

**DRAFT MINUTES  
EXECUTIVE COMMITTEE  
BEEF PROMOTION AND RESEARCH BOARD  
CROWNE PLAZA DENVER AIRPORT HOTEL  
DENVER, COLORADO  
MAY 20, 2010**

**Call to Order**

Executive Committee Chairman Tom Jones called the meeting to order at 2:00 p.m.

**Members Present**

Tom Jones, Chairman  
Virginia Coelho  
Virginia Davis  
Dan Dierschke  
Robert Fountain, Treasurer  
Will Frazee

Wesley Grau  
Kristy Lage  
Hank Maxey  
Daryl Berlier Owen  
Sid Sumner  
Lucinda Williams, Ex-Officio

**Guests Present**

Glenda Flora, CBB  
Richard Hodge, CBB  
John Schafer, CBB  
Dave Fugate, CBB  
Don Stewart, CBB  
Ann Marie Bosshamer, NEBC  
Laurie Bryant, MICA  
Wayne Watkinson, Legal Counsel

Al Pedigo, CBB  
Scott George, Federation  
Ted Greidanus, CBB  
Robert Bruner, CBB  
Weldon Wynn, CBB  
Barry Jennings, SDBIC  
Craig Shackelford, USDA

**Staff present**

Courtney Kalous, CBB  
Polly Ruhland, CBB  
Todd Johnson, NCBA  
Forrest Roberts, NCBA  
Tom Ramey, CBB

Angie Olejnik, CBB  
Katherine Ayers, CBB  
Rick Husted, NCBA  
Lynn Heinze, CBB  
Charlotte Coates, CBB

**Quorum**

Executive Committee Chairman Jones declared a quorum was present to conduct business.

## Agenda

Wesley Grau moved and Will Frazee seconded a motion to approve the agenda as amended.  
Motion passed.

## AMS Guidelines for Oversight

Ann Marie Bosshamer, Executive Director of the Nebraska Beef Council, and Todd Johnson, Vice President, Owner/Member Services, NCBA, shared the following concerns with the proposed AMS Guidelines for Oversight of Commodity Research and Promotion Programs:

Do state beef council documents such as ads, brochures, etc, need to be approved by USDA prior to publication and dissemination?

What will the timeliness of the approval process be?

Will the states need to pay USDA for this oversight?

How will this affect the efficiency of the state beef councils?

Do these guidelines apply to state beef councils?

Wayne Watkinson, CBB legal counsel, indicated he would contact USDA to determine if the proposed new AMS Guidelines for Oversight of Commodity Research and Promotion Programs apply to state beef councils.

Tom Ramey, CBB CEO, reviewed the Guidelines with the Executive Committee and indicated areas of concern to CBB. Comments on the Guidelines need to be sent to USDA prior to the close of the comment period on June 15, 2010. The following areas were discussed by the Executive Committee:

1. II. Budget Approval – asking for more detailed information.
2. III. Donations to Boards – can Federation funds still be earmarked for specific projects?
3. IV. Contracts – Conflict of Interest – what does this mean? Competitive Bids – there are no competitive bids in ARs at the Operating Committee.
4. V. Financial, Compliance, and Program Accountability – CBB cannot do accrual basis financials – the financial statements would not be timely or accurate.
  - D. Annual Financial Audits – CBB is not a government contractor and should not be required to have a GAGAS audit.
  - E. Internal Management Control Reviews – what would these reviews look like and what is the intent of these reviews?
  - G. Travel Expense Claims – individual boards should establish these policies and get AMS approval.
5. VII. Influencing Legislation and/or Government Policy – every board has different language in its Act which dictates this.
6. IX. Policy on Review and Approval of Promotional and Educational Materials –
  - C. This is a positive statement which CBB supports.
7. XI. Administration –
  - A. Legal Counsel – would be beneficial to CBB to hire legal council to act on non-compliance issues.
  - E. Board Administrative Expenses – concern about situations where these items also relate to programs.

- G. Board Donations – Too broad – doesn't fit all organizations.
- H. Charging Research and Promotion Boards – not all boards receive detailed invoices, but CBB does.
- I. Nominations for Board Membership – certain boards may have problems getting board appointments because of the diversity requirement. CBB has not been involved in this process in the past.

Daryl Berlier Owen moved and Virginia Coelho seconded to direct CBB staff and legal counsel to develop comments to submit to USDA on the proposed AMS Guidelines for Oversight of Commodity Research and Promotion Programs prior to the June 15, 2010 comment period deadline.

### **Update on Status of 2011 Summer Conference**

Tom Ramey updated the Executive Committee on the status of the 2011 Summer Conference following the CBB Executive Committee's decision to not meet with NCBA in Washington, DC for Summer Conference 2011 because of the extra costs to the checkoff.

Katherine Ayers indicated that she had refined the cost analysis for meeting in Washington, DC. Following the refinement of her analysis, the extra costs to the checkoff to meet in Washington, DC are approximately \$82,000 more than the costs to meet in Denver.

Tom Ramey explained that typically winter and summer meetings are not held in Denver three times in a row and that's why locations outside of Denver were investigated.

