

MICHIGAN BEEF INDUSTRY COMMISSION

Board Meeting

Thursday, December 16, 2021

Okemos Courtyard by Marriott

Commissioners in Attendance:

Monte Bordner
Bret Schapman
Jon Haindl
Jill Sears
David Neitzel
Jennifer Lewis

Others Present:

Dale Oeschger, Ex-Officio
Ken Blight, Ex-Officio
Ailie Weaver, Maner Costerisan
Dr. Cathy Ernst, MSU
Dr. Melissa McKendree, MSU
Dr. David Ortega, MSU
Dr. Dan Buskirk, MSU
Jeannine Schwehofer, MSU (virtually)
Heather Throne, MDARD
George Quackenbush, MBIC
Jacquie Harrison, MBIC
Katie Serbinski, MBIC

Not in Attendance:

Leon Knirk
Dave Clark
Travis Shunk

Welcome and Call to Order

Chairperson Monte Bordner called the meeting to order at 9:12 am. A quorum is set in that six commissioners are present in person.

General Business

Approval of Agenda

Heather Throne asked to be placed earlier in the agenda as she has other meetings to attend today.

Jon Haindl **MOVED** to approve the agenda as presented with the MDARD report moved up to an earlier time.

Bret Schapman **SUPPORTED. MOTION CARRIED.**

Approval of Minutes – Jon Haindl, Secretary

Jon Haindl expressed concern about the board having a quorum and voting on motions at the September 16, 2021, meeting. George Quackenbush sought advice from Brad Deacon, MDARD attorney, who said that MBIC has no policy in place to specify the number of yes or no votes to carry a motion.

Jon Haindl **MOVED** to approve the minutes of the September 16, 2021, board meeting. Bret Schapman **SUPPORTED. MOTION CARRIED.**

Presentation of FY 2021 MBIC Audit – Ailie Weaver, Maner Costerisan

Ailie Weaver, CPA from Maner Costerisan, presented the independent auditors report for the fiscal year 2021. She explained that any findings or recommendations would be reported in a separate letter. She did have one finding that she explained later. She said no internal controls need to be modified or added. She believes MBIC is in very sound financial health on September 30, 2021.

Ailie did recommend, as a best practice, that unassigned fund balances (non-checkoff funds) should be 15-20% of annual operating expenditures. The unassigned fund balance at 9/30/21 was 9.4%. This is not a concern but, it is recommended that MBIC maintains an unassigned fund balance. If the Checkoff fund is depleted, the unassigned fund balance would be used to cover operating expenses for 2-3 months.

The change in fund balance, Checkoff funds, reduced by \$52,000. In comparison, the fund balance increased in FY20 by \$64,000. Checkoff assessment revenue increased in FY21, while Promotion and Consumer Information expenses increased more in FY21 than in FY20.

In FY21, the Government Accounting Standards Board (GASB) issued new rules about leases and subscription-based information technology arrangements. At this time, there is no concern for MBIC, but the audit will review any concerns in the future.

Ailie reported that the one finding resulting from the audit is in budgeting where the actual expenses are greater than the budgeted figures for the program groups, not each expense line item. The Non-Checkoff Fund was \$9 over budget. The Checkoff Funds, in Promotion and Consumer Information, were \$70,000 over budget. Ailie said this is a common finding among Maner Costerisan audit clients. Overall, MBIC is operating soundly and effectively. Ailie recommends that the Board approve an amended budget as needed throughout the year.

Ailie reported that there are no material journal entries needed for FY2021. The Negative Assurance Letter shows that no issue arose to communicate to the Board. Ailie can provide examples of how the Board could reduce the Fund Balance and set guidelines for doing so. There is no need for a policy or procedure, but the audit will require notation of this in their report.

Jill Sears **MOVED** to accept the FY2021 Financial Audit. Jennifer Lewis **SUPPORTED**. **MOTION CARRIED**.

Financial Report – Jill Sears, Treasurer

Jill reviewed the financial summary for the month ending and year to date ending November 30, 2021. George Quackenbush reminded the Board that the FY21 budget was approved for a reduction in the Fund Balance of \$86,000 for promotions and operating expenses. Revenue for the FY22 year to date through 11/30/21 shows 106% over budget and expenses are 77% of budget. This is due to promotional and consumer information programs not occurring yet. The Checkoff Fund Balance Sheet and Profit & Loss Statement was reviewed in more detail. The CDARS investment was explained.

Jennifer Lewis **MOVED**, and Bret Schapman **SUPPORTED** to accept the financial reports as presented. **MOTION CARRIED**.

Allied Industry Report - MDARD

MI Department of Agriculture and Rural Development

Heather Throne reported that Rural Development Grants received 114 proposals by November 2021 and MDARD will reward funding on February 23, 2022. There will be 1.7 million dollars of restricted funds awarded to 17-25 projects so this grant season will be very competitive. This is the broadest grant program from MDARD, and eligibility is for rural counties based on land-based industry. The applicants must meet a 30% match for a \$100,000 request.

