

**DRAFT MINUTES
CATTLEMEN'S BEEF PROMOTION AND RESEARCH BOARD
GAYLORD ROCKIES RESORT
DENVER, COLORADO
WEDNESDAY, JULY 31, 2019 – 4:30 PM**

Meeting Called to Order

Chairman Chuck Coffey called the 66th 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.

Past Chairman Joan Ruskamp gave the Invocation.

New CBB Members

Chairman Coffey recognized the new CBB members: David Bruene, Bree DeNaeyer, David Hamilton, Bilynn Johnson, Kristina McKee, Angie Meyer, Ernie Morales, Terry Quam, Vaughn Thorstenson and Penny Zimmerman. Chairman Coffey thanked them for their willingness to engage in protecting, enhancing and sustaining the beef industry.

Establish a Quorum

Chairman Coffey declared a quorum was present.

Agenda

Chairman Coffey requested a change to the agenda to move item #8 CBB CEO Update to follow item #2 Greg Ibach, Under Secretary.

Bree DeNaeyer moved and Irv Petsch seconded approval of the agenda as amended. Motion approved.

Minutes

Jana Malot moved, and Jim Eschliman seconded to approve the February 1, 2019 Board meeting minutes as emailed and posted on the CBB meeting site. Motion passed.

Under Secretary Greg Ibach

Chairman Coffey introduced Greg Ibach, Under Secretary for Marketing and Regulatory Programs at the US Department of Agriculture's Agricultural Marketing Service. Mr. Ibach is from Sumner, Nebraska where he served on the board of Nebraska Beef Council for eight years, including a term as its chair. During his tenure, he served on the Federation of State Beef Councils' board of directors, as well as the Beef Research and Promotion Operating Committee.

Under Secretary Ibach addressed the Beef Board members regarding the shared responsibility USDA and the Beef Board has regarding oversight of the checkoff program.

CBB CEO Update

CEO Greg Hanes presented a CBB CEO update. Mr. Hanes stressed that he welcomes open communication and feedback from anyone at any time and that open discussion and transparency are important in keeping the checkoff strong. Mr. Hanes also thanked the staff for all they did during the course of the year and in making the meetings run so efficiently.

Financial Report

Hugh Sanburg, CBB Secretary/Treasurer, presented an overview of CBB's financial statements through June 2019. Mr. Sanburg also reported that year-to-date assessment revenues for fiscal year 2019 are slightly higher than the same period last year.

FY 2019 Recommended Budget

CBB Secretary/Treasurer Hugh Sanburg presented a FY 2020 budget of \$43.4 million, as recommended by the Operating Committee and Beef Board Executive Committee.

Mr. Sanburg also noted that CBB staff is recommending an increase to the Program Development Budget of \$139,500 for a revised Program Development Budget of \$474,500. This increase to the Program Development Budget is needed to more accurately reflect the true costs associated with this budget component.

Hugh Sanburg moved, and Jimmy Taylor seconded to approve the FY 2020 Beef Board budget as presented. Motion passed.

Litigation Update

Wayne Watkinson, Legal Counsel, provided a litigation update.

Executive Committee Report

Executive Committee Chairman Jared Brackett shared the background of the Executive Committee and recognized the 2019 CBB Executive Committee members for their efforts to carry out Beef Board policies, conduct business, and make decisions on behalf of the Beef Board between meetings of the full Board.

Mr. Brackett reviewed the Executive Committee's actions since the previous full Board meeting on February 1, 2019 and provided the Executive Committee minutes for review and approval.

Mr. Brackett moved, and Lynn Keetch seconded to ratify the actions in the January 30, March 13, April 10, May 2 and June 12, 2019 Executive Committee meeting minutes as posted on the CBB meeting site and included in the Board's preparatory meeting materials. Motion passed.

Chairman Brackett noted we need full Board approval to consider a recommendation from the CBB Executive Committee regarding Board reapportionment. As required by the Beef Promotion and Research Act and Order, the number of Beef Board members from each individual state or geographic region is proportional to that state's cattle inventory, and USDA recently requested that CBB staff conduct an inventory analysis. This is the process by which USDA adjusts the number of CBB members appointed by the Secretary to determine if any Board reapportionment is necessary. Based on

that analysis, cattle numbers dictate that representative numbers in Nebraska, Texas and Wisconsin each would increase by one, increasing the total number of CBB members from 99 to 101. The new Board size would take effect with the Secretary's appointments for CBB terms beginning in 2021.

Mr. Brackett also noted that CBB propose that the Southeast Unit be dissolved, and that South Carolina join the Mid-Atlantic Unit. In order to better balance the cattle inventories in the Mid-Atlantic Unit and the Northeast Unit, CBB also propose that Maryland be moved from the Mid-Atlantic Unit to the Northeast Unit. During its June 12 conference call, the CBB Executive Committee voted to approve the reapportionment plan as presented.

Jared Brackett moved and C.W. Senn seconded to approve the reapportionment as presented. Motion passed.

Regional Nominating Committee Member Selection

Pursuant to the policies and procedures approved as a full Board the 2020 CBB Nominating Committee members were elected from each of the six regions. Each region heard comments from regional candidates and then voted by ballot. The resulting 2020 Nominating Committee members are:

- Region 1 – Jana Malot, PA
- Region 2 – Paul Moss, TN
- Region 3 – Jackie Means, TX
- Region 4 – Kent Bamford, CO
- Region 5 – Jim Eschliman, NE
- Region 6 – Wally Schulthess, UT

Steve Hobbs moved, and Jack Parent seconded to destroy the Nominating Committee ballots. Motion approved.

Committee Reports

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

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

Report on Japan and Taiwan Trip

CBB Vice Chairman Jared Brackett reported that he and Chairman Chuck Coffey had the opportunity to travel to Japan and Taiwan in May of this year with a team from USMEF.

Other Business

Chairman Chuck Coffey acknowledged the retirements of Dean Oyster, CBB Interim CFO and Charlotte Coates, CBB Operations Manager. He thanked them for all their hard work and dedication to CBB.

Chairman Coffey announced that the Board will go into Executive Session and asked the audience and staff to please leave the room.

Jimmy Taylor moved, and Irv Petsch seconded to move into Executive Session at 6:00 pm. Motion passed.

Executive Session

The Committee went into Executive Session at 6:00 p.m. and adjourned into open session at 6:20 p.m.

There being no further business, Jana Malot moved, and Jack Parent seconded to adjourn the CBB meeting. Motion passed.

The meeting was adjourned at 6:20 p.m.