

MICHIGAN BEEF INDUSTRY COMMISSION

Board Meeting

Thursday December 15, 2022

12800 Escanaba Drive

DeWitt, MI 48820

Microsoft Teams

**Commissioners in Attendance In Person:
Teams:**

Monte Bordner
Jon Haindl
David Neitzel
Travis Schunk
Bret Schapman

Commissioners in Attendance via MS

Dave Clark
Jennifer Lewis
Matt Noggle
Leon Knirk

Others Present:

George Quackenbush, MBIC
Katie Serbinski, MBIC
Sara Horton, MBIC
Heather Throne, MDARD

Welcome and Call to Order

Chairperson Monte Bordner called the meeting to order at 9:00am. A quorum is set in that eight commissioners are present in person or virtually.

General Business & Information

Approval of Agenda & Additions

Jon Haindl requested to add a discussion of a staff Christmas bonus.

Jon Haindl **MOVED** to approve the agenda as amended. Travis Schunk **SUPPORTED. MOTION CARRIED.**

Approval of Minutes – Jon Haindl, Secretary

Travis Schunk **MOVED** to approve the minutes of the September 22, 2022, board meeting. Leon Knirk **SUPPORTED. MOTION CARRIED.**

Presentation of FY 2022 MBIC Audit – Bill Tucker, Maner Costerisan

Bill presented the findings of all reports they ran, and the financials provided from the year. A letter was provided to show no issues were found. A second letter was provided for insurance that we were in compliance. Page 1 provides an audit with their opinions on their findings. In governmental activities general checkoff funds are unmodified and shows a clean statement. The general shows non checkoff dollars in CD's. Page 10 is a governmental funds balance sheet. The general fund shows \$33,587 with no restrictions and the checkoff fund shows \$310,236 restricted for the program. Page 12 shows statement of revenues expenditures and changes overall increase in fund balance. Checkoff total revenues totals \$279,237 decrease of 8% from 2021 because of PPE loan forgiveness about \$30,000. Governmental funds down 2% and promotions down from previous year. Page 25 shows no reports in this letter but would be there if they came across anything. Overall, a clean audit for 2022. Jon asked if our controls were in order

and Bill said if they would have found any internal controls, we would have included it but we found nothing. George asked if he had any thoughts on doing the online version for the audit or is it better to be in person. Bill said a virtual or hybrid option like we did this year is the most efficient for them and the online uploading helps with their efficiency to do their part. Sara expressed her gratitude to Bill and his team for this being her first audit and it going so smooth.

Travis Schunk **MOVED** to accept the 2022 financial audit. Dave Neitzel **SUPPORTED. MOTION CARRIED**

Financial Report - Treasurer

Sara Horton presented the financial reports as of November 30, 2022. George updated the board on a reversed investments held in a CD was closed.

Bret Schapman **MOVED** to approve the November 30, 2022, financial reports. Travis Schunk **SUPPORTED. MOTION CARRIED.**

The non-checkoff budget was then presented with the change of the CD so we can access those funds this year.

Bret Schapman **MOVED** to accept the non-checkoff proposed budget. Jon Haindl **SUPPORTED. MOTION CARRIED**

Information

Nutrition & Consumer Communications Report – Katie Serbinski

Katie reported that Sara attended the Michigan Academy of Pediatrics Annual Meeting conference in September, and she is really excited to interact with to continue education on how introducing beef at a young age is important for their growth and brain development. Katie also attended the School Nutrition Association of Michigan Annual Meeting and is excited to explore future partnership opportunities. Beefing Up the Holidays promotions are going very well and our influences are hard at work sharing beef recopies. The newest group we have partnered with is Lansing Moms. Coming up we will be providing them appetizers for their annual Christmas party along with roasting tips and tricks. Katie has also been sending out news releases to a number of media outlets and the MCA newsletter.

