

**DRAFT MINUTES
CATTLEMEN'S BEEF PROMOTION AND RESEARCH BOARD
SHERATON GRAND HOTEL
PHOENIX, ARIZONA
February 2, 2018**

Meeting Called to Order

Chairman Brett Morris called the 64th 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. Secretary Treasurer Chuck Coffey gave the Invocation.

Establish a Quorum

Chairman Morris declared a quorum was present.

Agenda

Jana Malot moved and Shane Wiseman seconded approval of the agenda as posted on the CBB meeting site. Motion approved.

Minutes

Jared Brackett moved and Lynn Keetch seconded to approve the July 14, 2017 Board meeting minutes and the December 20, 2017 conference call minutes as posted on the CBB meeting site. Motion approved.

Audit Committee Report

Rob Von Der Lieth, chair of the CBB Audit Committee, reported that the committee met with representatives from Clifton Larson Allen LLP, CBB's independent audit firm. Clifton Larson Allen, LLP completed the audit of CBB's financial statements for the fiscal year ending September 30, 2017. The audit report stated that the Board's financial statements were fairly presented under the modified cash basis of accounting and the Board's expenditures for administration were below the 5-percent limitation. The auditors also reported that nothing came to their attention that caused them to believe the Board was not in compliance with the Act & Order.

Rob Von Der Leith moved and Kent Bamford seconded to recommend Clifton Larson Allen, LLP be retained as the Board's audit firm for FY 2018. Motion approved.

Financial Report

Chuck Coffey, CBB Secretary/Treasurer, presented the 2017 Annual Report new on-line digital format.

Mr. Coffey presented an overview of CBB's financial statements for the fiscal year ended September 30, 2017. He reported that assessment revenues were \$40.9 million during 2017. Interest revenues were \$111,000 during 2017 (copies of financial statements were posted to the Board meeting website).

Mr. Coffey stated there was a new line item in the Liabilities & Net Assets section of the financial statements titled Due to the Montana Beef Council. In June of 2017, the U.S. District Court of Montana granted a preliminary injunction restricting the Montana Beef Council from using federal checkoff dollars for advertising, unless a producer has provided consent. After the injunction, the Department of Justice and USDA instructed Montana to send all dollars collected in Montana to the Beef Board. Since the injunction, the Montana Beef Council has been receiving consent from some Montana producers to spend these dollars in Montana, using a new 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.

Secretary Treasurer Coffey then reviewed the December 2017 unaudited financial statements (copies posted to the Board website) and reported that year-to-date revenues as of December 2017, indicate that FY 2018 revenue should be in line with the projection of \$40.55 million.

FY 2018 Budget Amendment

Secretary Treasurer Coffey presented a proposed budget amendment to the FY 2018 CBB budget for an increase of \$350,000 to the USDA oversight category. The monies are proposed to be moved from the unappropriated funds into the USDA oversight fund category.

Chuck Coffey moved and Jackie Means seconded to approve the amended FY 2018 budget. Motion approved.

Executive Committee Report

Executive Committee chairman Joan Ruskamp explained that the Executive Committee carried out Board policies, conducted Board business, and made decisions necessary to administer the terms and provisions of the Act and Order between meetings of the full Board and under policies established by the Board. Questions or concerns about any Beef Board issues and/or the actions taken by the Executive Committee should be forwarded to the CBB office.

Ms. Ruskamp recognized the members of the 2017 Executive Committee and thanked them for their efforts.

Ms. Ruskamp reviewed the Executive Committee's actions since the previous full Board meeting in July 14, 2017.

Joan Ruskamp moved and Jared Brackett seconded to ratify the actions in the July 12, September 13, and the December 11, 2017 Executive Committee meeting minutes and the actions in the October 20, 2017 Executive Committee conference call minutes as posted on the CBB meeting site after each meeting and call and included in the Board's preparatory meeting materials. Motion approved.

Amendment to CBB Policy – Administrative Expenses

Ms. Ruskamp presented an amendment to the CBB Policies and Procedures document the Executive Committee recommended be added to the Board's Policies and Procedures.

