

# ANGUS

THE BUSINESS BREED

## AMERICAN ANGUS ASSOCIATION® HIGHLIGHTS OF THE MEETING OF THE BOARD OF DIRECTORS JUNE 2-4, 2020

The Board of Directors meeting was held through video conference June 2-4, 2020. The following is a review of topics discussed and action taken during the meeting.

### ***BREED IMPROVEMENT COMMITTEE***

- Staff was directed to move forward with the creation of a new Management category to group and display Expected Progeny Differences (EPDs) for certain traits reported in the Association's weekly genetic evaluation. The Pulmonary Arterial Pressure (PAP) and Hair Shedding EPD would be examples of traits included in this grouping.
- A letter from a member regarding the Pathfinder Program was discussed. James Henderson moved, seconded by Dave Nichols that enhancements to the Pathfinder Program be explored as they fit within the Association's objectives around inventory-based reporting programs. Motion passed unanimously.

### ***COMMERCIAL PROGRAMS COMMITTEE***

- The committee was updated on the growth of AngusLink<sup>SM</sup> Process Verified Program (PVP) claims.
- The committee was apprised of enrollment numbers on the bundled services; Global Animal Partnership, Non-Hormone Treated Cattle, NeverEver 3 (GAP/NHTC/NE3) with Earth Claims.
- The Genetic Merit Score enrollments and averages were discussed. Changes to the economic assumption updates in the dollar value indices will be incorporated into the Genetic Merit Scores January 2021 as to not introduce a change in the middle of the video sale season.

### ***COMMUNICATIONS AND PR COMMITTEE***

- The Committee reviewed the new member packet that focuses on providing information and welcoming new members to the Angus family.
- The committee brainstormed key messages for the 2021 National Ad Campaign.

### ***EVENTS AND EDUCATION COMMITTEE***

- Mike McCravy moved, seconded by Jonathan Perry to move the 2020 National Junior Angus Show (NJAS) to Tulsa, Oklahoma on July 19-24, 2020. Motion passed unanimously.
- Jonathan Perry moved, seconded by Mike McCravy to include the Combined Value (\$C) EPD to the right of the Beef Value (\$B) EPD on current judge's card utilized at Association sponsored shows. Motion passed unanimously.

- Jonathan Perry moved, seconded by Alan Miller to accept the Angus Heritage nominees as presented. Motion passed unanimously.
- Jonathan Perry moved, seconded by John Grimes to approve options for a new judges list for the 2020 Eastern Regional Junior Angus Show in Lebanon, Tennessee. Motion passed unanimously.
- David Dal Porto moved, seconded by Alan Miller that Roll of Victory (ROV) status shows and National Junior Angus shows that are moved to a virtual setting will not be considered recognized shows by the American Angus Association. Motion passed unanimously.
- Alan Miller moved, seconded by Jonathan Perry that any 2020 – 2021 ROV show forced to cancel or shown to have a reduced number of head due to the results of COVID-19 retain their ROV status for the 2021 show year. Further, at the discretion of the Association Board of Directors, any 2020 ROV show may change locations due to circumstances surrounding COVID-19. Motion passed unanimously.
- Jonathan Perry moved, seconded by Alan Miller to utilize the judges from the 2020 Western National Angus Futurity and the Atlantic National Show, for the 2021 shows. The 2020 shows were both canceled due to COVID-19. Motion passed unanimously.
- The committee reviewed a member letter regarding extending National Junior Angus membership due to COVID-19. No action was taken.
- Alan Miller moved, seconded by Jonathan Perry to accept the associate judges for North American International Livestock Exposition (NAILE) and National Western Stock Show (NWSS). Motion passed unanimously.

#### ***FINANCE AND PLANNING COMMITTEE***

- Consolidated and entity balance sheets and income statements for the period ending April 30, 2020 were reviewed. Total assets on the consolidated financial report were \$65,237,900, consisting of current assets of \$11,673,900, investments of \$43,368,000, property and equipment of \$9,210,800 and non-current assets of \$985,300. Current liabilities were \$4,245,200, consisting of accounts payable, loans payable, accrued liabilities, and deferred income. Long-term liabilities of \$1,924,500 consisted of accrued health insurance benefits and deferred compensation. Consolidated net income for the period ending April 30, 2020 was \$3,669,900. Financials projections for the entities for the fiscal year were also presented. Barry Pollard moved, seconded by Richard Dyar to accept the financial report. Motion passed unanimously
- The committee discussed the growing credit card expense incurred when payments to the Association and its subsidiaries are made by members and other customers. The committee also discussed other options of payment to the Association. Staff was directed to research the possibility of assessing a fee on credit card payments.

#### ***MEMBER AND AFFILIATE SERVICES COMMITTEE***

- The mailing list policy was reviewed and discussed. It was moved by Chuck Grove, seconded by Dave Hinman to table the topic for future discussion. Motion passed unanimously.
- A letter from a member regarding revisions to Rule 403 was discussed. No action was taken.

