact information. Motion passed unanimously.

ANGUS FOUNDATION

- Minutes of the Angus Foundation Board of Directors meetings of February 20 and April 25, 2019, were previously distributed. Barry Pollard moved, seconded by Jerry Connealy to approve the minutes as distributed. Motion passed unanimously.
- A financial report was presented. Total assets at April 30, 2019 were \$21,684,500, and consisted of current assets of \$412,900, investments of \$21,155,400, and non-current assets of \$116,200. Current liabilities were \$49,300 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 April 30, 2019 was \$375,100. Barry Pollard moved to approve the financial report, Mick Varilek seconded the motion, and it passed unanimously.
- Staff provided an overview of unrestricted cash flow year to date through April 30, 2019.
- Jerry Connealy moved, seconded by James Henderson to continue to hold the Angus Foundation Heifer Package fundraiser at the NWSS Angus Bull Sale. Motion passed unanimously.
- Barry Pollard moved, seconded by Mick Varilek to reestablish the Spruce Mountain fundraising event and packages, dependent on scheduling considerations, for the 2020 NWSS. Motion passed unanimously.
- Staff provided a review of Foundation scholarships. It was noted that a record amount of scholarship dollars will be awarded at the 2019 National Junior Angus Show in Louisville, Kentucky.
- David Dal Porto moved, seconded by Lamar Steiger that a Memorandum of Understanding (MOU) be assigned between the Association Board and the Angus Foundation Board which outlines mutual expectations and a financial agreement. Motion passed unanimously. The MOU will be presented for consideration at the September Board Meeting.
- James Henderson moved, seconded by Barry Pollard to disband the Resource Development Committee, effective November 2019, and restructure a new committee, to be called the External Relations Committee, (ERC.) The ERC will operate under the Angus Foundation Board and will align with the comprehensive external relations strategy. Motion passed unanimously.
- Barry Pollard moved, seconded by James Henderson, to approve a nominating committee appointed by James Coffey to work with staff in developing a list of potential at-large members of the Angus Foundation Board and the External Relations Committee. The

committee will be comprised of John Grimes; chair, Chuck Grove and Alan Miller. Motion passed unanimously.

ANGUS GENETICS INC.

- The minutes of the February 19, 2019 meeting of the Angus Genetics Inc. (AGI) Board were previously distributed. Jerry Connealy moved, seconded by Alan Miller, to accept the minutes as distributed. Motion passed unanimously.
- A financial report was presented. Total assets as of April 30, 2019 were \$1,109,400, and consisted of current assets of \$1,058,700, fixed assets of \$29,200, and non-current assets of \$21,600. Current liabilities were \$738,600 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 April 30, 2019 was \$96,000. David Dal Porto moved to approve the financial report, Jerry Connealy seconded the motion, and it passed unanimously.
- Developments in the beef genetics industry, including a newly-published USDA blueprint for animal genomics research and a new selection tool for immunity released by Angus Australia were discussed. AGI involvement in the upcoming Beef Improvement Federation meetings was reviewed.
- AGI research was reviewed as well as potential development of an Angus on dairy index.
- Plans for an off-site AGI Board meeting in August 2019 were discussed.
- Genomic testing services provided by AGI were discussed. GeneMax Focus will be discontinued in the near future, and customers will be directed toward GeneMax Advantage.

ANGUS PRODUCTIONS INC. d/b/a ANGUS MEDIA

- Minutes of the February 20, 2019, Angus Productions Inc. (API), Board meeting were previously distributed. Chuck Grove moved, seconded by Jonathan Perry to accept the minutes as distributed. Motion passed unanimously.
- A financial report was presented. Total assets as of April 30, 2019 were \$3,302,500, and consisted of current assets of \$2,106,950, investments of \$673,200, fixed assets of \$300,200, and non-current assets of \$222,200. Current liabilities were \$1,089,100 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 April 30, 2019 was \$1,081,400. John Grimes moved to accept the financial report as presented. Jonathan Perry seconded the motion and it passed unanimously.
- An update of the Pasture-to-Publish (P2Pub) sale book builder was presented, which is set for an internal launch this fall.
- Staff presented a tiered, per-page pricing structure for Angus Media sale books set to go into effect immediately.
- Staff presented an update on *Angus Journal* production including workflow efficiencies and the digital presence.
- Staff presented an update on *Angus Beef Bulletin* production including the editorial calendar and digital presence.

