



To: Missouri Red Angus Members
 From: Scott Bachman, President-Missouri Red Angus Association
 Date: May 25, 2015
 RE: A report on the business of the Missouri Red Angus Association (MORAA)

I wish to take the opportunity to communicate some things about the status of affairs at the Missouri Red Angus Association. All of us are busy with our spring-time planting, calving, breeding and other daytime job activities, yet I feel it's good to communicate some thoughts about where we've been and where we are looking to go with some of our initiatives.

MORAA Ozark Red Round-Up Sale Review

I believe we can feel pleased with how our sale-marketing platform for Red Angus cattle has performed over the past three years. Let's look at these comparatives:

YEAR	REVENUE	LOTS	\$/LOT	NET EXPENSES	REG. % FEE	COM. % FEE
2013	\$437,069	287	\$1,521	\$23,122	12.4%	3.6%
2014	\$507,000	169	\$3,000	\$39,563	12.1%	3.8%
2015	\$527,285	192	\$2,746	\$27,712	12.3%	4.0%

Revenue has grown 20.6% over this three year period while the average \$/lot decreased in 2015 from the three year high of \$3,000 per lot. We have accomplished a steady revenue growth, yet maintained our expense loads to consignors in the 12.0 – 12.5% range for registered consignors and 3.6 – 4.0% range for the commercial consignors. Bottom line: We are growing the revenue while maintaining one of the best expense structures for State Association sales.

However.....the Board feels we are not providing the Association with a steady source of operational funds. We are in the best financial shape we've ever been, but the sale generates no revenue to the association for the promotional things we'd like to accomplish throughout the year. We have not finalized or approved a new fee structure, but we are looking at allowing for a proportional amount of the revenue to come back to the Association for money to support more activities. While not committing to a specific amount at this time, we think we'd be looking at something like 0.5 – 1.0% to be allocated to fund raising back to the association. If we do our homework correctly, we have an opportunity to revamp our expense structure so this 0.5-1.0% fee can come back without increasing the expense fee to registered or commercial consignors. We will have this finalized before consignment instructions are sent out for next year's sale (Saturday, April 16-2016, Springfield, MO.)

The development of the New MORAA Board structure

One of the most important things we can accomplish as a Board is to set a plan into motion that completely revamped and renewed the strength of our Board members and Board placements. As members, you exhibited a level of trust to allow us to change the By-Laws to accommodate the opportunity to strengthen the Board in two concrete ways:

1. You approved the addition to the Board of two voting Ex-Officio Board members. You further entrusted the President to nominate and receive Board approval for these placements without the need to be voted on and approved by members. We believe we have acted with this trust in mind by placing two Ex-Officio Board members now for two years. We have enjoyed having Clint Berry and Jim Humphrey in those capacities and we look forward to their on-going guidance and support.
2. You also approved the ability of the Board to take action, when and if needed to replace current Board members if they, for any reason, can't participate and function on a regular basis. While we have the capacity as a Board to use this capability, we have never yet needed to use this.

I also wish to express my gratitude that two new Board members have joined us this year: Mark Garges as Vice-President and Pat McCarty as the Northeast Regional Director. The new face of the MORAA Board looks like this:

- Scott Bachman – President (term expires in April, 2016)
- Mark Garges – Vice President (new two-year term)
- Kelly Massey – Secretary (new two-year term)
- Dwight Harper – Treasurer (term expires in April, 2016)
- Randy Meyer, Director at Large (term expires in April, 2016)
- Scott Liebhart, Northwest Area Director (new two-year term)
- Pat Mcarty, Northeast Area Director (new two-year term)
- Buck Massey, Southeast Area Director (term expires in April, 2016)
- Matt Boatright (term expires in April, 2016)
- Clint Berry, Ex-Officio (yearly appointment by President)
- Jim Humphrey, Ex-Officio (yearly appointment by President).

The Board will face a shift in management and structure next April. My term as President is coming to an end as the By-Laws only allow the President to operate in two consecutive terms. It's been an honor and privilege to serve in this capacity and I will volunteer for some other role in the future. I think the current Board is in the best shape it's ever been and I trust a new leader will emerge to take the reigns as your new President next April. I see myself drawn to volunteering to help lead our Junior Development Program and to help foster bringing new members in from the future of our way of life – the youth.

2015 MORAA Field Day Proposals

The Board would like to encourage member field day activities and while no specific dates have been set, we are looking the possibility of three member field day activities throughout the State for you to benefit from. All field day activities are being proposed for this fall, somewhere in the late September to mid-November timeframe:

- Lacy Red Angus, Drexel MO. – Dan Lacy
- Maplewood Acres Farms, Sedalia MO. – Matt Boatright
- Bachman Cattle Farms in partnership with the Litton Agri-Science Center, Chillicothe MO.

Ozark Empire Fair & Farm Fest – Springfield, MO

The next big summer Missouri Red Angus promotional event will be centered on the Ozark Empire Fair and the Ozark Farm Fest this summer and fall in Springfield. Springfield continues to be a very important location for our promotional and sale activities.

MORAA Bull Test Program Initiative

The MORAA Board is reviewing proposals to develop a MORAA-sponsored Bull Test Program to help members with male progeny sell bulls in the MORAA Ozark Red Round-Up Sale. We are in the early development phase of working to a MORAA Board Approved program to better represent members who want to see the April Sale venue in Springfield as a viable option to selling bulls through the State sale. It's the Board's opinion at this point that our current program is insufficient to properly market bulls through the Association and that a new approach is needed. While we are in the very beginning phase of developing this, we would hope to achieve these minimum capabilities:

- Provide an effective, reasonable fee structure approach for members to sell bulls in the MORAA Ozark Red Round-Up Sale in Springfield on the 3rd Saturday in April each year.
- Have enough consignors to bring a quantity of bulls to market to make it attractive to bull buyers. While no specific number has been set, we think it's reasonable to expect something like 35-50 bulls in the first year.
- Require a common development platform for the bulls and create a large enough contemporary group so performance measurements have statistical meaning. The problem with just consigning small numbers of bulls who are developed and managed in a multitude of different ways means the quality and consistency of the offering is poor.
- We believe bull buyers are not attracted to "consignment bull sales" and are attracted to "program managed" bull sales.
- We feel there's problems with the current – one bull/one female requirement - to the current bull consignment rules and that a MORAA Bull Test Program is a very good vehicle to replace this out dated program.
- If constructed and managed properly, we could see a significant source of new revenue for the MORAA.

Important Reminder

Membership dues and Ads for the 2015-2016 MORAA Breeders Directory are due by July 1, 2015. Visit our website at www.missouriredangus.com for details and to stay in the loop with upcoming News and Events. Take advantage of our new Classifieds Page for members to post cattle for sale!

I trust your spring calving is going well, your pastures are full of grass, and your planting is timely and successful and that you will have a great summer. I'll look forward to communicating progress we are making as a Board to you over the summer.

Best regards,

Scott Bachman
President - MORAA