

AMERICAN ANGUS ASSOCIATION®
HIGHLIGHTS OF THE MEETING OF THE BOARD OF DIRECTORS
SEPTEMBER 9-11, 2015

The following is a review of topics discussed and action taken during the meeting of the Board of Directors held September 9-11, 2015, in St. Joseph, Missouri.

ACTIVITIES COMMITTEE

- The Western Regional, Reno, Nevada, was approved as the 2017 Regional Show. The following were approved as the 2017 regional preview shows:
 - MAJAC Regional Preview, Harrisonburg, Virginia.
 - Atlantic National Regional Preview, Timonium, Maryland.
 - All American Angus Breeders' Futurity Regional Preview, Louisville, Kentucky.
- The 2018 National Junior Angus Show (NJAS) was approved to be held in Madison, Wisconsin.
- The Committee created the 2016-17 ROV and NJAS judges list.

BREED IMPROVEMENT COMMITTEE

- Based on Beef Improvement Federation guidelines, the Board voted to reduce the minimum number of days required for feed intake reporting from 70 to 45. Mid-test weights will no longer be required with feed intake data submission.
- Staff was directed to explore opportunities to develop a structured sire evaluation program and to report back at the next meeting.
- Sale book inserts for MaternalPlus® participants, explaining the benefits of the program, are now available and can be downloaded from AAA Login.

FINANCE AND PLANNING COMMITTEE

- A consolidated financial report was presented. Total assets were \$55,732,000, consisting of current assets of \$9,448,000, investments of \$40,548,000, property and equipment of \$5,471,000 and non-current assets of \$264,000. Current liabilities were \$4,420,000, consisting of accounts payable, notes payable, accrued liabilities and deferred income. Long-term liabilities of \$1,659,000 consisted of notes payable, accrued awards, accrued health insurance benefits and deferred compensation. Net income for the period ending July 31, 2015, was \$9,399,000.
- The Code of Conduct for the Board of Directors was reviewed and updated to current IRS best practice guidance.

ANGUS FOUNDATION

- The proposed budget for fiscal year 2016 was approved.
- Contributors to the Angus Foundation this fiscal year (October 1, 2014-September 30, 2015) will be recognized in the Angus Foundation's 2015 annual report, fall/winter newsletter and website. Those contributors of \$250 or more by September 30 will receive invitations to the Angus Foundation's 2015 Supporter Recognition Event to be held in Overland Park, Kansas, on Monday, November 2, 2015, in conjunction with the National Angus Conference and Trade Show.
- A policy for the Angus Foundation Supporter Recognition Event setting forth the purpose and live auction item guidelines was approved.

ANGUS GENETICS INC. (AGI)

- The proposed budget for fiscal year 2016 was approved.
- Staff provided an update on utilization of genomic trait tests and GeneMax™ Focus and Advantage tests. The status of genetic evaluation services for AGI customers was discussed.
- Staff reported on the ongoing genomic recalibration process, along with plans to transition to a single-step genomic evaluation.
- A number of promotional items for genomic testing are available. Sale book inserts on genomically-enhanced expected progeny differences (GE-EPDs) can be downloaded from the AGI website. An AGI GE-EPD logo is also available for AGI customers who wish to denote genomically-tested animals in sale books or other promotional materials. New brochures on Angus GE-EPDs are in development.

ANGUS PRODUCTIONS INC. (API)

- The proposed budget for fiscal year 2016 was approved.
- Staff gave an overview of Angus Media's FY 2015 activities and metrics showing growth in audience engagement for its print, television, radio and social media endeavors. They include continued increases in *Angus Journal* subscriptions at 3% growth, impressions for the Association's national advertising campaign, media usage of Angus-related press releases and digital sale book views; as well as the largest-ever viewing period for *The Angus Report* with more than 3 million views, year to date, according to Nielsen.
- Staff presented a preliminary website format that will integrate all media platforms into one informative and market-driven resource at angus.media.

CERTIFIED ANGUS BEEF LLC (CAB)

- The proposed budget for fiscal year 2016 was approved.
- It was reported that the upcoming Annual Conference in San Antonio, Texas, will once again set an attendance record.
- The President's report highlighted the reception and press conference in Tokyo celebrating the opening of an office in Japan. The status of producing *Certified Angus Beef*® product in Russia has had little change since the June meeting. The Education and Culinary meat lab expansion should be underway later this month. CAB was recently recognized as the #1 Best Employer in Ohio, thanks in large part to the efforts of the Human Resource team in Wooster.
- The sales update noted that consumers are choosing quality (even with higher prices and less supply). Fiscal 2015 sales should exceed 890 million pounds, setting a new all-time record and beating 2014 by 8 million pounds. Foodservice continues to drive the sales with retail ad prices causing some challenges in the retail division. An expected increase in supplies should be helpful in the "Drive to One Billion" pounds.
- Review of the current supply situation noted that while certified cattle numbers are down 2.5% from a year ago, acceptance rates continue to set all-time highs. This year's acceptance rate is running a full 1.5 percentage points over the prior year with several of the most recent months exceeding a 30% acceptance rate. Projections on cow numbers through 2018 point toward increasing supplies beginning as early as next year.

BOARD OF DIRECTORS

- The proposed Association budget for fiscal year 2016 was approved with total revenues of \$12,249,400.
- The Board discussed developing additional management tools for commercial producers in order to increase engagement of the commercial sector, provided that in no way would this result in certificates of registration being issued or EPDs being provided for non-purebred animals.
- A special committee was appointed to review the Board's policy regarding minutes. Members of the Special Minutes Policy Review Committee are: John Elbert Harrell (chair), Tom Burke, David Dal Porto, John Grimes, Dave Nichols, Don Schiefelbein and Kevin Yon.
- On recommendation from the Member and Affiliate Services Committee, the Board approved a proposed Bylaws amendment that will be brought to the 2015 Annual Convention of Delegates on November 5, 2015. This amendment would add a new Section 3.6 to the Bylaws defining those members who would be able to nominate, be nominated or vote in the annual delegate election process. Other sections of Article III of the Bylaws would be updated to use this new defined term, "Eligible Voting Member."
- On recommendation from the Member and Affiliate Services Committee, a plan was approved to re-platform AIMS to the current developer tools.
- The Board approved the use of an electronic voting process at the 2015 Convention of Delegates. The process will be administered by an independent, outside firm that specializes in this area.
- The Board nominated Jim Sitz to serve as the Association's President and Chairman of the Board for 2016.
- The Board nominated Charlie Boyd II to serve as the Association's Vice President and Vice Chairman of the Board for 2016.
- The Board elected Kevin Yon to serve as the Association's Treasurer for 2016.
- Mark Duffell, Whitestone Farm, Aldie, Virginia, was elected as an Outside Representative on the Angus Foundation Board of Directors for a one-year term commencing on November 5, 2015.
- Dwight "Kip" Palmer, President/CEO, Palmer Food Services, Rochester, New York, was elected as an Industry Representative on the Certified Angus Beef LLC Board of Directors for a three-year term commencing on November 5, 2015.
- Dr. Larry Kuehn, U.S. Meat Animal Research Center (USMARC), Clay Center, Nebraska, was named to serve as an industry liaison to advise the Boards of the Association and its subsidiaries for a three-year term commencing on November 5, 2015.

NEXT REGULAR BOARD MEETINGS

- November 2 and 5, 2015, Overland Park, Kansas.