

DRAFT MINUTES
CATTLEMEN'S BEEF PROMOTION AND RESEARCH BOARD MEETING
HILTON RIVERSIDE HOTEL
NEW ORLEANS, LOUISIANA
Friday, February 1, 2019

Meeting Called to Order

Chairman Joan Ruskamp called the 65th meeting of the Cattlemen's Beef Promotion and Research Board to order at 4:30 p.m. and led CBB members in the Pledge of Allegiance. Immediate Past Chairman Brett Morris gave the Invocation.

Establish a Quorum

Wayne Watkinson, Legal Counsel, declared a quorum was present.

Agenda

Bruce Jackson moved and Kent Bamford seconded approval of the agenda as posted on the CBB meeting site. Motion approved.

Minutes

Shane Wiseman moved, and Cliff Coddington seconded to approve the August 3, 2018 Board meeting minutes as posted on the CBB meeting site. Motion approved.

CBB Audit Committee Report

Rob Von Der Lieth, chair of the CBB Budget and Audit Committee, reported that the committee met with Jean Bushong, a principal at Clifton Larson Allen, the Board's audit firm on Thursday, January 31, 2019. Jean presented the results of the audit procedures conducted on the Board's 2018 financial statements. Clifton Larson Allen issued an audit report stating that the Board's financial statements were fairly presented under the modified cash basis of accounting, which is the method the Board has used since its inception. The auditors reported that nothing came to their attention that caused them to believe the Board was not in compliance with the Act and Order or AMS Investment Policy and did not identify any deficiencies in internal control. The auditor reported that the Board's expenditures for administration were below the 5% limitation. The Audit Committee also recommended to the Board that Clifton Larson Allen again be retained as the Board's auditors for the coming year.

Rob Von Der Lieth moved, and Jim Eschliman seconded to recommend Clifton Larson Allen, LLP be retained as the Board's audit firm for FY 2019. Motion approved.

Mr. Von Der Lieth noted a reminder to all members that CBB's Audit Committee meeting is an open meeting, just like all other checkoff meetings. If you want to hear discussion about how we ensure the financial integrity of the Beef Board financial statements, feel free to attend the Audit Committee meetings we have at winter and summer meetings.

CBB Financial Report

Jared Brackett, CBB Secretary/Treasurer, presented the FY2018 Annual Report.

Mr. Brackett presented an overview of CBB's financial statements for the fiscal year ended September 30, 2018. He reported the total balance of cash and investments was \$23.8 million at the end of 2018 compared to \$20.4 million at the end of 2017. The Board continues to invest in FDIC-insured certificates of deposit and money market funds. The weighted average yield of our investments in 2018 was 0.81%, which was up from 0.76% in 2017.

Mr. Brackett noted, under the liabilities and net assets section, a line item titled "due to Montana Beef Council." There is an ongoing lawsuit in Montana which was filed by R-Calf against USDA. Due to this lawsuit, as of September 30, 2018, CBB is holding \$577,500 which are the Montana Beef Council's portion of the checkoff funds collected that would have been kept by the beef council under normal circumstances. Since the injunction, the Montana Beef Council has been receiving consent from some Montana producers to spend these dollars in Montana, using a form created by USDA, and has been requesting refunds of those funds from the Board. The Board and the Montana Beef Council executed an agreement allowing the Board to reimburse the beef council for the cost associated with collecting the funds in Montana, and the Board has been reimbursing the beef council for these costs from this balance.

Mr. Brackett then reviewed the Board's December 2018 unaudited financial report. Through December the Board's assessment revenues were \$140,000 more than the previous year. Both domestic and import assessments have increased slightly. Our current projections indicate the Board's revenues for FY2019 will be in line with our budgeted revenue of \$40.9 million.

CBB Executive Committee Report and Approval of Minutes

Vice Chairman Coffey noted the Beef Board Executive Committee last met as a full Board in Denver last summer. There are 11 members elected by this Board including three officers and 8 members elected in Phoenix last year along with the immediate past CBB chairman, Brett Morris who served as an advisor to the committee in 2018. The charge of the Executive Committee is to carry out Beef Board policies, conduct business, and make decisions on behalf of the Beef Board between meetings of the full Board like this one here today. Since our last full Board meeting in August, a total of four Executive Committee meetings were held. The minutes were provided from the August 1, 2018 as well as at this meeting.

Chuck Coffey moved, and Irv Petsch seconded, ratification of the actions in the August 1, 2018 CBB Executive Committee minutes as well as those for September 12, 2018 meeting; and the October 17, 2018 and December 19, 2018 conference calls. Motion approved.