- The Board welcomed Bob Brunker, a 30-year veteran in ag marketing communications and current regional director of J.L. Farmakis Inc., as Industry Representative.

CERTIFIED ANGUS BEEF LLC

- The minutes of the February 20, 2019, meeting of the Certified Angus Beef LLC (CAB) Board of Directors were approved previously via email.
- A financial report was presented. Total assets at April 30, 2019 were \$17,586,100, and consisted of current assets of \$6,348,900, investments of \$7,813,400, and fixed assets of \$3,423,800. Current liabilities were \$716,300 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 April 30, 2019 was \$3,284,600. James Henderson moved to approve the financial report, seconded by Jonathan Perry, and it passed unanimously.
- Royalties were up 6% over the budgeted income and expenses remain in line with budget.
- Brand sales projected to be up 6.5% through May with all sales divisions showing nice increases over the prior year.
- Exceptional retail growth accounted for over 58% of the overall sales growth fiscal year-to-date.
- Supply has been very strong with certified head count up 15.7%, in large part, due to a record acceptance rate of 36% for the year-to-date.
- The Board approved purchase of 3.5 acres across the street from the existing brand office on Riffel Rd is expected to close in July 2019.
- The Board reviewed a formal request from the Canadian Angus Association (CAA) to allow red-hided Angus cattle to be eligible for the Certified Angus Beef ® brand in brand-licensed Canadian plants. The request was tabled until the September CAB Board meeting.

BOARD OF DIRECTORS

- A financial report for the Association was presented. Total assets at April 30, 2019 were \$23,495,300, and consisted of current assets of \$1,560,000, investments of \$15,745,000, and fixed assets and goodwill of \$6,190,600. Current liabilities were \$1,032,100 consisting of accounts payable, accrued liabilities and deferred income. Long-term liabilities of \$850,800 consisted of deferred compensation and accrued health insurance benefits. Net loss for the period ending April 30, 2019 was (\$26,300). James Coffey moved, seconded by James W. Henderson, to accept the financial report as presented. The motion was unanimously approved.
- Mark McCully was announced as the American Angus Association Chief Executive Officer, effective June 10, 2019.
- Jonathan Perry moved, seconded by Jim Brinkley to appoint two Association members to serve as Election Observers for the 2019 delegate election: Dr. Alan Mead, Barnett Missouri, and Anne Lampe, Scott City, Kansas. Motion passed unanimously.
This appointment is required in the Association Bylaws in Section 3.8 Election of Delegates.
- It was announced that the American Angus Association will host the 2025 World Angus Forum in tandem with the National Angus Convention.

- James Coffey moved, seconded by Barry Pollard to approve the following recommended by the Foundation Board;
 - 1) amend the Foundation bylaws to eliminate the President position
 - 2) create a Director of External Relations position to be the top executive position at the Foundation and to be hired by and report to the Association's CEO
 Motion passed unanimously.
- John Grimes moved, seconded by Jonathan Perry to approve a special committee appointed by President John Pfeiffer Jr. to establish goals for the Association CEO. The committee will be comprised of Don Schiefelbein; chair, David Dal Porto, Jerry Connealy and John Grimes. Motion passed unanimously. The committee will report to the full board at the September 2019 meeting.
- The Board approved committee reports and recommendations
 - Breed Improvement Committee report and recommendations: motion by John Grimes, second by James Coffey, unanimous approval.
 - Commercial Programs committee report and recommendations: motion by Jerry Connealy, second by David Dal Porto, unanimous approval.
 - Communications and PR Committee report and recommendations: motion by Mick Varilek, second by Dave Hinman, unanimous approval.
 - Events and Education Committee: motion by Jonathan Perry moved, second by Alan Miller, unanimous approval.
 - Member and Affiliate Services report and recommendations: motion by Mike McCravy, second by Jonathan Perry, unanimous approval.

NEXT REGULAR BOARD MEETING

- September 9-12, 2019, St. Joseph, Missouri