

**South Dakota Beef Industry Council**  
**BOARD OF DIRECTORS ANNUAL MEETING**  
**SDSU Student Union – Pheasant/Crest Room**  
**Brookings, SD**  
**September 26, 2015**

President Pazour called the meeting to order at 8:30 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 |
| Steve Hellwig           | SD Livestock Auction Market Association |
| Becky Walth             | SD Cattlemen's Association              |
| Todd Mortenson          | SD Cattlemen's Association              |
| Scott Jones             | 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                        |
| Kari Sanders            | 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                  |
| Ashley Tonak            | Parliamentarian                         |

SDBIC board members absent were as follows:

|                    |   |
|--------------------|---|
| Justin Tupper      | SD Livestock Auction Market Association |
| Randy Volmer       | SD Stockgrowers Association             |
| Mary Ellen Cammack | SD Farmers Union                        |
| Sarah Caslin       | SD Cattlemen's Auxiliary                |

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: Pam Geppert, Amanda Radke, Tim Pazour, Ed Blair, Wanda Blair, Shirley Thompson, Ty Eschenbaum and Doug Ode.

SDSU researchers and staff present were: Dean Barry Dunn, Dr. Daniel Scholl, Dr. Amanda Blair, Dr. Keith Underwood, Dr. Joe Cassady, Dr. Julie Walker, Heidi Carroll, Logan Johnson, Rebecca Starkenburg, Sarah Mayes, and Angela Loftesness.

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

Pazour entertained a motion to adopt the Agenda. Bieber so moved, seconded by Deering to amend the Agenda to include Executive Session to discuss personnel and legal issues directly after the President's Report with the option of an additional Executive Session. **Motion carried.** Deering so moved, seconded by Yost to approve the Agenda as amended. **Motion carried.**

Pazour entertained a motion to approve the minutes of the June 15, 2015 meeting. Deering so moved, seconded by Sumption. **Motion carried.**

#### **FINANCIAL REPORT**

Heninger provided a previous year comparative on revenue. In-state collections decreased by \$46,583 and revenue from other State Beef Councils decreased by \$7,208.

Heninger summarized the Profit and Loss through September 24, 2015. In-State, Out-of-State, and Private Treaty collections exceeded budgeted projections. Heninger next highlighted each expense category. Promotion will remain under budget for FY 2015 – major expenses since the June board meeting include: various BBQ Championship sponsorships, Nordby Exhibit Hall Education display, and state-to-state partnerships with Minnesota Beef Council and Vermont Beef Councils. Consumer Information will remain under budget for FY 2015 – major expenses since the June board meeting include: Team BEEF, ACF Conference, various nutritional events and Ag in the Classroom. Producer Communications will remain under budget for FY 2015 – major expenses since the June board meeting include: Media Contractor expenses, various print ads targeting producers, and SD Stockgrowers annual convention. Heninger noted we have expensed \$259,130 for research in FY 2015. The current research liabilities are \$86,260. Industry Information will remain under budget for FY 2015 – major expenses since the June board meeting include: Beef 2020, various Beef Quality Assurance booths and trainings and Beef in a Bucket promotion. Administration is anticipated to be right on budget for the fiscal year – major expenses since the June board meeting include: staff and director travel for Summer Conference, USMEF and SDBIC committee meetings. Compliance will remain under budget for FY 2015. As of September 24, 2015 the SDBIC has remitted \$1,422,660 to CBB, \$336,729 to the Federation which includes USMEF and \$673,825 to other state beef councils.

Heninger next summarized the Balance Sheet. Checking account and CDs total \$806,985; Research liabilities total \$86,258; October wires total \$60,344. Total cash balance after liabilities total \$660,344. Bieber so moved, seconded by Gebhart 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 written report of her recent activities was provided.

Swee highlighted the SD Association for Career and Technical Education (SDACTE) conference she attended. The conference provided an opportunity to communicate the SDBIC programs available for FACS, Ag and ProStart teachers which include: FACS Beef Program, ProStart Beef Program and the Beef Video Cooking Contest. These programs were designed to enhance teacher's current curriculum to include more beef preparation, cooking and nutrition education.

The SDBIC partnered with SD Farm Bureau with the Beef in a Bucket promotion. The promotion offered core standard education materials to Ag teachers and FFA advisers across the state to utilize in their classrooms. The goal is to provide Ag students with the tools to educate consumers about modern beef production and nutrition information.

Swee announced McIntosh High School ProStart program featured beef as their entrée during the National Culinary and Management competition. She noted that the students shared their South Dakota beef story in all aspects of the contest.

The SDBIC sponsored Dr. James Swain during the SD Association of Healthcare Organizations / SD Academy of Nutrition & Dietetics Associations annual meeting and expo. His presentation "Fat Debate" provided up-to-date information on the different types and sources of fat in the diet and profiled beefs fatty acids. The SDBIC also partnered with Ag United and Midwest Dairy to provide a Beef and Dairy Farm tour to the Registered Dietitians to help them gain more knowledge regarding modern beef and production practices.

