

AMERICAN ANGUS ASSOCIATION®
HIGHLIGHTS OF THE MEETING OF THE BOARD OF DIRECTORS
JUNE 6-8, 2016

The following is a review of topics discussed and action taken during the meeting of the Board of Directors held June 6-8, 2016, in Nashville, Tennessee.

ACTIVITIES COMMITTEE

- Chuck Grove moved, seconded by David A. Dal Porto, to ultrasound all cattle for rump and rib fat at the National Western Stock Show (NWSS). The information received from the ultra-sound will be made public. The technician would use whatever oil he provides and would not consider change due to the wishes of the exhibitor during the ultrasound process. The motion passed by a vote of three (3) in favor and one (1) opposed.
- After considering updated National Junior Angus Show Assistant Judge Guidelines, Tom Burke moved, seconded by Mick Varilek, to approve the updated Guidelines as presented. The motion passed unanimously.
- In a Committee meeting held on May 18, 2016, Chuck Grove moved, seconded by David A. Dal Porto, to approve putting Expected Progeny Differences (EPDs), including interim EPDs, on junior show judge cards for the 2017 NWSS. The motion passed unanimously.
- In a Committee meeting held on May 18, 2016, Chuck Grove moved, seconded by Tom Burke, to accept the bid from the Ohio Junior Angus Association to host the 2018 Eastern Regional Junior Angus Show. The motion passed unanimously.
- In a Committee meeting held on May 18, 2016, Tom Burke moved, seconded by David A. Dal Porto, to approve the following individuals to be inducted into the 2016 Angus Heritage Foundation: Bill Davis, Montana; Joe Neely, Kentucky; and Charles “Bud” Smith, Kentucky. Veryl Jones, Missouri, was selected to be inducted posthumously. The motion passed unanimously.

BREED IMPROVEMENT COMMITTEE

- Staff reported on the sires selected and number of matings from the Structured Sire Evaluation program. Information on the program will be provided in an upcoming issue of *Angus Journal*.
- Staff provided updates on ongoing projects, including genetic evaluation of pulmonary arterial pressure (PAP) and tenderness, and the process of incorporating birth weights into genetic evaluation prior to submission of weaning weights.
- An update was provided on new economic assumptions to be implemented in July 2016.
- The Committee reviewed the number of performance records submitted through May of the current year.

ANGUS FOUNDATION

- The financial status of the Angus Foundation was reported. Total assets were \$18,679,800, and consisted of current assets of \$378,300 and investments of \$18,301,500. Current liabilities were \$27,600 consisting of accounts payable, and

accrued liabilities. Long-term liabilities of \$21,000 consisted of accrued awards and accrued health insurance benefits. Net income for the period ending April 30, 2016 was \$1,332,800.

- The Board received an update on the organization's operations and activities.
- Unrestricted gift revenue of \$19,100 from the 2016 Angus Foundation Annual Fund mail campaign "*Celebrate 35 Years*" was allocated toward general undergraduate and graduate student scholarships, producer education and beef cattle research.
- Updates were provided on enhancing the visibility of research project results and related white papers on the Angus Foundation website. Information is available to producers to utilize and apply to their beef cattle herds and farm/ranch operations.
- Staff reported progress on *Angus Foundation 2020* long-range resource development plan and reviewed topics for the Resource Development Committee's assistance.

ANGUS GENETICS INC. (AGI)

- The financial status of Angus Genetics Inc. (AGI) was reported. Total assets were \$1,697,700, and consisted of current assets of \$1,693,700, and non-current assets of \$4,000. Current liabilities were \$1,093,800 consisting of accounts payable and accrued liabilities. Long term liabilities of \$4,000 consisted of accrued health insurance benefits. Net income for the period ending April 30, 2016 was \$252,700.
- Staff provided a review of service offerings by AGI's competitors.
- Upcoming enhancements to the GeneMax™ product lines were reviewed. Individual traits will be reported, along with indexes, beginning in July.
- Implementation of Single Step Genomic Evaluation and other ongoing and future projects were discussed.
- Staff reported on the status of Genetic Evaluation Services for AGI customers, and sales volume of genomic testing products.

ANGUS PRODUCTIONS INC. (API)

- The financial status of Angus Productions Inc. (API) was reported. Total assets were \$3,271,300, and consisted of current assets of \$1,898,000, investments of \$917,100, property and equipment of \$225,400 and non-current assets of \$230,800. Current liabilities were \$1,031,000 consisting of accounts payable, accrued liabilities and deferred income. Long-term liabilities of \$569,200 consisted of deferred compensation and accrued health insurance benefits. Net income for the period ending April 30, 2016 was \$626,300.
- Activity on Association/API digital platforms is growing; notably, pageviews of digital sale books have increased by nearly 4.2 million, or 57%, over last year.
- Angus Media has a strong, competitive position with a loyal audience and relatively low-priced products, noting that an example of this strength is *Angus Beef Bulletin*, which now has the third-largest circulation among the national beef publications but has the lowest price per thousand cost for advertisers. Digital engagement of Angus Media platforms leads the industry.
- Regional Managers are now using comparative analytics to provide customers with more information about their advertising investment.

- TV and online video production by Creative Media now comprise Angus Media's largest audience, with about 70,000 viewers watching *The Angus Report* each week. The department also handles convention and trade show sales, as well as providing a wide array of communications and advertising services to other industry associations and companies.
- The API Board approved, and recommended that the American Angus Association Board of Directors approve, a resolution amending API's bylaws to allow an Industry Representative to be elected to the API Board.