“It is the policy of the Cattlemen's Beef Board to expend the level of funding of administrative expenses necessary to efficiently and effectively carry out the CBB's responsibilities under the Act and Order. Pursuant to this policy, the CBB shall:

- Expend the minimum amount of checkoff assessment funds for administrative expense to ensure the maximum allocation of checkoff funding for programs; and
- Allocate and account for administrative expenses in accordance with the USDA/AMS Guidelines and the Act and Order.”

Joan Ruskamp moved and Gary Sharp seconded that the Administrative Expenses Policy be added to the Board’s Policies and Procedures document. Motion approved.

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 Ted Reichmann
- Nutrition & Health Committee – Co-Chair Jared Brackett
- Safety Committee – Co-Chair Mike Smith
- Market Research Working Group – Co-Chairman Norman Voyles
- Investor Relations Working Group – Co-Chairman Jo Stanko
- Evaluation Advisory Committee – Chairman Jackie Means

CBB Nominating Committee Report

Bill McDonald, chairman of the CBB Nominating Committee, recognized the members of the Nominating Committee: Sarah Childs, FL; Lloyd DeRuyter, WI; Stephanie Dykshorn, IA; Stacy McClintock, KS; Bill McLean, WA; Brett Morris, OK; and Gary Sharp, SD. Mr. McDonald reminded the Board that the newly elected positions would take effect upon the close of this meeting.

Mr. McDonald reported that the Nominating Committee recommended Joan Ruskamp as the Beef Board’s 2018 chairman.

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

Gary Sharp moved and Amelia Kent seconded to close nominations and elect Joan Ruskamp by acclamation as Beef Board chairman for 2018. Motion approved.

Mr. McDonald reported that the Nominating Committee recommended Chuck Coffey as Beef Board’s 2018 vice chairman.

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

Hugh Sanburg moved and Terry Wyatt seconded to close nominations and elect Chuck Coffey by acclamation as Beef Board vice chairman for 2018. Motion approved.

Mr. McDonald reported that the Nominating Committee recommended Jared Brackett as Beef Board’s 2018 Secretary/Treasurer.

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

Lynn Keetch moved and Rob Von Der Lieth seconded to close nominations and elect Jared Brackett by acclamation as Beef Board secretary/treasurer for 2018. Motion approved.

Mr. McDonald reported that the Beef Board's Executive Committee consists of the three CBB officers and eight others. He also reported that the Nominating Committee recommended the following people be named as 2018 Beef Board Executive Committee members:

Amelia Kent, LA	Paul Moss, TN	Don Smith, TX
Bill King, NM	Jack Parent, VT	Rob Von Der Lieth, CA
Jana Malot, PA	Irv Petsch, WY	

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

Hugh Sanburg moved and Lloyd DeRuyter seconded to close nominations and elect the slate of 2018 Executive Committee candidates by acclamation. Motion approved.

Mr. McDonald reported that the Beef Promotion Operating Committee consists of the three Beef Board officers, seven elected Beef Board members, and 10 Federation of State Beef Council representatives. He also reported that the Nominating Committee recommended the following people be named as 2018:

Beef Promotion Operating Committee members from the Beef Board:

Tammy Basel, SD	Bob Mitchell, WI	Janna Stubbs, TX
Ken Blight, MI	Hugh Sanburg, CO	
Rich Brown, NY	Mike Smith, CA	

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

Amelia Kent moved and Jackie Means seconded to close nominations and elect the slate of 2018 Operating Committee candidates by acclamation. Motion approved.

CEO Report

CEO Scott Stuart spoke to the Board.

Other Business

Chairman Morris presented the gavel to newly elected 2018 CBB Chairman Joan Ruskamp.

Ms. Ruskamp accepted the gavel and spoke a few words, and then turned the podium back to outgoing Chairman Brett Morris.

Chairman Morris extended his 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. Mr. Morris also thanked the CEO Search Committee for its work. He also said a few words of farewell.

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

There being no further business, Perry Owens moved and Shane Wiseman seconded to adjourn the CBB meeting. The meeting was adjourned at 5:55 p.m.