

South Dakota Beef Industry Council
BOARD OF DIRECTORS ANNUAL MEETING
Fireside Conference Center
Brookings, SD
September 20, 2014

President Pazour called the meeting to order at 9:10 AM CDT.

SDBIC board members present were as follows:

Karla Pazour, President	SD Cattlewomen
Kodi Blotsky	SD Cattlewomen
Erin Yost	SD Cattlewomen
Wayne Tupper	SD Livestock Auction Market Association
Becky Walth	SD Cattlemen's Association
Todd Mortenson	SD Cattlemen's Association
Mike Gebhart	SD Farm Bureau Federation
Stacy Hadrick	SD Farm Bureau Federation
Georgia Talsma	SD Farm Bureau Federation
Ernie Mertz	SD Stockgrowers Association
Gary Deering	SD Stockgrowers Association
Eric Sumption	SD Farmers Union
Mike Maher	SD Farmers Union
Mary Ellen Cammack	SD Farmers Union
Sarah Caslin	SD Cattlemen's Auxiliary
Eileen Moller	SD Cattlemen's Auxiliary
Laurie Johnson	SD Cattlemen's Auxiliary
VeaBea Thomas	SD Beef Breeds Council
Craig Bieber	SD Beef Breeds Council
John Symens	SD Beef Breeds Council
Gary Sharp	Cattlemen's Beef Board
Ashley Tonak	Parliamentarian

SDBIC board members absent were as follows:

Justin Tupper	SD Livestock Auction Market Association
Frank Volmer	SD Livestock Auction Market Association
Randy Volmer	SD Stockgrowers Association
Scott Jones	SD Cattlemen's Association

SDBIC staff present were Ron Frederick, Executive Director; Holly Swee, Director of Nutrition and Consumer Information; Teri Heninger, Finance Officer; Tracey Walsh, Director of Industry Relations; and Briana Burgers, Nutrition Assistant/Director of Online Communications.

Guests present were: Steve Hellwig, Incoming Director of SD Livestock Auction Market; Bob and Ruth Fortune, SD Stockgrowers Association; Pam Geppert, Dakota Farm Talk; Amanda Radke, SDBIC Communications; and Donna Sharp, SD Dairy Producer.

SDSU researchers and staff present were: Dr. Barry Dunn, Dean of Ag & Bio Sciences; Dr. Daniel Scholl, Ag Experiment Station; Dr. Joe Cassady, Animal Science Department Head; Dr. Amanda Blair, Animal Science; Dr. Keith Underwood, Animal Science; Dr. Michael Gonda, Animal Science; Dr. Julie Walker, Animal Science; Dr. Lynn Gordon, Animal Science; Dr. Derek Brake, Animal Science; and SDSU students Christina Fehrman, Josh Kirchenbauer, Jesse Topel, Darcy Burton, and Reid McDaniel.

Pazour thanked the directors for attending and asked each person to introduce themselves for the benefit of new members and guests.

Pazour welcomed SD Cattlewomen Director Erin Yost. Yost replaced Julie Holmquist effective immediately. Incoming directors whose terms begin at the close of the annual meeting include: SD Livestock Auction Market

Association representative Steve Hellwig replacing Frank Volmer, and SD Cattlemen's Auxiliary representative Kari Sanders replacing Eileen Moller.

Pazour entertained a motion to adopt the Agenda. Talsma so moved, seconded by Tupper. **Agenda adopted.**

Pazour entertained a motion to approve the minutes of the June 4, 2014 meeting as printed and dispensed in the meeting book. Mortenson so moved, seconded by Gebhart. **Motion carried.**

FINANCIAL REPORT

Heninger provided a previous year comparative on revenue. Checkoff collections were down in all areas – In-state collections by 9.5%; collections from Other States by 7.5%; and Private Treaty collections by 28.6%.

