

ASA RELOCATION FEASIBILITY STUDY

Prepared in 2008

Relocation Feasibility Study Committee

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I. INTRODUCTION AND PURPOSE OF STUDY

The purpose of this study is to examine the feasibility of relocating the ASA headquarters. The study was requested by the ASA board of trustees pursuant to the following motion adopted on 11/21/07:

That no further action be taken to purchase the Excelsior Springs property or find another location for the ASA headquarters until a broad and extensive feasibility study is completed and fully studied by the ASA Board of Trustees. The chairman will appoint a committee of four trustees, one from each region, four members, one from each region, and two staff members to obtain the feasibility study and report the results of the study to the board no later than the next Annual Meeting.

This report includes the data and rationale considered by the Board in 2006 and 2007, as well as additional data obtained by this committee in 2008 as part of our investigation.

II. ISSUES RELEVANT TO ASA

In studying the feasibility of relocating the ASA's headquarters, the committee decided it was imperative to first identify and examine the issues relevant to the way the ASA does business and how or if these would be effected by the location of the association's headquarters. Those reports are included in their entirety in this study.

1. Staff/re-staffing, member services, interaction with universities and industry, carcass merit herds. (Appendix A)
2. Control of our assets and how we handle them, ownership of building and property, protecting assets and investments, core office space needed. (Appendix B)
3. Impact with industry as a whole, preparing for changes in our industry, creating markets for member's products. (Appendix C)
4. Advance and maintain top-level services. (Appendix D)

Included in this study is a copy of "A History of ASA's Long Range Plan" (Appendix E) which outlines the ASA's mission statement, how we started, where we've been, the progress we've made and summarizes the ASA's strategic plan which focuses on three distinct goals:

1. Position Simmental as the best maternal Continental breed.
2. Use ASA's open herdbook Rules and By-Laws to both expand genetic material available for up-grading Simmental, and develop composite seedstock most perfectly fitting our customers' needs now and in the future.
3. Develop programs that the beef industry recognizes as substantiation of value for specific member interests.

III. RELOCATION FACTORS

The primary factors, which caused the Board to consider relocation of the headquarters from the Bozeman area in 2006 and 2007, are included as Appendix F. The principal focus at that time was the cost of doing business in Bozeman as compared to other centrally located areas. Real estate prices in the Bozeman area had risen dramatically and to a level that some thought might not be sustainable in the long term. An appraisal of the ASA's Bozeman property revealed that the real estate represented a large percentage of the ASA's total assets. The Board was concerned about the prudence of investing such a large percentage of the ASA's total worth in a potentially volatile asset. Bozeman's low unemployment rate and relatively small population also created difficulties for the ASA in finding and retaining skilled employees. Particularly with respect to employees with computer application and programming skills, the ASA had difficulty competing with other Bozeman employers who could devote more resources to compensation. Travel to and from Bozeman was expensive and due to limited flights and connections time consuming.

Finally, as many of the ASA's senior management team moved closer to retirement, the Board had concerns that it would be difficult to find or attract suitable replacements if the ASA remained in the Bozeman area.

For several reasons, the Board believed that the St. Joseph and Kansas City metropolitan areas would provide the greatest advantage to the ASA. The Kansas City area is home to a number of cattle breed associations and other beef related industries. The Board felt that the ASA's presence in this area would enhance its ability to form strategic partnerships to enhance the value of Simmental genetics. The Board considered the fact that a location closer to a larger population of its members would be beneficial. The area is centrally located and property values within a 60-mile radius of the Kansas City International Airport appeared reasonable and relatively stable. Dr. Lipsey has strong ties to Missouri and the University of Missouri and the Board believed that Dr. Lipsey would be amenable to relocating here. The available data indicated that wages and cost of living in the Kansas City area were lower than Bozeman and a large workforce was available to draw from. Therefore the Board focused its relocation efforts in this region with the thought that the ASA would best be served by relocation to this area.

After the decision to relocate was initially made, a number of factors made it appear to this committee that the ASA's current business ventures, long range plans and member services would be jeopardized by such a move. This was due in part, to the reluctance of many key ASA employees to remain with ASA in a new location. The loss of these employees would harm the management and execution of the very programs that have resulted in the increased utilization and acceptance of Simmental in the beef industry. In addition, the financial cost of moving together with the associated lost productivity and disruption, which would necessarily be

inherent in re-staffing threatened to disrupt the ASA's focus and make it even more difficult for the ASA to maintain a balanced budget and maintain essential programs and member services. All of these factors weighed heavily on the discussions of this committee.

Other recent situations also caused this committee to view relocation very differently than had been done in prior studies. The addition of Field Staff as well as advances in technology have dramatically changed the way that the ASA does business with its partners and members. The current world economic crisis and the potential ramifications of that crisis to our industry and our members have fundamentally altered many of the conditions and assumptions relied upon by the Board as recently as 2006 and 2007.

V. CONCLUSIONS

Managing our property assets wisely is one of the major responsibilities of the ASA Board of Trustees. The issue of relocating the headquarters of the American Simmental Association at this time or any time in the future must be examined closely in relation to what the ASA does and how they do it. Technological advances continue to drive and change the business world and have affected the ASA's ability to conduct business and communicate with its members and partners. Outsourcing and working from remote locations from the headquarters should be investigated for cost savings and increased efficiency.

While many cities and areas of the country would be attractive places in which to conduct the business of the American Simmental Association, the consensus of opinion of this committee is that at this time and under the circumstances currently present, relocation of the ASA's headquarters would not advance our mission which states: "The success of the American Simmental Association is dependent on the success of our members. In turn, our members' success is dependent on their cattle making an important and significant contribution to the beef industry. The highest priority is to maintain and nurture services and products, which bring value to ASA members' customers."