Forrest Roberts, CEO of NCBA, acknowledged to the Executive Committee there had been communication misses by not including CBB in the meeting planning process. He also stated that the contract with the Gaylord property in Washington, DC was a 3-year contract and outlined the following options for moving the meeting to a location other than Washington, DC:

1. Walk away from the contract and pay a penalty of \$200,000 to break the contract;
2. Find other Gaylord properties and renegotiate the contract; or
3. Reconfigure the agenda and have policy meetings in DC at the beginning and checkoff meetings at the end of the week.

Chairman Jones asked the Executive Committee for their thoughts and input.

The Executive Committee members asked who would be responsible for the \$200,000 penalty owed to the Gaylord for breaking the contract. Mr. Roberts stated he assumed the policy division would be responsible for the penalty because NCBA is the responsible signatory on the contract.

Wayne Watkinson, CBB legal counsel, indicated that the Federation and the Policy Division would be obligated to pay the penalty.

Will Frazee moved and Sid Sumner seconded to have NCBA staff, with the inclusion of CBB staff, renegotiate with the Gaylord Properties for a new location for the 2011, 2012, and 2013 Summer Conferences, and report back to the Executive Committee. Discussion. Motion passed.

## **Beef Industry Long Range Plan Update**

Rick Husted, Vice President, Market Research and Planning, NCBA, presented an overview on the status of the development of a new industry-wide Long Range Plan (LRP). In January, the CBB Executive Committee budgeted \$25,000 toward the LRP project, and since then several planning consultants responded to an industry request for proposal. All submitted proposals included fees and expenses significantly higher than originally budgeted. Mr. Husted reported that current cost estimates are at least \$20,000 higher than the budget available. Mr. Husted indicated that the cost for his staff time was not part of the whole cost for the LRP.

Polly Ruhland, Director of Evaluation, indicated that staffing costs of should be considered as part of the whole LRP budget.

The Executive Committee did not reconsider NCBA's request for CBB to participate in the LRP process.

## **Minutes**

Kristy Lage moved and Virginia Davis seconded approval of the March 18, 2010 meeting minutes and the April 27, 2010 conference call minutes. Motion passed.

## **Financial Report**

Robert Fountain, CBB secretary/treasurer, presented the Beef Board's financial statements for the period ending April 2010. Mr. Fountain reported that assessment revenues increased and import assessments decreased from this same period last year. He also indicated expenses were down due to the timing of invoices.

## **Status of State Marketing Plans**

Angie Olejnik reported all marketing plans received had been reviewed and were found to be in compliance with the Act & Order.

## **Status of State Audit Reports**

Angie Olejnik stated that all reports that were due had been received and were being reviewed.

## **Operating Committee Report**

Operating Committee Chairman, Dan Dierschke, reported the committee had met just prior to the Executive Committee and recommended the FY 2011 CBB budget to the full Board for its approval during summer conference.

Dan Dierschke moved and Wesley Grau seconded to ratify the actions of the Operating Committee. Motion passed.

## **Brand or Trade Name References**

Polly Ruhland presented partnership proposals which contained brand or trade name references for the following:

### **National Promotions**

- The Beef Checkoff Program requested approval for a partnership with Hannaford Brothers, Inc.
- The Beef Checkoff Program requested approval for a partnership with Weis Markets, Inc.
- The Beef Checkoff Program requested approval for a partnership with Harris Teeter.
- The Beef Checkoff Program requested approval for a partnership with Lowes Foods.
- The Beef Checkoff Program requested approval for a partnership with Smart & Final Stores.
- The Beef Checkoff Program requested approval for a partnership with Dahl's Foods.

### **State Promotions**

- The Washington State Beef Commission requested approval for two partnerships - AB Foods and Agri-Beef.
- Idaho Beef Council requested approval for two partnerships - AB Foods and Broulim's Associated Food Stores.
- Iowa Beef Industry Council requested approval for two partnerships - Hormel Foods Corporation and Hy-Vee, Inc. and Maid-Rite Corporation.
- Minnesota Beef Council requested approval for two partnerships - Coburn Foods and Juba's SuperValu.
- Kentucky Beef Council requested approval for a partnership with Mingua Beef Jerky.

Dan Dierschke moved and Virginia Coelho seconded to ratify the brand or trade name references for these promotions. Motion passed.

## **Producer Communications Update**

Lynn Heinze reported Producer Communications was planning to add a summer producer attitude survey with dollars from the FY 2010 Producer Communications budget. The survey questions would focus on where to spend checkoff dollars and do producers support the checkoff.

Wesley Grau moved and Daryl Berlier Owen seconded to conduct a 2010 Summer Producer Attitude Survey. Discussion. Motion passed.

### **Executive Session**

The Committee went into Executive Session at 5:00 p.m.

Returned to open session at 5:40 p.m.

### **Other Business**

Executive Committee Chairman Jones stated the future meetings of the Executive Committee would be July 29 in Denver and September 21 in Denver.

CBB Chairman, Dan Dierschke, thanked all of the Operating and Executive Committee members for their hard work.

### **Roles and Responsibilities Committee**

Chairman Dierschke reported that CBB members had been appointed to a Roles and Responsibilities Committee for the purpose of reviewing the roles and responsibilities of the Beef Board and to make recommendations to the Executive Committee for improvements in the Board's processes.

The committee had its first meeting in mid-April. The committee will meet again in the near future to review the report developed at its April meeting and to take into consideration the letter of concerns sent to NCBA by the Secretary of Agriculture on NCBA's proposed governance structure.

### **Adjourn**

There being no further business, the meeting adjourned at 5:55 p.m.