Executive Report – George Quackenbush

George Quackenbush reported that he and Katie have created a program overview to build consumer demand for beef by growing consumer trust and promoting beefs value. This will give a month-by-month view on what promotions we are working on and what we should be sharing but also allowing us to see into the future and prepare for the next promotions. George also spoke on the 2022 audit and how our progression to electronic recordkeeping should significantly reduce the workload. We are very pleased with the new office and continue to navigate the changes. Explained more in depth about the CD maturing and closing the account. Spoke on the meetings he has attended regarding the beef checkoff and how he has received a list of processing facilities in Michigan. George will also serve in a committee to review the first round of Farm Innovation Grant applications in January. He assisted Dr. Buskirk's Advanced Feedlot Management course project proposals and was asked to serve as an expert for the ANS 110 Introduction to Disciplines in Animal Science to review their group term paper. Sara and George attended the CANR Celebration of Partnership to celebrate the building of a new MSU dairy and greenhouse facilities. Caledonia packing has received a temporary permit to enable continuation of operations. Promotion opportunities in the future include a Beef and Asparagus partnership

opportunity with Meijer. Bandwango Beef and Beer trail. Beef and Bean Burger with McCann Meat Company. And at the request of State Beef Councils a supply chain roundtable. We were also able to partner with MCA Bull Evaluation and sponsor a meal at the West Branch Feeder Calf Sale in October. Exploring opportunities to include Michigan content in The Drive and we have developed an ad for the MCA magazine and Michigan Milk Messenger.

Allied Industry Reports

MI Department of Agriculture and Rural Development – Heather Throne

Heather Throne reported MDARD internal meetings for the data of the processing plants and was successful for that. Met with Brad and found more information about the process of reestablishing the state check off (would not need to start over with everything) and is up to the board on how they would like to proceed with that and would need an official vote from the 9 voting members on this board. New grant programs for next year and a new office of Rural Development with 3 million available. RFP is not available yet, but framework will be in rural communities. 32 million available for wastewater grant funds to help entities navigate state regulations. She thanks George for helping with the farm innovation grant process they are hoping to have those out early next year. This year they changed it up a little bit and are scoring them and then having them come in for a pitch competition for the review committee.

Michigan Cattlemen's Association

Sara Horton reported that herself and Mike Pratt attending a regional meeting in November at the Ohio Cattlemen's office, and it was a great meeting. Cattlemen's board meeting in November. Bull Evaluation 56-day weight is on the 16th. One bull was injured and will be removed from test but other that all the bulls seem to be doing good and growing. The new barn is great, and Wernettes have been doing a great job. Summer Round Up committee is starting on their sponsorship levels and is planning to be back at Hughtons Cow Camp. The Expo committee is still navigating the sale manager aspect, scheduled to meet with the Expo committee and the Executive Committee next week to decide if Expo 2023 will be a go or not. Attended my first MAEAP Livestock meeting and found that to be very informational and made some new connections. Everything is looking bright and going smoothly.

Michigan State University

Dr. Ernst reported this fall MSU was in the news a lot this fall, more than they wanted. Getting more stable. Teressa Woodruff is now the Interim President and is very supportive of agriculture and has family in the industry. Kelly Millenbah is now the new Dean and are so glad she is the permanent dean. Staff level Jeannine Schwehofer has been named associate director agriculture and agribusiness institute and is great for her career and will need to fill her void. Taylor Langford the judging coach has left as of November 30. Has had meetings with judging alumni and discussed what the program looks like going forward. Attended the Celebration earlier this week for the new dairy and greenhouse and are glad to create this positive momentum. Working with architect for the new dairy location just south of current. Jason Roundtree is in a good spot and testified before the senit ag committee last week on research and agriculture and has his programing going and his grant is for 19.2 million and half came form industry. Lots of research going on and looking at beef/Holstein reproduction system, a grant for BLV in beef cattle, traceability grant, PFAS contamination, Holstein association and JBS for Holstein crosses. Dan

has 19 graduate students and introductory beef class in the spring. Extension- Jerad is now ultrasound certified and had a new ultra-sounding machine. Spoke a little bit on the Bull Evaluation 91 bulls looking good at Wernette Cattle Co. Beef Center- Dan has had a couple couples tour of the beef facility and the meats lab. Solar panel planning is going to be an administration decision about if it goes ahead or no. In the meantime, college is making change and refencing. Would like to put in 12 acer pastures across from farm and could use for research but would allow for equal grazing. Currently getting bids on things that will need to change if moving.

