

DRAFT
EXECUTIVE COMMITTEE MINUTES
CONFERENCE CALL
WEDNESDAY, JANUARY 8, 2020, 12:00 PM CT

Call to Order

Executive Committee Chairman Jared Brackett called the meeting to order at 12:03 PM CT.

Members Present

Jared Brackett, Chairman
Bill King
Don Smith
Rob Von der Lieth

Rich Brown
Irv Petsch
Jimmy Taylor
Joan Ruskamp

Members Absent

Chuck Coffey
Jana Malot

Jeff Isenmann
Hugh Sanburg

Guests/Staff Present

Greg Hanes, CBB
Jeff Lutz, CBB
Sara Arp, CBB
Tom Novota, CBB
Chad Smith, CBB

Cyndi Heimerich, CBB
Alex Caryl, USDA/AMS
Kahl Sesker, USDA/AMS
Wayne Watkinson, Legal Counsel

Quorum

Chairman Jared Brackett declared a quorum was present to conduct business.

Agenda

Don Smith moved and Irv Petsch seconded to approve the agenda as emailed. Motion passed.

Minutes

Jimmy Taylor noted on the November 11, 2019 minutes, page 2 under Officer & Staff Travel Update, fifth row down there is a typo with the word Ranch that should be changed to Range (Long Range Plan).

Jimmy Taylor moved and Rob Von der Lieth seconded to approve this change noted above and then approve the November 11, 2019 meeting minutes. Motion passed.

CEO Update

Greg Hanes provided an update on producer communications outreach. To help reach producers and to address the misinformation out there, CBB is taking a two-pronged approach. The first is to provide information on what the checkoff is doing which includes The Drive and the updated website. The other approach is the “Back to Basics” strategy which explains what the checkoff

is and how it works. Greg asked the committee if there are any topics they would like to cover. Greg also noted that CBB is working on a series of Talking Points with basic information that everyone could use to share with CBB Members and producers.

Greg noted that CBB finalized plans for an office move in early April. The new location has less square footage and provides a substantial costs savings from our current lease. We are currently working with property management to finalize build-out. We will keep you updated as this process moves forward.

Greg also updated the committee on CBB Evaluation position which is currently contracted with Rockland Dutton. After some internal discussions, Greg's goal is to bring this position back in house. The CBB staff is currently putting together a job description for this Evaluation position which will also include some aspects with producer communications and going out and speaking to QSBCs. CBB would have this new employee continue to work with Courtney Kalous at Rockland Dutton through the end of this fiscal year which is when their contract expires. Then we would continue working with Rockland Dutton on an external basis after that if necessary.

Greg also shared that after a successful first meeting with the Long Range Plan (LRP) Task Force, the next meeting is scheduled for February 24th and 25th in Denver, CO.

Greg is attending the National Pork Board meeting this week and then the Feedlot Forum and Kentucky Beef Council next week. Then to AFBF Annual Convention with Hugh Sanburg the following week. Then the last week of January he will attend the Nebraska Beef Council meeting and then onto the Winter Convention in San Antonio.

CFO Update

Jeff Lutz provided an assessment revenue update. Total Domestic Assessments for the three months ended December 31, 2019 is approximately \$8.9 million, which is a decrease of \$316 thousand or 3.4% compared to the previous year.

Jeff noted that the first quarter's domestic assessment revenue represents cattle sold primarily in August through October. During this period, feed resources were better than during the prior year which encourages producers to delay the seasonal marketing of their 2019 calf crop.

Jeff also noted due to the Tyson plant in Kansas shut down due to the fire in August, feeder cattle prices dropped considerably compared to what they were last year. This further encouraged producers to delay marketing their calves if they had feed resources available and we expect domestic assessment revenue to even out compared to last year within the second quarter.

Jeff noted that total Importer Assessments for the three months ended December 31, 2019 is approximately \$1.7 million, which is decrease of \$36 thousand or 2.1% compared to the previous year. Jeff also noted that Importer Revenue has improved from November which was down approximately 4.98% compare to the previous year and CattleFax estimate's imports will be down about 5% in 2020.

Jeff noted Clifton, Larson and Allen the CBB auditors have completed their audit procedures and did not identify any issues. The audit partner, Adam Pyzdrowski, will be presenting the results of the audit to the Budget & Audit Committee at the Winter Convention. Jeff also noted that there are some new disclosure requirements of adopting the Functional Expense Reporting and

Liquidity Footnote standards. Jeff discussed the various requirements of the new standards and the impacts of adopting the new standards on the CBB Financial Statements.

Jeff provided an update on the QSBC's Marketing Plans and Annual Financial statement submissions to CBB and they are current and no issues to report. For fiscal year 2020, we have completed three reviews, Michigan, Kansas and Kentucky. Upcoming planned reviews are Texas, Florida and Georgia.

Officer & Staff Travel Update

Jared Brackett reported that all officers attended the Committee Leadership Summit in early December in Denver, and it was very informative and well received. Jimmy Taylor noted it was very productive.

Sarah Metzler and Bill King attended the New Mexico Beef Council meeting and it went very well.

Sarah Metzler and Jana Malot also attended the Pennsylvania Beef Council meeting and it went very well.

Chad Smith traveled to Arizona to attend a meeting with Lauren Maehling and 15-20 State Brand Inspectors. It was a very productive meeting. Lauren and Chad also visited a large collecting point and reviewed their process for collecting and remitting checkoff assessments.

Jared will travel to Montana in February.

Brand or Trade Name References

Chairman Jared Brackett presented partnership proposals that contained brand or trade name references for the following:

National Promotions

- The Beef Checkoff Program requested approval for a partnership with Creekstone Farms Premium Beef
- The Beef Checkoff Program requested approval for a partnership with Grayson Natural Farms, LLC

State Promotions

- Utah Beef Council requested approval for a partnership with Sizzling Platter
- Minnesota Beef Council requested approval for a partnership with J&B Group
- Texas Beef Council requested approval for a partnership with Kiolbassa Smoked Meats

Jared noted that the Texas Beef Council request needs further discussion with USDA, CBB and the Texas Beef Council. We will table this and if necessary, add to our February 5, 2020 agenda.

Irv Petsch moved and Rob Von der Lieth seconded a motion to table the Texas Beef Council request. Motion Passed.

Bill King moved and Irv Petsch seconded a motion to ratify the brand or trade name references above, excluding Texas Beef Council, for these promotions. Motion passed.

Discuss Executive Committee Calls to Board Members Prior to Winter Convention

Jared reminded the committee they have each been assigned approximately 7 board member names to call in the next couple of weeks to get feedback on how everything is going for them and in their states. Your assigned lists were sent out on Monday, January 6, 2020. In addition, please come to the Executive Committee winter convention meeting prepared to give a brief report on your conversations with the Beef Board members.

Other Business

Wayne Watkinson reported no legal update at this time.

Kahl Sesker gave an update of the timeline for the direct final rule to update the Harmonized Tariff Schedule codes for imported cattle, beef, veal and beef products. The rule was published 1/8/20 and comments are due 1/23/20. Kahl also gave an update of the timeline for the reapportionment rule that would reflect shifts in cattle inventory levels since the last board reapportionment. The rule was published 12/30/19 and comments are due 2/28/20.

The next Executive Committee meeting is February 5, 2020 in San Antonio, TX.

Executive Session

The committee went into Executive Session at 12:55 PM CT.

Adjourn

There being no further business, Rob Von der Lieth moved and Rich Brown seconded to adjourn the meeting at 1:01 PM CT.