Upcoming events for Swee include USD Dakota Days, Partners in Action, and teaming up with the American Heart Association for their Simple Cooking with Heart cooking classes and the National Eating Healthy Day events.

In response to a question from Deering, Swee noted the Dietary Guidelines are supposed to be released by January but they are currently in a holding pattern and it may be March before it is released.

## **NUTRITION ASSISTANT/DIRECTOR OF ONLINE COMMUNICATIONS REPORT**

Burgers presented the Nutrition Assistant/Director of Online Communications report. She provided an update on retail marketing strategies which include creating partnerships with retailers by offering educational cooking demonstrations, marketing materials and up-to-date industry insights.

Burgers is working with the Federation in creating magnetic tear pads to be placed within the meat case. The tear pads will be graphic orientated and include cooking instructions for different cuts of beef.

Burgers summarized the new marketing opportunity with KSFY that will focus our advertising efforts to target millennials mothers.

Team BEEF SD roster included 110 members in 2015. Burgers noted the members are very social and continually promote the industry. 2016 recruitment will begin in December

#### **DIRECTOR OF INDUSTRY RELATIONS REPORT**

Walsh provided the Director of Industry Relations report. Walsh teamed up with Swee to provide BQA education materials for the Beef in a Bucket promotion.

Land-O-Lakes Farm Train the Trainer course provides the evaluation component of BQA Cattle Handling principles. Walsh participated in the course to enhance the training opportunities for dairy quality care and handling.

The SDBIC had a presence at Dakotafest by providing BQA education material as well as partnered with the Northwest Vet Supply cattle team and other various livestock companies to provide daily chute side demonstrations and a 45 minute presentation on cattle handling and proper antibiotic usage.

South Dakota, Minnesota and North Dakota Beef Councils teamed up to sponsor Curt Pate to provide 14 cattle handling demonstrations. Walsh noted 400 producers participated in the trainings.

Walsh provided an update on the Nordby Exhibit Hall Education display. Walsh met with the other organizations investing in a wall display. They agreed to meet with three marketing firms in Sioux Falls on September 28, 2015 to develop content for uniformity. Walsh will share the results at the winter board meeting.

Upcoming events for Walsh include SD Stockgrowers convention, Range Cow Symposium and Partners in Action.

#### **EXECUTIVE DIRECTOR REPORT**

Frederick presented the Executive Director report. He summarized his written report by highlighting his recent attendance at the Cattle Industry Summer Conference. He noted the export market was down 10% in volume. Cattle Fax is predicting a large expansion to the cattle herd.

Frederick yielded the floor to SDSU Extension Livestock Stewardship Associate Heidi Carroll. Carroll communicated her role in livestock stewardship as well as the relationships that exist between beef and dairy in South Dakota. She noted consumers view the species as a common product. Carroll encouraged the SDBIC Board of Directors to consider SD Dairy Producers as a member organization of the SDBIC.

#### **PRESIDENT'S REPORT**

Pazour next gave the President's report. She summarized the creation of the checkoff and shared her thoughts on restructuring the SDBIC Board.

Pazour concluded the report by expressing her gratitude toward staff and their commitment to the beef industry.

Pazour called for Executive Session at 9:56 AM to discuss personnel and legal issues. The board reconvened at 10:34 AM.

#### **EXECUTIVE COMMITTEE REPORT**

Pazour presented the Executive Committee report. The committee received an update from Briana Burgers on the retail marketing strategies she has implemented.

Pazour noted the Executive Committee directed staff to adjust the budget to reflect the 20% increase in health insurance premiums. In addition, staff was directed to research other health insurance options and report back to the committee via email with the findings.

The Executive Committee directed staff to pursue a new auditor for the SDBIC with the final decision being made by the officers and staff.

Pazour so moved, seconded by Tupper 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 12, 2015 to review FY 2016 research proposals, receive updates on existing research and recommend a new research policy.

Walth so moved, seconded by Mertz to approve the following extensions. **Motion carried.**

- *Impact of maternal protein restriction in mid-to late- gestation on gene expression, offspring growth, carcass composition, and meat quality* – six month no cost extension - project to be completed March 30, 2016,
- *Genetic susceptibility to Salmonella spp. Infections in beef cattle (Phase 2)* – three month no-cost extension – project to be completed September 30, 2015.
- *Effects of postruminal protein flows and small intestinal starch digestion on carcass quality and adiposity in cattle* – six month no-cost extension – project to be completed by March 30, 2016.