There is a new grant program funded by the budget that went into effect on October 1, 2021. It is called Farm Innovation Grants and are based on university-style research on innovation needed at processor and farm level including automation, technology, supply-chain resiliency, water quality and environmental issues and others. MDARD will begin putting things in place for this new program the first quarter of 2022. These funds are General Fund, one-time, provisions and different than funds from COVID-19 relief funds.

There are also Farm & Farmworker Relief Grant funds from USDA. These funds would go toward meat processing and grocery store needs (beyond personal protective items) and other businesses that need to help farm workers. A lot of the USDA funds will go through the state agencies.

Information

Nutrition & Consumer Info Report – Katie Serbinski

Katie reported that she has continued to build and maintain relationships with leaders that recommend eating beef to their audience and families and continues to put out a beef nutrition newsletter to 488 registered dietitians in Michigan. Katie's beef nutrition newsletter sees a 37% "open" rate which is on par with other nutrition newsletters.

MBIC placed an advertisement with MI Academy of Nutrition and Dietetics (MIAND) which reached 4,500 registered dietitians in Michigan. The newsletter and MIAND ad featured the Beef Nutrition Education Hub which provides continuing education for industry professionals at no cost.

In January 2022, MBIC is launching a partnership with the MI Academy of Pediatrics (MIAP) doing email communications, Facebook ads, and an ad on their website. The beef industry, as a whole in the first 6 months, will be focusing on Eating in the Early Years including feeding beef to children 6-months and older. MIAP is excited to work with MBIC. NCBA is developing an Early Years toolkit that state beef councils can share during this campaign.

MBIC is reducing the partnership with MI Academy of Family Physicians (MIAFP) this year. In 2021, MBIC ran website ads with MIAFP but have decided to end that aspect of the partnership. In 2022, MIAFP will host an annual conference and expo in July on Mackinac Island with sponsorship opportunities. Katie and George are not sure if we will be involved but funds have been set aside for it and will assess the opportunity when more information is provided.

As a member of MIAND, Katie has had the opportunity to network with other dieticians and participate in various events offered through the Academy. One event was a recipe contest through Henry Ford Health System Live Well blog. This blog reaches over 65,000 people. Katie submitted a recipe for Stuffed Pepper Chili which was selected to be posted on the website and promoted through other media channels. There was a restriction to including MBIC name with the recipe but at least there was another lean ground beef recipe out there.

MBIC is in the midst of a holiday campaign with five health and wellness influencers in Michigan which includes “Mom” bloggers. They are sharing with their followers on Facebook and Instagram how they are celebrating the holidays with beef. They are making recipes from Beef, It’s What’s For Dinner website, taking photos and sharing on social media. Results will be shared at the Spring 2022 board meeting.

Executive Report – George Quackenbush

George reported that NCBA is doing a significant holiday campaign. There will be many ads on Hallmark Channel and many on social media. This is the second year that NCBA is partnering with Hallmark Channel for these holiday ads and appears to give good exposure and return on investment.

George is working on producer communications plans. He attended the Clare County Livestock Auction and speaking to buyers/producers and provided a lunch. George presented a Consumer Outreach flyer, created for producers, that gives information about partnerships, promotional activities, and statistics about the over 7.4 million consumers reached. The other side of the flyer provides information to producers about the Beef Checkoff. This flyer was included in the Winter issue of the MCA magazine and will be in the MI Milk Messenger.

The Cattlemen’s Beef Board’s quarterly publication, The Drive, will have a two-page insert, purchased by MBIC, in the January 2022 issue. This flyer tells of our partnerships, the Michigan International Speedway event in August 2021, and consumer outreach statistics. MBIC added 2,400 producers to their mailing list by accessing a list of BQA certified producers. The quarterly issues, and any purchased inserts, may be mailed legally but requires permission to email to recipients.

MBIC has partnered with the MSU Beef Team to provide Beef Checkoff videos at the BQA trainings around Michigan.

The R-CALF, and other petitioners’, deadline to submit their petitions has expired. On November 9, USDA sent a letter to the petitioners saying the matter is closed because USDA didn’t receive any signatures.

The 2022 Beef Industry Convention and NCBA Trade Show is scheduled for February 1-3. Monte Bordner is registered to attend, and Leon Knirk is planning to attend. This is the last year of Ken Blight’s second term on the CBB Board.

Decisions

MBIC Mission Statement

After some discussion, the board offered a revision of the MBIC Mission Statement to read “Building consumer demand for beef by growing consumer trust and promoting beef’s value.”

Bret Schapman **MOVED** to adopt the mission statement as presented. Jon Haindl **SUPPORTED**.
MOTION CARRIED.

FY 2022 MBIC Marketing Plan and Strategic Plan

George presented definitions of the program areas and core strategies of the Strategic Plan that was developed at the September 2021 board meeting with Todd Johnson from NCBA. The recommended core strategies were presented for the 2022-2026 Strategic Plan.

Jon Haindl **MOVED** to adopt the 2022-2026 Strategic Plan as recommended. Jill Sears **SUPPORTED**.
MOTION CARRIED.

George presented the FY2022 Marketing Plan.