- A letter from a member regarding revising the Sale Terms and Conditions Embryo Section in the Breeder's Reference Guide was reviewed. It was moved by Dave Hinman, seconded by Mike McCravy to add point number 2 to the section as outlined below. Motion passed unanimously.

Embryos

1. Embryos being offered for sale will be sold "as is" unless the seller provides additional guarantees.

**2. It is the seller's responsibility to disclose all information related to the embryos, to include, but not limited to the sexing of the embryos or any biopsied information.**

**RESEARCH PRIORITIES COMMITTEE**

- One research proposal was reviewed and discussed. No action was taken.

**ANGUS FOUNDATION**

A review of topics discussed, and action taken during the Thursday, May 28, 2020, conference call meeting of the Angus Foundation Board of Directors was provided.

- Tom McGinnis moved, seconded by Margaret Duprey that the minutes of the February 19, 2020, regular meeting of the Angus Foundation be approved as emailed. Motion passed unanimously.
- A financial report for the Angus Foundation was presented. As of April 20, 2020, the Angus Foundation had total assets of \$22,306,200. James Coffey moved, seconded by Margaret Duprey to accept the financial report. Motion passed unanimously.
- Staff provided an update regarding plans for a virtual scholarship presentation ceremony and the cancellation of the Foundation's golf outing and silent auction due to impact of COVID-19.
- Tom McGinnis moved, seconded by Margaret Duprey to accept Benoit Angus as the heifer donor for the 2021 Foundation Heifer Package at NWSS. Motion passed unanimously.
- James Coffey moved, seconded by Lamar Steiger to amend the Foundation's Breeder-Hosted Fundraising Events Policy to clarify the board's role and grandfather in sales during the NWSS. Motion passed unanimously.
- Margaret Duprey moved, seconded by Lamar Steiger to amend the Foundation's External Request for Funding Support Policy to clarify the difference between research and non-research requests and streamline the process for reviewing submissions. Motion passed unanimously.
- Margaret Duprey moved, seconded by James Coffey to create a committee of four, consisting of Thomas Marten, Tara Adwell, Kenny Miller and Lamar Steiger to research and propose new language for the Foundation's fee and spending allowance policies to be considered at the September Foundation Board meeting. Motion passed unanimously.

**ANGUS GENETICS INC.**

- The minutes of the February 19, 2020 meeting of the Angus Genetics Inc. (AGI) Board were previously distributed. Mick Varilek 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, 2020, were \$1,285,100 and consisted of current assets of \$1,239,000, fixed assets of \$ 32,300, and non-current assets of \$13,800. Current liabilities were \$859,500 consisting of accounts payable, loan payable and accrued liabilities. Long-term liabilities of \$14,300 consisted of accrued health insurance benefits. Net income for the period ending April 30, 2020, was \$127,800. Forecast for the fiscal year was presented as well. Jim Brinkley moved, seconded by Alan Miller to approve the financial report. Motion passed unanimously.
- Staff provided information on the recently developed Angus on Dairy indexes. Two were presented, an Angus on Holstein (\$AxH) index and an Angus on Jersey (\$AxJ) index. Jerry Connealy moved, seconded by Dave Nichols to accept and adopt both indexes as presented. Motion passed unanimously.
- Staff recommendations were presented on implementation of the dairy indexes. Jerry Connealy moved, seconded by John Grimes to proceed with implementation with A.I. permitted sires published publicly in a search housed on AGI's website, and non-parent bulls searchable and published behind AAA Log In. Motion passed unanimously.
- Staff shared an update on the ongoing research investigating haplotypes impacting fertility. Geneticists have identified three potential haplotypes and further research and validation is underway.
- An on-site board meeting in Saint Joseph, Missouri in mid-August was discussed.

#### ***ANGUS PRODUCTIONS INC. d/b/a ANGUS MEDIA***

- Barry Pollard moved, seconded by James Coffey, to approve the minutes of the February 20, 2020, meeting as presented. Motion passed unanimously.
- A financial report was presented. Total assets as of April 30, 2020 were \$3,503,600 and consisted of current assets of \$2,224,600, investments of \$673,200, fixed assets of \$422,900, and non-current assets of \$182,900. Current liabilities were \$1,742,000 consisting of accounts payable, loan payable, deferred revenue and accrued liabilities. Long-term liabilities of \$214,700 consisted of accrued health insurance benefits. Net income for the period ending April 30, 2020, was \$577,200. Financials forecasts for the fiscal year were presented as well. Mick Varilek moved, seconded by Dave Hinman to accept the financial report. Motion passed unanimously
- The board reviewed sale book pricing revisions adopted in June 2019. The lower pricing has resulted in a member savings of \$415,000 year-to-date but a revenue decline to Angus Media and the American Angus Association.
- The Board reviewed proposed expansion of the per-page pricing brackets and proposed rush fees with the Pasture-to-Publish portal.
- Staff provided a demonstration of the Pasture-to-Publish sale book aggregator. Training will be available in summer 2020 to aid customers in utilizing the program. The program will launch at National Angus Convention in November 2020.

