



The Missouri Red Angus Association

To: Potential Consignors for the 2016 Missouri Red Angus Association's Ozark Red Roundup on April 16, 2016 in Springfield, MO.

From: The Board of Directors at the Missouri Red Angus Association

Date: January 15, 2016

BACKGROUND

The Missouri Red Angus Association Board of Directors wishes to recognize the success and efforts of the breeders/consignors who brought their cattle to last year's spring sale. We were extremely pleased with results of the sale and feel this was directly related to the efforts you made to significantly improve the quality of the cattle you brought to Springfield. Compared to 2014, we had 21 more lots of cattle, and our results were simply fantastic. Here's our summary of the sale:

1. **\$537,560 Revenue on 190 lots sold**
2. **9.4% Revenue growth from 2014**
3. **Expenses were capped at 4.0% for commercial lots and 12.3% for registered lots.**

We now feel we are on a firm foundation to demonstrate our capabilities to bring a large quantity of registered and commercial cattle to market, and that buyers throughout the region are paying attention to our sales. As Board members, we also recognize that improvements to the quality of our consignment sales will grow incrementally. We made a good step forward last year, we expect to make improvements this year, and believe we will continue to make improvements in the future. Therefore, we strongly believe in the merits of this set of guidelines but also realize it may take some time to fully achieve these desires. **In this packet, you'll have everything you need to consign animals to this sale. You can also review and print this new set of guidelines, consignment forms and cover letter by going to www.missouriredangus.com and clicking on the "2016 Consignment Guidelines" link in the "What's New Section".** We encourage you to achieve these goals, but we will allow flexibility to make decisions about consigning cattle that do not fully conform to everything in this letter. The Sales Selection Committee along with consultation with Kyle Gilchrist will make the final call which cattle will meet the goals of the sale.



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The topic of “quality cattle” has been an important discussion for us in each Board meeting and we wish to communicate to you some of these details in this packet of information. In the end, the market will determine what a buyer wishes to pay for “quality” cattle, but the enclosed 2016 Consignment Requirements document represents our thoughts on what should show up on sale day.

2016 REVISED COMMISSION FEE STRUCTURE

To build on the success of last April’s sale, the Board of Directors, in consultation with Kyle Gilchrist Auctions, Co. we continue to revise our approach to sales management for this year’s sale. This year we are again contracting Kyle’s company to help manage and promote the sale. Likewise, we will again contract DV Auction to help us with an Internet-based purchasing capability. We will continue to use a full color 8 1/2 x 11” catalog where we will also sell ad space to help lower the cost of publishing the catalog.


Since we were successful last year to keep expense to 12.3% for registered cattle and 4.0 % for commercial cattle, we strive to continue to keep the commission fee as close to the same as possible for both registered and commercial consignors. The commission structure is made up of these components:

1. Kyle Gilchrist Auction Co. will charge 3% of gross sales on the registered cattle class;
2. Kyle Gilchrist Auction Co. will charge 1% of gross sales on commercial cattle class;
3. Missouri Red Angus Association will charge 3% of gross sales on the commercial cattle class, with .5% coming back to the association;
4. The DV Auction contract (\$2,300 + \$200 expense estimate) will be divided on a pro-rata share basis between the registered and commercial gross sales.



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2016 SETTLEMENT AND TRANSFERS

- The Missouri Beef Checkoff,  along with consignors, will be paid by Kyle Gilchrist within 30 days of the conclusion of the sale.
- Registered cattle will be transferred to new owners by Kyle Gilchrist within 60 days of the conclusion of the sale.

We believe, as your Board of Directors, that the improvements in what you as consignors are bringing as quality animals, along with a new marketing approach to our sales management will make our sales very attractive to the cattle purchasing public.

Finally, the Missouri Red Angus Board of Directors wishes to communicate the importance of promoting Red Angus genetics; cattle registered with the Red Angus Association of America, and/or commercial cattle, with a minimum of 50% Red Angus genetics required in every animal. We welcome your consignment nominations for cross-bred registered animals coming from the Simmental, Gelbvieh, Hereford and Shorthorn breeds. Red-hided crosses from these breeds make excellent cattle and we welcome them. Likewise, we have great cross-bred "buckskins" using Red Angus and Charolaise cattle. The key requirement is any animal consigned must have at least 50% Red Angus genetics documented through their appropriate breed registry, on either side of the pedigree.

Please do not hesitate to contact any one of us if you have questions. We look forward to working with you as potential consignors to this April 16 sale.



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The Missouri Red Angus Association Board of Directors

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Do not forget to review the new 2016 Consignment Guidelines, also available for viewing and printing on the Missouri Red Angus website: (www.missouriredangus.com). You will be asked in your nomination forms / consignment contract agreements that you are aware of these guidelines and that you make every effort for the Association to obtain these goals.