Heninger summarized the Profit and Loss through September 18, 2014. In-State and Out-of-state collections exceeded budgeted projections. Heninger highlighted each expense category. Promotion will remain under budget for FY 2014 – major expenses since the June board meeting include: various BBQ Championship sponsorships, Beef Ambassador program, Beef Sustainability Workshop, radio advertising and state-to-state partnership with Minnesota Beef Council. Consumer Information will remain under budget for FY 2014 – major expenses since the June board meeting include: Team BEEF, ACF Conference, various nutritional events and education materials. Producer Communications will remain under budget for FY 2014 – major expenses since the June board meeting include: Media Contractor expenses, various print radio ads targeting producers, and booth expenses for SD Cattlemen's and SD Stockgrowers annual conventions. Research obligations due as of September 20, 2014 is \$233,811 of which \$327,407 is FY 2013 research and the remainder is FY 2014 obligations. Industry Information will remain under budget for FY 2014 – major expenses since the June board meeting include: Beef 2020, SDSU Meat Judging Team sponsorship, and various Beef Quality Assurance booths and trainings. Administration is anticipated to be right on budget for the fiscal year – major expenses since the June board meeting include: Summer Conference, Research Committee meeting, Budget Committee meeting and staff travel to various events. Compliance will remain under budget for FY 2014. As of September 20, 2014 the SDBIC has remitted 1,432,852 to CBB, 356,389 to the Federation which includes USMEF and 681,947 to other state beef councils.

Heninger next summarized the Balance Sheet, including outstanding Research obligations. Walth so moved, seconded by Caslin to approve the Financial Report. **Motion carried.**

DIRECTOR OF NUTRITION AND CONSUMER INFORMATION REPORT

Swee presented the Director of Nutrition and Consumer Information report. A summary of her recent activities include:

- Swee attended the SD Association for Career and Technical Education (SDACTE) conference. The conference provided an opportunity to communicate the SDBIC programs available for FCS, Ag and ProStart teachers. These programs were designed to enhance teacher's current curriculum.
- Swee recently developed a new beef video cooking contest for students to create and share videos online that demonstrate delicious, easy, nutritious, and economical beef meals. Entrants must be enrolled in a SD FCS or ProStart course or a member of the SD FCCLA chapter. The SDBIC will provide prizes to the top three winners. Teachers of the respective winning students will receive a gift card provided by Plum's Kitchen in Sioux Falls to be used towards any new supplies for their school's classrooms.
- Sanford Center for Health and Wellness along with the SDBIC provided an interactive cooking class on preparing delicious nutritious meals.
- Swee presented on the importance of lean beef in school age children's diets during the SD School Nurse Association Conference in July.
- The SDBIC sponsored Ag United's *Mom's Day out on the Farm* bus tours. Twenty-three Sioux Falls area mothers had the opportunity to familiarize themselves with agriculture production practices.
- The SDBIC along with six other State Beef Councils hosted two educational sessions at the National American Culinary Federation Conference in Kansas City. Approximately 1,600 Chefs and foodservice professionals toured a ranch to learn more about beef production practices.
- The SDBIC partnered with the American Heart Association's *Simple Cooking with Heart* demonstrations to showcase beef in heart-healthy recipes.
- The Supermarket RD Toolkits are now available for retailers to use. This is turn-key program developed from beef checkoff research, supported in part by the SDBIC, to increase beef sales and provide beef nutrition education for in-store demonstrations.

Upcoming events for Swee include her participation at the SD Association of Healthcare Organizations / SD Academy of Nutrition & Dietetics Associations annual meeting and expo in Rapid City on September 24-26, 2014. Swee will provide a presentation during the Nutrition and Foodservice Professionals conference in Rapid City on October 8th.

NUTRITION ASSISTANT/DIRECTOR OF ONLINE COMMUNICATIONS REPORT

Burgers informed the board of the results to the social media digital lab analysis conducted by NCBA. Per their recommendations, Burgers plans to incorporate Facebook paid advertising, consolidate the Team BEEF SD and SDBIC Facebook pages as well as channeling our Twitter voice towards Facebook's message. She also plans to continue the creation of Producer spotlight videos and weekly blog recipes.

Burgers informed the board that Team BEEF South Dakota 2015 will change the reimbursement policy to accommodate more growth and expansion as well as incorporating year-round engagement opportunities for both adult and youth members.

DIRECTOR OF INDUSTRY RELATIONS REPORT

Walsh provided the Director of Industry Relations report. Walsh has been working closely with SDSU's Livestock Steward Specialist Heidi Carroll to update the current BQA Manual. She noted the updated manuals will incorporate materials obtained from the national program as well as graphics to make more user friendly.