Walth so moved, seconded by Gebhart to approve the following Policy Manual change. **Motion carried.**

#### **RESEARCH COMMITTEE**

Criteria for solicitation, review and approval of research proposals received by the South Dakota Beef Industry Council Research Committee:

- Review any research proposals received by the council in accordance with the Research Committee call for proposals.
- Consider the state and national priorities in judging research proposals, and shall not approve proposal unless they meet the priorities established by the South Dakota Beef Industry Council and the National program.
- May consult organizations for technical support and assistance as needed.
- Researchers will be informed of the Research Committee's recommendations in person by members of the Research Committee following the meeting.
- Only the Research Committee can grant requests for revisions of any research proposal not previously approved by the Research Committee.
- No proposals will be considered during the year unless otherwise determined by the Research Committee.
- Final approval of all Research Committee decisions will be made by the SDBIC Board of Directors at the Annual Meeting.
- Researchers will be notified in advance of the Beef Checkoff Program research funding priorities set forth by the Cattlemen's Beef Board (CBB) as well as key element requirements of the contract between the research facility and the South Dakota Beef Industry Council (SDBIC).

#### **TIMELINE FOR PROPOSALS**

- Late Fall Quarterly Meeting - Discuss State / National Priorities with submitting organization.
- Spring Quarterly Meeting – One page pre-proposal submitted for review and approval for full submission. The pre-proposal must be submitted prior to March 1. In addition, progress reports on existing research studies must be submitted in writing by March 1.
- Research Proposal Submission – the deadline for SDBIC research proposal submission for national reviews will be no later than July 1.
- August - Reviews, Priority Rankings, and Research Proposals are sent to the Research Committee for review 2 weeks prior to Research Committee Meeting.
- Sept/Oct - Final approval at the SDBIC Annual Meeting.

Following Annual Meeting, Researchers will be notified of the Board's decision and contracts will be issued.

Walth shared the committee's recommendation to approve three research proposals. The proposals exceed Budget Committee recommendation by \$46,704. Discussion followed. Walth so moved, seconded by Thomas to approve the following FY 2016 research proposals at investment of \$146,704. Chairman Pazour directed further discussion on the budget difference during the Budget Committee report.

- *Impact of maternal protein restrictions in beef cattle during mid- to late-gestation on gene expression and epigenetic change in offspring* – Dr. Amanda Blair - **\$17,627**
- *Identification of microbial risk factors that cause Salmonella persistence and infection in beef cattle* – Dr. Joy Scaria - **\$58,218**
- *The supplementation of long chain fatty acids in feedlot cattle diets effect on beef carcass traits* – Dr. Keith Underwood - **\$70,859**

### **PROMOTION COMMITTEE REPORT**

Yost presented the Promotion Committee report. The committee met on September 13, 2015 to consider FY 2015 and FY 2016 Authorization Requests. FY 2015 recommended ARs include:

- Coteau Hills Cattlemen Association for \$450 – to assist with the purchase of a billboard promoting beef
- Vermont Beef Industry Council for \$10,050. New England Meat Conference, Strolling of the Heifers, Lake Champlain International Father’s Day Fishing Derby, Vermont Cheesemakers Festival, Beef Quality Assurance Training Workshops

Yost continued with the report summarizing the FY 2016 ARs:

- SD Cattlemen’s Auxiliary budget - \$25,220
- SD Cattlewomen budget - \$30,000
- Mom’s Every Day - \$8,000
- Weather Channel app - \$4,000 (Special Projects)
- Geo-targeting - \$3,000 (Special Projects)
- 4-H BBQ proposal - \$1,200
- Pennsylvania Beef Council proposal - \$15,000
- Northeast Beef Promotion Initiative - \$50,000
- New York Beef Council - \$50,000
- Prime Time Gala - \$5,000 (Special Projects)
- Pump Iron Eat Beef - \$8,500
- Cooking Beef with Eric and Home Ideas Kitchen Creations - \$16,000

Yost explained an invite to the next meeting has been extended to USD and SDSU for further clarification on their FY 2017 athletic sponsorships.

The Promotion Committee did not approve the SDARL proposal.

Board members asked for clarification of the Conflict of Interest policy in regards to the limited number of committee members able to vote on proposals at the Promotion Committee meeting. Frederick noted, he communicated with CBB following the Promotion Committee meeting for a better understanding of the Conflict of Interest policy. Members should recuse themselves from

voting if you serve in a leadership role and your organization submitted an AR, monetary gain or personal bias/prejudice. If you are in a membership role than you are not expected to recuse yourself.

Yost so moved, seconded by Sanders to approve the Promotion Committee report. **Motion carried.**

Deering so moved, seconded by Maher to have the CBB staff available at the next board meeting to discuss the SDBIC Conflict of Interest policy. **Motion carried.**

### **BUDGET COMMITTEE REPORT**

Budget Committee Chair Wayne Tupper presented the Budget Committee report. The Budget Committee met August 3, 2015 to formulate the FY 2016 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.

