



Bull Test and Sale Location Option Plans

As everyone knows there have been certain events that have caused us to change our business plan that the Red Alliance team has followed for many years. The challenges being experienced at Oklahoma Beef Incorporated has created challenges for our team.

The original members have explored two options for your consideration and review in an effort to seek solutions for the challenges described above. We will present two plans below and ask that you select one of the two plans.

In order to honor the respect that some folks might have for confidentiality when submitting their selection we ask that you send your response to Kyle Gilchrist by no later than Thursday, August, 19th. Kyle has requested that you send your response via e-mail to redcowseller@yahoo.com

Since we are hopeful that everyone will make their decision based strictly on the merits of the proposed plans we are asking that all members keep their selection confidential until this process is complete. Kyle has requested that when you send your response to him to please keep it simple and select either Plan A or Plan B.

Plan A

Feed Location – North Central Texas College in Gainesville, Texas.

Feed Ration – The ration used by NCTC is expected to deliver similar results to what we experienced at OBI for ADG. Below is an approximate ration composition. We promised not to divulge the specific ration mixture and below provide general information and approximate percentages. This ration has been used considerably by NCTC and they are confident that it is safe and reliable.

Steam Rolled Corn and other concentrated feed ingredients – 77.75%

Roughage & Blender Pellets – 13.75%

Vitamin, Mineral and Med package – 8.5%

Projected Feed Costs - NCTC Projected Costs on a per bull basis

Feed \$ 477 - \$636 – This assumes a 21 day warm up and 112 day test and a 4.5 ADG which would equal approximately 500 pounds of gain at 15.9 cents per pound. At a feed conversion of either 6 to 1 or 8 to 1 each bull would consume approximately 3000 - 4000 lbs. of feed.

Hay \$ 60 – estimate

Entry fee - \$95

Estimated feed costs from end of test to date of shipping to sale location is \$115.

Total estimated feed costs at NCTC

133 days on feed - \$636 (8 to 1 gain ratio)

133 days on feed - \$477 (6 to 1 gain ratio)

Entry fee - \$95

Hay - \$60

Feed/hay from conclusion of test to ship date - \$115

Total estimated costs at a 8 to 1 gain ratio - \$906

Total estimated costs at a 6 to 1 gain ratio - \$747

Sale Location – Red River Livestock Commission

This facility is located approximately 30 miles north of the Oklahoma/Texas border and is considered to be a high quality sale barn that is well run and managed. The sale barn is located adjacent to Interstate 35. Approximate cost will be \$2,000.

Hotels, restaurants, shopping and entertainment (Win Star Casino) are within 25 – 30 minutes of this facility.

Trucking Distance – Approximate mileage from NCTC bull test station to Red River Livestock Commission is 40 miles.

Sale Management – Split sale management duties between the existing sale manager, Kyle Gilchrist, and Stacy Richardson at a 6% fee which will be split between Kyle and Stacy. This fee is 1% higher than in the past in order to allow the split fee arrangement.

Other sale related costs - would include the following:

1. Vet tests for fertility and trich
2. Trucking from feed test to sale facility
3. Clipping/Torching prior to sale day
4. Ultrasound scans
5. Hay/Feed at sale location
6. Sale day vet

Plan B

All Red Alliance members would be welcome to participate in this plan.

Feed Location – Alfadale Stock Farms in El Reno, Oklahoma. Alfadale is located approximately 30 minutes west of Oklahoma City on Interstate 40 and approximately 2.5 miles north of exit 125. It is a family owned and run feed lot with a 6000 head capacity. The owner and manager is Peter Jeffrey. His wife’s name is Christy and manages the office. While visiting the facility we noted adequate staff and found the equipment and facilities to be in good condition.

Alfadale’s experience in feeding bulls is extensive with the most notable experience being with Express Ranches. They fed Limousin and Angus bulls from Express Ranches for 20 years before Express decided to buy their own feedlot for bull development. Currently Alfadale feeds and develops bulls for a number of individual breeders and breed associations. Below are notes from a site visit by Red Alliance members.