Walsh shared the challenges of transitioning Level 1 BQA Certified producers in completing Level 2 certification which includes the critical management plan and veterinarian client relationship form.

SDSU Extension Specialists have received their BQA Training Certification through the "Train the Trainer" educational sessions.

Walsh noted the increase in BQA trainings at feedyards due to requirement by meat packers. Boehringer Ingelheim is sponsoring free producer access to the National Beef Quality Assurance online modules through October 31, 2014.

EXECUTIVE DIRECTOR REPORT

Frederick presented the Executive Director report. He summarized his written report by highlighting the July 4th beef promotion at Family Thrift Center in Rapid City, various BBQ events including SDSU's BBQ Bootcamp that were scheduled in August, Labor Day promotion at Family Thrift Center in Rapid City, and the Sam's Club Promotion that was held in Rapid City and Sioux Falls.

Frederick shared his attendance at Summer Conference. He, along with other SDBIC board toured USMEF's operation and gathered information on how checkoff dollars are used to promote beef globally.

Cattle Fax report indicates we are in the beginning stage of an expansion phase with a higher than normal retention of heifers and culling fewer old cows. Frederick noted this will have a negative effect on checkoff revenue over the course of two to three years.

Frederick summarized a comprehensive study commissioned by the Joint Evaluation Committee to examine the effectiveness of the checkoff program. Dr. Harry Kaiser of Cornell University concluded the Return on Investment of approximately \$11.20 for every \$1.00 invested in the beef checkoff program.

PRESIDENT'S REPORT

Pazour next gave the President's report. She reflected on the challenges from the past year and noted her intent to continue with the Evaluation Committee. Pazour noted value with the Executive and Budget committees being served by the same board members.

Pazour expressed her gratitude toward staff and their commitment to the beef industry.

Pazour concluded her report by summarizing the Atlantic City Food & Wine event she attended on behalf of the SDBIC.

EXECUTIVE COMMITTEE REPORT

Pazour presented the Executive Committee report. She noted the Executive Committee met on June 4, 2014 and September 19, 2014 to review the Policy Manual and evaluate staff. Pazour provided a detailed explanation of the committee's decisions.

Pazour so moved, seconded by Tupper to recommend the following Policy Manual change. **Motion carried – 6 ayes, 2 nays.**

Reimbursement of Director and Staff Allowances and Expenses (Page 18-19)

1. Per Diem Allowance:

	Instate	Out of State
Breakfast	\$ 15.00	\$ 15.00
Lunch	20.00	20.00
Dinner	20.00	35.00
Total	\$ 55.00	\$ 70.00

Pazour so moved, seconded by Gebhart for the SDBIC to adopt the following Value Statement. Discussion followed. **Motion carried**

SDBIC Value Statement

- The SD Beef Industry Council believes in sustainable beef production practices that are socially responsible, environmentally sound and economically viable.

Pazour so moved, seconded by Deering to recommend the following Policy Manual change. **Motion carried.**

Nominating Committee (Page 11)

The President shall appoint a nominating committee of no fewer than eight people representing the member organizations to present a slate of nominees at the Council's Annual Meeting for the President, Vice President, Treasurer and the directors to the Federation Division of NCBA. **Federation Directors are elected each for a three-year term on a rotating basis according to length of term**

Pazour so moved, seconded by Mertz to approve a 2.5% salary increase for all employees. Additionally, the committee recommends a \$2,000 performance bonus for Swee and Heninger to be expensed in FY 2015. **Motion carried.**

Pazour so moved, seconded by Deering to recommend the following Policy Manual change. **Motion carried.**

Reimbursement of Director and Staff Allowances and Expenses (Page 18-19)

4. Exceptions

Meals Provided: Whenever meals are provided at no additional cost to the traveler (including meals on planes, at State and National meetings and meals included in conference registration fees), the traveler shall not be entitled to any meal allowance for those particular meals. If circumstances, such as unique dietary needs, make it necessary to forego the provided meal, then the traveler may claim up to the maximum meal allowance. In this case, an itemized receipt and a written explanation approved by the Executive Director is necessary. A traveler who is required to buy a meal, in excess of the particular meal allowance at a conference or meeting, **may be reimbursed actual expenses provided a receipt (if possible) and approved explanation are submitted by Treasurer and President.**

Pazour so moved, seconded by Thomas to recommend the following Policy Manual change. Motion carried.

