

DRAFT MINUTES
CBB BUDGET AND AUDIT COMMITTEE CONFERENCE CALL
MONDAY, APRIL 29, 2019
10:00 AM MT

Call to Order

Chairman Rob Von Der Lieth called the meeting to order at 10:03 a.m. mountain time.

Members Present

Rob Von Der Lieth, Chairman
Norman Voyles, Vice Chairman
DJ Edwards
Jim Eschliman

Bill McLaren
Kathy Sautter
Hugh Sanburg
CW Senn

Member Absent

Kent Bamford

CBB Staff Present

Dean Oyster, CBB Interim CFO
Chad Smith, Director of Collections Compliance
Jeff Lutz, Manager of Financial Compliance
Charlotte Coates, Operations Manager
Sara Arp, Director of Operations
Cyndi Heimerich, Executive Assistant

Guests Present

Wayne Watkinson, CBB legal counsel
Kahl Sesker, USDA
Chuck Coffey, CBB Chair
Greg Hanes, CBB Incoming CEO

Agenda

Chairman Von Der Lieth asked for a motion to approve the agenda. Jim Eschliman moved and DJ Edwards seconded approval of the agenda. Motion passed.

Review of CBB's Projected Revenues for FY 2019

Chairman Von Der Lieth requested Dean Oyster and Chad Smith to review assessment revenue for FY 2019 as of March 31, 2019. They reported that collections were on track and it is possible that CBB will collect more than budgeted revenue based on the five-year average of the historical percentage of collections as of March 31st versus total collections for the given year.

Determine CBB's Projected Revenues for FY 2020

Dean Oyster and Chad Smith presented the projected revenues for FY 2020. The projected revenue for domestic assessments were calculated using a model based on CattleFax's projected cattle inventory as of January 1, 2020. CattleFax is projecting an increase of 250,000, or 0.26%, in total cattle inventory as compared to USDA's cattle inventory reported as of January 1, 2019. Based on the projected increase in cattle inventory and applying a historical percentage of collections versus cattle inventory for years in which the herd is rebuilding, CBB is expecting to collect approximately \$35,000,000 of domestic assessments.

Import assessments are projected at \$6,500,000 based on historical collections while also taking a conservative approach due to uncertainties in the import and export markets. Interest income and other income are projected at \$402,000 and \$30,000 respectively. Total income for FY 2020 is expected to be \$41,932,000. As of March 31, 2019, CBB also has \$1,419,000 of funds available from prior year excess assessments and unspent funds released from completed authorization requests. After adding these funds to the total projected revenue, CBB has \$43,351,000 available for the FY 2020 budget.

Develop CBB's Budget for FY 2020

Dean Oyster presented CBB's requested budgets for Evaluation (\$227,000), Program Development (335,000), USDA Oversight (\$800,000) and Administration (\$2,096,600).

Mr. Oyster explained that the USDA Oversight budget includes reimbursement to USDA for oversight costs as well as the cost of office support, FOIA requests and litigation. It is difficult to estimate this budget because the costs associated with FOIA requests and litigation are difficult to anticipate or control.

Mr. Oyster also explained that the Administration budget was 5% of the projected revenue, as allowed in the Act and Order.

After subtracting the total expense budgets of \$3,458,600 from the total available for the budget of \$43,351,000, the funds available for the Operating Committee to spend for Authorization Requests are \$39,892,400.

CW Senn moved and Bill McLaren seconded approval of the FY 2020 budget of \$43,351,000 to include \$39,892,400 available for Authorization Requests, \$227,000 for Evaluation, \$335,000 for Program Development, \$800,000 for USDA Oversight and \$2,096,600 for Administration. Motion passed.

Other Business

There was no further business to discuss.

Adjourn

Chairman Von Der Lieth asked for a motion to adjourn. Norman Voyles moved and Kathy Sautter seconded to adjourn. Motion passed. The meeting was adjourned at 10:45 a.m. MT.