

MINUTES
BEEF PROMOTION OPERATING COMMITTEE
BEEF PROMOTION AND RESEARCH BOARD
KANSAS CITY AIRPORT MARRIOTT HOTEL
KANSAS CITY, MISSOURI
MARCH 18-19, 2009

Call to Order

Chairman Lucinda Williams called the meeting to order at 3:05 p.m.

Members present:

Lucinda Williams, Chair
JD Alexander, Vice Chair
Chuck Adami
Jerry Bohn
David Dick
Dan Dierschke
Scott George
Dave Hamilton
Tom Jones
Merrill Karlen

Chuck Kiker
Tammy Ogilvie
Al Pedigo
John Schafer
Don Stewart
Linda Joy Stovall
Craig Uden
Becky Walth
Roger West
Helen Wiese

Guests present:

Laurie Bryant, CBB
Virginia Coelho, CBB
Gary Voogt, NCBA
Robert Fountain, Jr., CBB
Kristy Lage, ANCW
Daryl Berlier Owen, CBB
Dan Petersen, CBB
Jenny Senn, CBB
Todd Johnson, KSBC

Myron Williams, CBB
Weldon Wynn, CBB
Dave Bateman, CBB
Richard Rossier, Legal Counsel
Craig Shackelford, USDA/AMS
Steve Foglesong, NCBA
Bill Donald, NCBA
Tracey Brunner, NCBA

Staff present:

Rick Husted, NCBA
Bo Reagan, NCBA
Thad Lively, USMEF
Courtney Kalous, CBB
Charlotte Coates, CBB

Forrest Roberts, NCBA
Martin Roth, NCBA
Tom Ramey, CBB
Angie Olejnik, CBB

Quorum Established

Chairman Williams declared a quorum was present to conduct business.

Agenda Approved

David Dick moved and John Schafer seconded approval of the meeting agenda as mailed. Motion passed.

Introduction and Seating of Newly-Elected Members

Chairman Williams asked the Operating Committee members to introduce themselves. Chairman Williams then welcomed the following seven new Operating Committee members:

CBB Members

Jerry Bohn, KS
Al Pedigo, KY

Federation Members

Chuck Adami, WI
Scott George, WY (Previously served)
Dave Hamilton, NE
Tammy Ogilvie, NM
Linda Joy Stovall, TX (Previously served)

Chairman Williams reported the CBB officers and the NCBA officers met earlier that day and agreed to work together on the issues of declining revenues, building demand for beef and the beef industry.

Minutes Approved

Tom Jones moved and Craig Uden seconded approval of the February 17, 2009 minutes. Motion passed.

Orientation, Committee Procedures, and Fiduciary Responsibilities

Tom Ramey stated that the Authorization Requests were amended following the February 17, 2009 conference call and copies of the ARs were placed at each Operating Committee member's seat.

Tom Ramey reviewed Operating Committee rules and procedures.

Richard Rossier reviewed the fiduciary duties of Operating Committee members.

Craig Shackelford presented the USDA's perspectives and reviewed the Act & Order.

Tom Ramey outlined the current budget development process.

Financial Report

Tom Jones, CBB Secretary/Treasurer, presented the Beef Board's financial statements for the period ending February 2009. Mr. Jones indicated that the FY 2009 budget had been reduced by \$2.5 million and that CBB reserves were \$3 million. Mr. Jones reported that assessment revenues decreased from last year and this decline was projected to continue. He also indicated that interest income had decreased and administration expenses were up from last year. He indicated that CBB Staff will closely monitor the projections and he will report again at the May meeting.

Evaluation Update

Evaluation Committee Chair Dave Bateman commented on the progress being made with the evaluation system using the Beef Determinant Study as an example. He then introduced Rich Otley, Director of Evaluation.

Mr. Otley reported that Dr. Jim Mintert, Kansas State University, presented the results of the Beef Demand Determinant Study to the Evaluation Committee in January and the study indicated that the economy had a significant impact on beef demand.

Mr. Otley reported that the Evaluation Committee would conduct project evaluation audits of the Northeast Initiative ARs – Northeast and Northern Virginia Retail Marketing, (MICA), Northeast and Northern Virginia Foodservice (MICA), and Northeast and Northern Virginia Public Relations (MICA).

Presentation of Amended Authorization Request

Rick Husted, NCBA, indicated there was an excess of middle meats that needed to be sold through retailers and asked the Operating Committee members what could be done to move this excess of middle meats.

Kevin Good, Cattle-Fax, presented via telephone some information about the causes of the oversupply of middle meats such as the economy, record carcass weights, and more dairy cattle going to slaughter.

Tom Jones, Secretary/Treasurer, reported that all available CBB funds had been budgeted and that CBB reserve funds were available for true emergency situations. He also indicated revenues were not projected to increase in FY 2010.

Martin Roth, NCBA, presented a plan for a Summer Grilling Program to provide additional funding for retail featuring to help move the excess supply of middle meats through grocery stores.

Chairman Lucinda Williams reminded the committee that there was an optional financial orientation immediately following the meeting.

The meeting recessed for the evening at 6:00 pm.

Thursday, March 19, 2009

Meeting reconvened at 8:05 a.m.

International Market Access Update

Thad Lively, USMEF, updated the committee on export market access issues and foreign marketing programs.

Review Fiscal Year 2010 Planning Process and Priorities

Rick Husted, NCBA, discussed the annual program planning process and the results of the program committee recommendations from the annual convention.

Action on Amended Authorization Request

The committee had an extensive discussion on whether the excess of middle meats constituted a beef industry crisis.

Tom Jones moved and Chuck Kiker seconded a motion to indicate that the beef industry was in a crisis because of the excess supply of middle meats. Discussion.

Linda Joy Stovall moved and David Dick seconded a motion to close debate and called for the question. Motion failed with 11 yes and 9 no. (Exhibit 1)

The motion as presented passed with 15 yes and 5 no. (Exhibit 2)

Dan Dierschke indicated the CBB Executive Committee members discussed the use of the CBB reserve funds and determined they would not approve using \$1 million of the reserve funds to fund the proposed summer grilling program.

Chairman Williams suggested the following four sources that could possibly be used to fund the summer grilling program:

- CBB Reserves
- Federation Reserves
- State Beef Councils
- Reduction of funding for existing authorization requests

JD Alexander moved and Tom Jones seconded to fund a Summer Grilling Program for \$1M pending availability of funds from CBB Reserves, Federation Reserves, State Beef Councils, or reduction of funding for existing authorization requests with the CBB Reserves and the Federation Reserves replenished with FY 2010 funds. Discussion. The motion failed with 9 yes, 10 no, and 1 absent. (Exhibit 3)

Progress Reports

Chairman Williams indicated that progress reports were printed in the book and asked the committee members if they had any questions.

Other Business

Scott George reported he had attended the recent BIFSCO meeting and indicated it was a great meeting.

Chairman Williams stated the future meeting dates of the Operating Committee were May 14 in Denver and September 15-16 in Denver.

Adjourn

The meeting adjourned at noon.