Checkoff Program Committee Reports

The Board heard reports from the following committees and working groups:

- Consumer Trust Committee – Co-Chair Janna Stubbs
- Export Growth Committee – Co-Chair Hugh Sanburg
- Innovation Committee – Co-Chair Tammy Basel
- Nutrition & Health Committee – Co-Chair Torri Lienemann
- Safety Committee – Co-Chair Bob Mitchell
- Market Research Working Group – Co-Chairman Norman Voyles
- Investor Relations Working Group – Co-Chairman Brian Malaer
- Evaluation Advisory Committee – Chairman Jackie Means

Norman Voyles, Co-Chairman of Market Research Working Group shared an updated Mission Statement, “Engage at committee meetings to understand and feel confident that, where applicable, market research is being used effectively to support how checkoff funded programs are being developed and/or evaluated.”

CBB Nominating Committee Report & Elections

Brett Morris, Chair of the CBB Nominating Committee, reported the committee met in New Orleans on Tuesday, January 29 and Wednesday, January 30 with the following committee members in attendance:

- Dick McElhaney, PA
- Larry Cunningham, TN
- Charlie Risinger, TX
- Kent Bamford, CO
- Stephanie Dykshorn, IA
- Wally Schulthess, UT
- Jackie Means, TX

Nominating Committee Chairman Morris noted that all of the committee members were proud to interview so many qualified candidates for elected positions in 2019.

Mr. Morris reported that the Nominating Committee recommended Chuck Coffey as the Beef Board’s 2019 Chairman.

Chairman Ruskamp asked if there were any nominations from the floor. (No nominations were received from the floor.)

Jana Malot moved, and Laurie Bryant seconded to close nominations and elect Chuck Coffey by acclamation as the Beef Board Chairman for 2019. Motion approved.

Mr. Morris reported that the Nominating Committee recommended Jared Brackett as the Beef Board’s 2019 Vice Chairman.

Chairman Ruskamp asked if there were any nominations from the floor. (No nominations were received from the floor.)

Hugh Sanburg moved, and Lynn Keetch seconded to close nominations and elect Jared Brackett as the Beef Board Vice Chairman for 2019. Motion approved.

Mr. Morris reported that the Nominating Committee recommended Hugh Sanburg as the Beef Board’s 2019 Secretary Treasurer.

Chairman Ruskamp asked if there were any nominations from the floor. (No nominations were received from the floor.)

Don Smith moved, and Irv Petsch seconded to close nominations and elect Hugh Sanburg as the Beef Board Secretary Treasurer for 2019. Motion approved.

Mr. Morris noted the CBB Nominating Committee recommends the following slate of eight candidates to serve with the three officers as our 2019 Executive Committee:

Irv Petsch, WY
Bill King, NM

Rich Brown, NY
Jana Malot, PA

Don Smith, TX
Rob Von Der Lieth, CA

Jimmy Taylor, OK
Jeff Isenmann, Importer

Chairman Ruskamp asked if there were any nominations from the floor. (No nominations were received from the floor.)

Bruce Jackson moved, and Larry Cunningham seconded to close nominations and elect the slate of 2019 Executive Committee candidates by acclamation. Motion approved.

Mr. Morris noted the CBB Nominating Committee recommends the following slate of seven candidates to serve with the three officers as our 2019 Operating Committee:

Mike Smith, CA
Janna Stubbs, TX

Michael White, TX
Bob Mitchell, WI

Paul Moss, TN
Bill Slovek, SD

Randall Debler, KS

Chairman Ruskamp asked if there were any nominations from the floor. (No nominations were received from the floor.)

Shane Wiseman moved, and Charlie Price seconded to close nominations and elect the slate of 2019 Operating Committee candidates by acclamation. Motion approved.

CEO Management Report

CEO Scott Stuart spoke to the Board and provided an update on CBB operations including staffing and future vision.

Legal Update

Wayne Watkinson, Legal Counsel, gave an update on the Montana lawsuit and noted that 17 Beef Councils have signed Memorandums of Understanding with AMS.

Other CBB Business

Joan Ruskamp, Chair, acknowledged the retirement of Dean Oyster, Financial Compliance Manager for the Beef Board. Chairman Ruskamp thanked Dean for his years of service to the Cattlemen's Beef Board.

No new business was brought to the attention of the Board.

Chairman Farewell and Passing of Chairman Gavel

Chairman Ruskamp presented the gavel to newly elected 2019 CBB Chairman Chuck Coffey.

Mr. Coffey accepted the gavel and spoke a few words, and then turned the podium back to outgoing Chairman Joan Ruskamp.

Chairman Ruskamp extended her personal thanks to the outgoing Beef Board members for their hard work and dedicated service to the Beef Board, the Beef Checkoff Program, and the beef industry. She also said a few words of farewell.

There being no further business, Jana Malot moved and Dick McElhane seconded to adjourn the CBB meeting.

Adjournment

No new business was brought to the attention of the Board.

The meeting was adjourned at 5:55 p.m.