- **Proposed Income Budget - \$3,462,600 (FINAL - \$3,537,600)**

Tupper summarized revenue projections for FY 2016. He noted the Budget Committee released \$100,000 from reserves to balance the budget. There was no discussion.

- **Proposed Promotion Budget - \$363,160 (FINAL - \$370,660)**

Bieber so moved, seconded by Deering to increase Promotion – Special Projects by \$7,500 for SDARL. This is a two year contract therefore \$7,500 will need to be budgeted in FY 2017. Discussion followed. **Motion carried.**

Mertz so moved, seconded by Blotsky to increase Promotion – Beef up your Ride by \$4,500. **Motion failed.**

- **Proposed Consumer Information Budget - \$231,478.71 (FINAL - \$231,478.71)**

There was no discussion on Consumer Information.

- **Proposed Producer Communications Budget - \$42,000 (FINAL - \$42,000)**

There was no discussion on Producer Communications

The board recessed at 11:20 AM for the Prime Promoter Luncheon. The meeting reconvened at 1:10 PM

- **Proposed Research Budget - \$105,000 (FINAL - \$151,704)**

Walth explained research proposals total \$146,704 plus \$5,000 for researcher travel leaving a deficit of \$46,704. Gebhart moved, seconded by Mertz to increase the research budget by \$46,704. **Motion carried.**

- **Proposed Industry Information Budget - \$94,826.42 (FINAL - \$94,826.42)**

There was no discussion on Industry Information



- **Proposed Administration Budget - \$284,889.54 (FINAL - \$284,889.54)**

There was no discussion on Administration

- **Proposed Compliance Budget - \$3,500 (FINAL - \$3,500)**

There was no discussion on Compliance.

- **National Programs (FINAL - \$2,354,153.00)**

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 \$326,653 - \$209,453 Unrestricted; \$100,000 Prioritized International Marketing; and \$17,200 Earmarked for two additional USMEF seats. National Investments are as follows:

- CBB - \$1,377,500
- Other State Beef Council - \$650,000
- Federation - \$326,653

Deering so moved, seconded by Bieber to increase In-State collection by \$50,000. **Motion carried.**

Bieber so moved, seconded by Maher to release an additional \$25,000 from reserves to balance the budget. **Motion carried.**

Tupper so moved, seconded by Yost to approve the amended budget. **Motion carried.**

#### **NOMINATING COMMITTEE**

Gebhart presented the Nominating Committee report. The committee interviewed candidates for SDBIC President, Vice President and Treasurer as well as candidates for USMEF Director and Federation Director.

The committee recommended John Symens for USMEF Director. Gebhart asked if there were any other nominations for USMEF Director. There being none; a motion was made by Gebhart, seconded by Thomas to elect John Symens as USMEF Director. **Motion carried.**

The committee recommended Becky Walth and Scott Jones to serve as Federation Directors. Gebhart asked if there were any other nominations for Federation Director. There being none; a motion was made by Gebhart, seconded by Sanders to elect Becky Walth and Scott Jones as Federation Directors. **Motion carried.**

The committee recommended Laurie Johnson as Treasurer. Gebhart asked if there were any other nominations for Treasurer. There being none; a motion was made by Gebhart, seconded Maher to elect Laurie Johnson as Treasurer. **Motion carried.**

The committee recommended Wayne Tupper for President. Gebhart asked if there were any other nominations for President. There being none; a motion was made by Gebhart, seconded Mertz to elect Wayne Tupper as President. **Motion carried.**

The committee recommended Eric Sumption for Vice President. Gebhart asked if there were any other nominations for Vice President. There being none; a motion was made by Gebhart, seconded Maher to elect Eric Sumption as Vice President. **Motion carried.**

Bieber so moved, seconded by Blotsky to go into Executive Session for personnel and legal matters. **Motion carried.** The board went into Executive Session at 1:29 PM. The board reconvened at 1:51 PM.

Gebhart so moved, seconded by Maher to grant the Executive Committee the authority to offer a contract to the chosen Executive Director. **Motion carried.**

### **NATIONAL REPORTS**

Federation Directors Walth, Pazour and Jones made mention of their written reports. Federation Director Deering commented the Long Range Plans goal is to increase beef demand by 2% for the next two years. Walth summarized the checkoff transitioned its committee structure to reflect consumer demand drivers. The committees include: Safety, Nutrition and Health, Innovation, Export Growth and Social Responsibility. Pazour commented that all web based material will be directed to BeefItsWhatsForDinner.com to provide consumers with one location to search for their beef related questions.

President Pazour passed the gavel to incoming President Wayne Tupper.

The next SDBIC Board Meeting is scheduled for Monday, November 23, 2015. There being no further business, Deering moved to adjourn, seconded by Yost. **Motion carried.** Meeting adjourned at 2:08 PM.