- Bunks have concrete aprons.
- Pen space is varied to fit the number of cattle desired. Pens can contain as few as 20-25 head to as many as 60 head. They would feed Fall born bulls in one pen, larger Spring born bulls in one pen and if needed smaller and younger Spring bulls in a separate pen. Pen space and bunk space is more than adequate for our needs.
- Adequate drainage in pens.
- Excellent facilities for cattle handling on weigh dates and if cattle need to be treated.
- Plain and simple, it is a feed yard that has extensive experience in developing cattle.

Feed Ration – The ration used and recommended by Alfadale is considerably different than what we have used since we started developing bulls at Red Alliance. The ration is heavily based on roughage and develops the bulls at a slower pace. Angus and Brangus bulls that are currently on feed were viewed and appeared to be developing very well on this ration. Close out sheets for past bull tests were viewed and typical gains were in the 3.5 – 3.75 ADG range for tests that were approximately 120-130 days.

Ration content details are provided below.

- Corn Silage – 45%. This silage is harvested by the family with the silage pits maintained on the feedlot grounds.
- Hay – 10%. Primarily Sudan grown by the family and chopped/ground into the ration.
- Rolled Corn – 30%. Purchased on a commodity basis. Note: they have used Barley as a substitute from time to time and if Barley is used they increase the percentage to 35% and lower the silage content accordingly.
- Dried Distillers Grain that is corn based – 12.5%
- Minerals, medicated ingredients, vitamins – 2.5%

Projected Feed Costs – Costs for this type of ration is dramatically lower than what we have been paying at OBI. Based on most recent experience with Angus and Brangus bulls the cost per pound of gain has ranged from \$0.49 - 0.64. For the purpose of this analysis we will use 0.55. From the date of delivery in early October to the day prior to our sale the bulls will be on feed for approximately 155 days. We will also assume an average daily gain of 3.75.

$3.75 \text{ ADG} \times 155 \text{ days} = 581.25 \text{ lbs}$

$581.25 \text{ lbs} \times 0.55 \text{ cost per pound of gain} = \319.69

Secondary scenario for costs with higher cost per pound of gain

$3.75 \text{ ADG} \times 155 \text{ days} = 581.25 \text{ lbs}$

$581.25 \text{ lbs} \times 0.65 \text{ cost per pound of gain} = \377.81

Yardage is \$0.30 per bull, per day $\times 155 = \$46.50$

Chute charge - \$3 each \times estimated 6 trips = \$18

No entry fee charge is charged at Alfadale.

Total Estimated costs per bull

Feed for 155 days - \$350

Yardage - \$46.50

Chute charges - \$18

Total- \$414.50

Sale location – Heart of Oklahoma Exposition Center in Shawnee, Oklahoma. This facility is located approximately 35 miles east of Oklahoma City on Interstate 40. For those of you familiar with the Glen Rose Exposition Center in Texas this facility is similar in many ways.

All pens, sale ring area and load out are enclosed under one roof. The entire area is heated with overhead heaters or in mild weather conditions large doors in multiple locations can be opened and exhaust fans turned on to provide ample ventilation.

Adjacent to the sale ring area is a lunch room and sale management office.

The Shawnee area has many hotels, restaurants, entertainment (Fire Lake Grand Casino) and shopping with a local mall are within a 5-10 minute drive.

To visit their website go to www.shawneeexpoctr.org

The staff members and leadership at the center that Red Alliance members met with were very friendly and accommodating. They have significant experience with large scale livestock sales.

Approximate cost for this facility is \$1,700 plus insurance which typically costs \$400.

Trucking Distance – Approximate mileage from Alfadale Stock Farms to Heart of Oklahoma Exposition Center in Shawnee is 65 miles.

Sale Management – Under this plan sale management duties would not change from what we have done in the past. Kyle Gilchrist would remain as the sole and exclusive sale manager at the rate of 5% that has been customary for many years.

Photos of Shawnee Expo Center









Other sale related costs - would include the following:

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