State of the Beef Industry – Dr. Dan Buskirk, MSU

Dan presented a PowerPoint on the state of the beef industry and focused on the supply, demand, and leverage. SUPPLY - Michigan cattle numbers are at 434,000 dairy cows, 160,000 cattle on feed and 96,000 beef cows. 201 the average size dairy cow herd in Michigan. 137 is the average size feedlot in Michigan. 13 is the average size cow-calf herd in Michigan. Total dairy semen sold is down 8.25 million units and beef semen is up 10.25 million. DEMAND – Beef prices went up faster than inflation from 1998 to 2021. In 2022 inflation was up 8%, beef prices up 5%. Exports with Japan and South Korea have been steady and since covid China has been right up there with Japan and South Korea and prices have been higher than ever. LEVERAGE – Industry profitability had drastically changed since 1998 and is now averaging \$300/head. Breakeven costs are increasing as well as cow cost across the U.S. What is going to affect the industry going forward? Land use pressures, Indiscriminate selection for greater YW and CW, Reduction in antibiotic availability due to regs or resistance, PFAS, U.S. Shackle space east of Mississippi, Small beef processor sustainability, and carcass defects.

NCBA – SBC Shared 3 – Year Strategy Q&A

Jennifer Nealon from NCBA created a 3 yr strategy plan and would like to help us with our marketing experience. With the demand drivers 1. Eating experience 2. Preference 3. Value. Focusing on the eating experience, convenience, price, Raised & grown and nutrition. She asked the question why is strategy important to MBIC at this specific junction? To have an easier approach for board members to understand and have input to prioritize events. Could create a program score card to measure the benefits and help make decisions on programs. What are we doing, and where are we at, and why now? Could create a travel map to get beef promoted. Next steps: Is this what we want to do? And what are our goals? 6 months in – 18-month plan or next physical year. Monte asked what other high impact plans could we do or what are we missing? George asked what is the indicators that were doing the right thing? Jennifer is going to send Monte a timeline going forward, and monte will share with everyone. Jerad thought this would be a great thing to do and create these goals. Dan asked how different the strategies tactics are and what would be different? Jennifer explained it differs on how many resources we have, state checkoff, Cow/people populations, fundamental resources and how the markets differ because of the different consumer.

The board agreed to adopt the Trust & Choice score card and then create plan. Then asked the board what we are going to focus on? Revenue streams, consumer behaviors, and industry troubles. Bret asked where this strategic plan came from and Monte explained the board's intent to lay out an implementation plan and projects we can work on with our checkoff dollars.

Commissioner Reports and Public Comments

Bret Schapman still viable and would like to see more profit next year.

Jon Haindl reports that the UP is seeing a decent year. Good fall in terms of moisture. Producers are doing okay; dairies are having some troubles but not too bad.

Dave Neitzel says that CAB is recouping what they lost last year. They are identifying where the business has gone in the past 3 years. Looking at cost and ads and retail became a little bit greedy this year and looking at the next 6-12 months.

Matt Noggle is expecting a baby boy this month. They got an inch of rain last night and is happy with that as it was getting dry. Interests rates 25 basis point height in January and a 50-point base height after that and thinking that will be the last jump and expecting a recession at the end of 2023.

Agenda Addition

The Board would like to proceed with giving the staff a Christmas bonus of \$200 each for 2022.

Jon Haindl **MOVED** by tradition to give the staff a Christmas bonus of \$200 each. Bret Schapman. **SUPPORTED. MOTION CARRIED.**

FY 2023 Meeting Dates

March 16, 2023

July 20, 2023

September 14, 2023

Gifts have been provided for all Commissioners and guests present.

Dave has brought smash burger spatulas for all!

The meeting was adjourned by the Chairperson at 3:34 pm.

Respectfully submitted,

Sara Horton
Administrative Manager