CERTIFIED ANGUS BEEF LLC (CAB)

- The financial status of CAB was reported. Total assets were \$13,489,400, and consisted of current assets of \$4,099,100, investments of \$5,927,600 and property and equipment of \$3,462,700. Current liabilities were \$1,167,000 consisting of accounts payable and accrued liabilities. Long-term liabilities of \$478,000 consisted of accrued health insurance benefits. Net income for the period ending April 30, 2016 was \$1,268,600.
- Certified head count is up 6.9% over last year with the week of May 8, 2016, marking the first week certified head count ever surpassed 80,000, while brand sales are currently up nearly 13%.
- The Board received an update on the industry's progress in the modernization of carcass maturity determination.
- The status of *Certified Angus Beef*® brand production through Bryansk Meat Company was reported. Staff also recapped the status of the Trans-Pacific Partnership (TPP) and touched on its potential impact on brand sales into parts of Asia.
- A review of current and future marketing and educational initiatives was held, focusing on further growing demand and brand awareness.
- The status of the development of a white paper on yield grade determination was shared. Dr. Ty Lawrence is drafting this document and will present the topic at the 2016 Beef Improvement Federation Convention.
- An annual review of the Tri-County Steer Carcass Futurity data was shared.
- The Board discussed the factors used in the calculation of the \$B Index and highlighted the alignment the \$G Index has with targeting production toward the *Certified Angus Beef*® brand.
- Staff reported on initiatives to improve the brand's presence on subprimal packaging materials (i.e. boxes and vacuum bags).

BOARD OF DIRECTORS

- The financial status of the Association was reported. Total assets were \$23,077,200, and consisted of current assets of \$2,160,500, investments of \$19,219,200, and property and equipment of \$1,697,400. Current liabilities were \$1,806,400 consisting of accounts payable, notes payable, accrued liabilities and deferred income. Long-term liabilities of \$655,400 consisted of notes payable, deferred compensation and accrued health insurance benefits. Net income for the period ending April 30, 2016 was \$2,464,700.

- Chuck Grove moved, seconded by James S. Coffey, to approve hiring a Regional Manager for a southeast region as soon as possible. The motion passed by a vote of fifteen (15) in favor, none opposed, and one (1) abstaining.
- John Pfeiffer, Jr. moved, seconded by Kevin Yon, to appoint Association members Brian Brockman, Missouri, and Marvin “Bud” Hobbs, Illinois, to serve as Election Observers for the election of delegates and alternates to the 2016 Annual Convention of Delegates, as provided in the Association Bylaws Sections 3.8 (d) and 3.9. The motion was unanimously approved.
- Charlie Boyd II moved, seconded by Jerry Connealy, to approve the proposed budget for the 2017 national advertising campaign as presented by the Industry Relations Committee. The motion was unanimously approved.
- John F. Grimes moved, seconded by Tom Burke, to authorize the Association as sole shareholder of Angus Productions Inc. (API) to consent to an amendment to the bylaws of API permitting the election of an Industry Representative to serve on the API Board of Directors. The motion was unanimously approved.
- Jerry Connealy moved, seconded by John Pfeiffer, Jr., to create a standing committee that will recommend an individual to be elected to serve as an Industry Representative on the Board of Directors of Angus Productions Inc. The motion was unanimously approved.
- On recommendation of the Special Minutes Policy Review Committee, Charlie Boyd II moved, seconded by Dave Nichols, to adopt a *Policy on Member Requests to Inspect Minutes of Meetings of the Board of Directors or of Its Committees*. The motion was unanimously approved. (copy of policy attached)
- On recommendation of the Special Minutes Policy Review Committee, Charlie Boyd II moved, seconded by Dave Nichols, to include in the published Highlights of the Association Board and its Committees the names of the Directors who make and second a motion and, if not unanimous, the count of the votes cast. The motion was unanimously approved.
- David A. Dal Porto moved, seconded by Tom Burke, to approve the report and actions of the May 18, 2016, conference call meeting of the Activities Committee. The motion was unanimously approved.
- John Pfeiffer, Jr. moved, seconded by Mike McCravy, to approve the report and actions of the May 19, 2016, conference call meeting of the Member and Affiliate Services Committee. The motion was unanimously approved.
- Charlie Boyd II moved, seconded by John Pfeiffer, Jr., to approve the report and actions of the June 6, 2016 meeting of the Activities Committee, the June 6, 2016 meeting of the Breed Improvement Committee, and the June 7 meeting of the Special Minutes Policy Review Committee. The motion was unanimously approved.

NEXT REGULAR BOARD MEETING

- September 7-9, 2016, St. Joseph, Missouri

American Angus Association
**Policy on Member Requests to Inspect Minutes of Meetings
of the Board of Directors or of Its Committees**

Active Regular and Active Life Members of the Association may examine the minutes of meetings of the Board of Directors and/or its Committees under the circumstances and subject to the conditions set forth in this policy. Any Active Regular or Active Life Member may make a written request to the Chief Executive Officer of the Association stating with particularity which minutes the member wishes to review, and the purpose of the proposed review. Upon receipt of such a request stating a proper purpose and, if necessary, upon execution of an agreement preserving the confidentiality of the requested records, the Association will provide copies of the minutes to the Active Regular or Active Life Member for inspection at the address reflected for that member in the Association's records. If the minutes contain information that is privileged or otherwise legally protected, the Association will remove such information from the copies produced under this policy.

Adopted June 2016