#### ***CERTIFIED ANGUS BEEF LLC***

A review of topics discussed, and action taken during the Wednesday, May 27, 2020 video conference meeting of the Certified Angus Beef LLC Board of Directors was provided.

- A financial report was presented. Due primarily to implications of COVID-19 on foodservice and international business, revenue is currently running approximately \$950,000 below the prior year. Expenses have been influenced and adjusted simultaneous with revenue and the projected fiscal year bottom line is estimated at \$1.4M before non-operating charges and/or investment earnings and losses. James Henderson moved, seconded by Dave Hinman, to approve the financial report. Motion passed unanimously.
- While brand acceptance rates have remained similar to last year at around 36%, dramatic supply disruptions and a loss of foodservice business due to COVID-19 has resulted in significant declines in brand business. Foodservice sales were down 55% and 60% for March and April, respectively, and 35.7% fiscal year to date. International sales, heavily weighted toward foodservice, were running 20.8% behind last year. Conversely, retail sales have soared thus far, posting a gain of 11.9%. Forecasting year-end sales totals, it is expected sales will likely be down 9.9%, 124.8 million lbs., compared to prior year.
- Pending a final implementation plan and timeline, the CAB Board approved an approach that would allow for an increase in the brand's hot carcass weight limit, refinement of the fat thickness specification and steps to reduce the variation end-users experience in marbling and ribeye area. Additionally, approved innovations in the certification process would potentially allow for carcasses that exceed the current 16.0 square inch upper ribeye size limit to be certified into the brand, subject to fabrication restrictions to protect brand equity. James Henderson moved, seconded by Jonathan Perry to adopt the specification adjustments as proposed. Motion passed unanimously.
- A final plan was presented to the Board regarding the previously vetted construction of a warehouse and print shop to be located on the recently purchased land across the street from the existing office building. With intentions being to cover the costs through operations, Jonathan Perry moved, seconded by Dave Hinman to proceed with the project. Motion passed unanimously.

### **BOARD OF DIRECTORS**

- A financial report for the Association was presented. Total assets at April 30, 2020 were \$21,368,800 and consisted of current assets of \$1,893,500, investments of \$14,043,000, fixed assets and goodwill of \$4,749,000 and non-current assets of \$683,300. Current liabilities were \$1,307,300 consisting of accounts payable, accrued liabilities and deferred income. Long-term liabilities of \$852,300 consisted of deferred compensation and accrued health insurance benefits. Net income for the period ending April 30, 2020 was \$70,100. Financials forecasts for the fiscal year were presented as well. Jerry Connealy moved, seconded by James Coffey to accept the financial report as presented. Motion passed unanimously.
- James Coffey moved, seconded by Jonathan Perry to appoint two Association members to serve as Election Observers for the 2020 delegate election: Anne Lampe, of Kansas and Don Laughlin, of Missouri. Motion passed unanimously.  
This appointment is required in the Association Bylaws in Section 3.8 Election of Delegates.
- An update on the extensive work of the Bundling Task Force was provided. After lengthy discussion, Chuck Grove moved, seconded by James Henderson to move forward with a simplified Maternal Plus option to encourage the collection of data necessary for the development of a longevity EPD. A targeted roll out date for this new option is January

2021. Angus breeders who prefer to submit data traditionally will continue to have that option available. Motion passed unanimously.

- Board directed staff to begin the process of developing a continuous strategic planning approach that includes both short and long-term goals. The importance of the plan being flexible, concise and transparent to the membership was stressed.
- The Board approved the following committee reports and recommendations:
  - Breed Improvement Committee report and recommendations: motion by Alan Miller, second by Jerry Connealy, unanimous approval.
  - Commercial Programs Committee report and recommendations: motion by Jonathan Perry, second by Jerry Connealy, unanimous approval.
  - Communications and PR Committee report and recommendations: motion by James Coffey, second by Mike McCravy, unanimous approval.
  - Events and Education Committee report and recommendations: motion by Mick Varilek, second by John Grimes, unanimous approval.
  - Finance Committee report and recommendations: motion by Jerry Connealy, second by Barry Pollard, unanimous approval.
  - Member and Affiliate Services report and recommendations: motion by Barry Pollard, second by Dave Hinman, unanimous approval.
  - Research Priorities Committee report and recommendations: motion by David Dal Porto, second by James Henderson, unanimous approval.

#### ***NEXT REGULAR BOARD MEETING***

- September 8-11, 2020, St. Joseph, Missouri