Reimbursement of Director and Staff Allowances and Expenses (Page 18 – 1st Paragraph)

Each Council member, or other person as designated by the Council, shall be entitled to reimbursement the actual expenses incurred for travel, mileage, room, meals, and incidentals relating to Council business while attending Council and committee meetings or when representing the Council at meetings and other occasions. Travel other than to officially called Board or committee meetings and required national meetings must have **prior approval of the President or and Executive Director.** The President initials a copy of the reimbursement form upon his/her approval after the Executive Director has reviewed it and signed it as "approved".

Pazour so moved, seconded by Caslin to approve the Executive Committee report. Motion carried.

RESEARCH COMMITTEE REPORT

Walth presented the Research Committee report. The Research Committee met in Brookings on August 13, 2014 to review FY 2015 research proposals as well as receive updates on existing research. Walth noted the committee granted four no cost extensions. Walth so moved, seconded by Moller to approve the Research Committee report with the following recommendations. **Motion carried.**

- “*Effects of nursing-calf implant timing on growth performance and carcass characteristics.*” – Dr. Amanda Blair - **\$55,405.**
- “*Effects of postruminal protein flows and small intestinal starch digestion on carcass quality and adiposity in cattle.*” – Dr. Derek Brake - **\$61,295.**

PROMOTION COMMITTEE REPORT

Bieber presented the Promotion Committee report. He noted the committee met on June 4, 2014 and on July 7, 2014 to review Authorization Requests for FY 2015 and recommend a promotion budget. Upon Budget Committee modifications / recommendations, the committee met again on September 19, 2014. Bieber so moved, seconded by Maher to approve the following Promotion Committee recommendations. **Motion carried.**

- Increase SD Cattlemen’s Auxiliary budget by **\$5,000** to cover contractual expenses for the FY 2016 Expo Etc. for Her project
- NYBIC – approve all six ARs submitted with a budget of **\$50,000**
- Prime Time Gala - **\$5,000**
- Allocate funds for the Beef Ambassador Program to the Cattlewomen budget – **\$4,500**
- Increase SD Cattlemen’s Auxiliary budget by **\$2,150** to fund the “Women in Ag Day”
- Sioux Falls Canaries – **\$3,000**
- Sioux Falls Stampede – **\$6,000**

Bieber explained no action was taken on the SDSU and USD athletic sponsorship proposals as they are currently contracted through FY 2016 and the new proposals were for FY 2017 and FY 2018.

BUDGET COMMITTEE REPORT

Budget Committee Chair Wayne Tupper presented the Budget Committee report. The Budget Committee met August 6, 2014 to formulate the FY 2015 budget. Tupper explained he would review the budget page by page and if amendments were necessary they would need to be made at that time.

- **Income Budget (\$3,493,100 FY 2015 Approved Budget)**

Tupper summarized revenue projections for FY 2015. He noted the Budget Committee released \$125,000 from reserves to balance the budget. There was no discussion.

- **Promotion Budget (\$345,720 FY 2015 Approved Budget)**

The board next reviewed Promotion. Tupper noted a new line item (5190) was created to track implementation costs for promotions. Funds for the new line item were shifted from 5620 (Admin – Staff Travel) to 5190 (Promotion – Implementation) - \$7,000.

Pazour so moved, seconded by Sumption to shift \$10,000 from 5615 (Admin – Board Expense) to 5190 (Promotion – Implementation) for staff and director travel. **Motion carried.**

Bieber explained the Promotion Committee approved funding the Sioux Falls Canaries and Sioux Falls Stampede at \$12,500 which left a surplus of \$3,500 in the Promotion Committee budget. Bieber so moved, seconded by Caslin to amend the budget by shifting the \$3,500 surplus from 5135 (Promotion – Beef Up Your Game) to 5160 (Promotion – Special Projects). **Motion carried.**

- **Consumer Information Budget (\$264,244 FY 2015 Approved Budget)**

There was no discussion on Consumer Information.