Bret Schapman **MOVED** to approve the FY22 Marketing Plan as presented. Jon Haindl **SUPPORTED**.
MOTION CARRIED.

FY 2022 MBIC Budget/Amendments

George presented three amendments to the FY22 MBIC Approved Budget.

Bret Schapman **MOVED** to amend the FY22 budget by reducing Consumer Information account #441 to \$500 (from \$3,000), increasing Consumer Information account #448 to \$6,500 (from \$4,000), and moving Promotion account #454.2 to Promotion account #454.1 in the amount of \$1,653. Jennifer Lewis **SUPPORTED**.
MOTION CARRIED.

George presented a recommended FY2022 General Fund (non-Checkoff) budget.

Jill Sears **MOVED** to approve the FY22 General Fund budget as recommended. Jennifer Lewis **SUPPORTED**. By roll call vote: Lewis-yes; Sears-yes; Neitzel-yes; Schapman-yes; Haindl-yes.
MOTION CARRIED.

The MBIC Board meeting was adjourned for photos and lunch at 11:55 am.

Chairperson Monte Bordner called the meeting to order at 2:15 pm.

Guest Presentation-Views on Traceability in the Beef System

Dr. Melissa McKendree, Dr. David Ortega, Dr. Dan Buskirk, and Dr. Jeannine Schwehofer presented their study and insights on Traceability in the Beef System.

There was much discussion around these questions:

What is the next step we should take in Michigan to advance beef traceability?

What are the barriers or challenges to overcome to adopt an ideal traceability system?

What are the benefits or opportunities (helpful incentives) of an ideal traceability system?

Which of the following characteristics of the traceability system would be most important?

Least important?

Who administers the program? Who has data access? What data is collected? Benefits of program involvement? Program costs, infrastructure, and maintenance? Ease of data collection and entry?

Allied Industry Reports

MI Cattlemen's Association

George reported that the Bull Evaluation Program is going ahead despite the death of Brian Plank in November. Ninety-eight bulls started the program. The 56-day weigh-in will be on Friday, December 17. Eric Plank is overseeing the program, with Mary Gee overseeing Brian's farm. Others have volunteered to help out as they can. There are questions about where the Program goes beyond the 2022 Bull Evaluation.

The Michigan Beef Expo is scheduled for April 1-3, 2022, at the MSU Pavilion. There are some new people on the Beef Expo Committee representing the breed associations and there seems to be some enthusiasm for this year's Expo. The MCA Annual Conference will be incorporated into the Beef Expo weekend and will be held in the classrooms at the Pavilion on Friday, April 1, 2022. Breakout sessions are being planned.

Chairman Bordner reminded the board that, at the September 16, 2021, meeting employee evaluations were done, and the board talked about allocating funds for the Executive Director to engage in Human Resources and bookkeeping training. A financial figure needs to be decided for these trainings and needs to be applied to a budget line-item.

Michigan State University

Dr. Cathy Ernst, Chair of the MSU Animal Science Department, reported that MSU allowed for its first face-to-face classroom sessions, but professors are still providing a recorded experience for students out sick. Student clubs are starting back up, but challenges still exist because of a student leadership void. Taylor Langford is leading livestock judging teams which consists of 17 students in the program. Some of the 17 students are travelling to judging events across the country. Dr. Buskirk is currently involved in a Holstein-cross research project. The beef provisions for the dorms and Kellogg Center are back in production. Dr. Buskirk is also working with the Plank family on the MCA/MSU Bull Evaluation Program. Jason Rowntree has received a large grazing grant in partnership with multiple institutions. There are still faculty positions unfilled. The College of Ag is providing help to begin searching for candidates to fill these positions. The Dean of the College of Ag is currently in the interim state. The dairy facility, that experienced a recent fire, is expected to be rebuilt. A committee has been slated to develop ideas for the rebuilding of the dairy site for 700 cows.

The MBIC Board presented Dale Oeschger with a plaque in appreciation of his many years of service to the Board. Dale has been active on the Board from 2003-2021.

Commissioner Reports and Public Comments

Jon Haindl reported that the UP had a great year with good yields.

Bret Schapman said his cattle feeding operation is status quo. They are sending cattle to market each week.

David Neitzel reported that, in the first half of 2021, beef sales were not great, but the second half of the year looks better.

Jennifer Lewis said they have experienced a lousy fall season and are still harvesting crops, but the store is doing well.

Jill Sears reported they are doing well on the farm where all crops are done but it's been a weird year with rain, possible drought, then too much rain.

Jill Sears **MOVED** to approve a \$200 per employee Christmas bonus. Bret Schapman **SUPPORTED**. **MOTION CARRIED.**

FY22 Meeting Dates

Bret Schapman **MOVED** that the March board meeting be changed to March 17, 2022. Jill Sears **SUPPORTED**. **MOTION CARRIED.**

The other meeting dates are July 21, 2022, and September 22, 2022

The meeting was adjourned by the Chairperson at 4:15 pm.

Respectfully submitted,

Jacquie Harrison
MBIC Administrative Office Manager