- **Producer Communications Budget (\$41,000 FY 2015 Approved Budget)**

There was no discussion on Producer Communications

- **Research Committee Budget (\$121,700 FY 2015 Approved Budget)**

Walth explained the Budget Committee allocated \$115,000 for research as well as \$5,000 for researcher travel. She noted the recommended research projects totaled \$116,700 leaving a deficit of \$1,700. Walth moved, seconded by Moller to increase the research budget by \$1,700.

- **Industry Information Budget (\$93,187 FY 2015 Approved Budget)**

The board discussed the SDSU Meats Judging and Meats Evaluation Teams. Dr. Keith Underwood summarized the proposals and noted student interest in the FY 2015 Meats Evaluation Team. Discussion followed. Mertz so moved, seconded by Walth to amend the budget by allocating \$10,000 for the SDSU Meats Judging and Meats Evaluation Teams (Line item – 5507). **Motion carried.**

- **Administration Budget (\$273,910 FY 2015 Approved Budget)**

Tupper summarized the changes to Administration. There was no discussion.

- **Compliance Budget (\$3,500 FY 2015 Approved Budget)**

There was no discussion on Compliance.

- **National Programs (\$2,336,729 FY 2015 Approved Budget)**

Tupper directed the board's attention to National Investments. He stated the budget committee is recommending the SDBIC invest in four seats on the Federation at \$336,729 - \$219,529 Unrestricted; \$100,000 Prioritized International Marketing; and \$17,200 Earmarked for two additional USMEF seats.

Discussion continued on the value of investing in the Federation. Mertz moved, seconded by Maher to invest \$96,000 to secure three seats on the Federation.

Tupper interrupted the discussion for the Prime Promoter Luncheon at 11:30 AM. The board reconvened at 1:15 PM.

Tupper called for further discussion on the Federation Investment. There being none, Tupper called for a vote. **Motion to invest 96,000 in the Federation failed.**

Mortenson so moved, seconded by Caslin to take \$10,000 from reserves to balance the budget. **Motion carried.**

Tupper entertained a motion to adopt the amended budget. Mortenson so moved, seconded by Gebhart. **Motion carried.**

NOMINATING COMMITTEE

Acting Chair Walth presented the Nominating Committee report. She stated the Nominating Committee met earlier in the day to interview candidates for SDBIC President, Vice President and Treasurer as well as candidates for USMEF Director and Federation Director.

The committee recommended Karla Pazour for President. Walth asked if there were any other nominations for SDBIC President. There being none; a motion was made by Gebhart, seconded by Mortenson to cast a unanimous ballot and elect Karla Pazour as SDBIC President. **Motion carried.**

The committee recommended Wayne Tupper for Vice President. Walth asked if there were any other nominations for SDBIC Vice President. There being none; a motion was made by Maher, seconded by Moller to cast a unanimous ballot and elect Wayne Tupper as SDBIC Vice President. **Motion carried.**

The committee recommended Todd Mortenson for Treasurer. Walth asked if there were any other nominations for SDBIC Treasurer. There being none; a motion was made by Bieber, seconded by Tupper to cast a unanimous ballot and elect Todd Mortenson as SDBIC Treasurer. **Motion carried.**

The committee recommended Karla Pazour and Gary Deering for the two year terms. Walth asked if there were any other nominations for Federation of State Beef Council Director. There being none; a motion was made by Walth, seconded by Mertz to cast a unanimous ballot and elect Karla Pazour and Gary Deering as Federation of State Beef Council Director. **Motion carried.**

The committee recommended Wayne Tupper for USMEF Director. Walth asked if there were any other nominations for USMEF Director. There being none; a motion was made by Gebhart, seconded by Blotsky to cast a unanimous ballot and elect Wayne Tupper as USMEF Director. **Motion carried.**

NATIONAL REPORTS

CBB Director Gary Sharp provided the Operating Committee report. He stated the Operating Committee met in September and passed a \$39 million budget. Sharp commented the Operating Committee is appreciative of the SDBIC's support to the northeast portion of the U.S.

Federation Directors Walth and Pazour made mention of their written reports. Federation Director Deering commented on the Checkoff Enhancement Working group.

The next SDBIC Board Meeting is scheduled for Monday, November 24, 2014. There being no further business Pazour adjourned the meeting at 1:38 P.M.