

**Meeting Minutes  
Nebraska Wheat Board  
June 16-17, 2010  
Cabela's, Sidney, NE**

**Board Members Present**

Dan Hughes, Venango - Chairperson  
Larry Flohr, Chappell – Vice Chairperson  
Chris Cullan, Hemingford  
Brent Robertson, Elsie  
Von Johnson, Cambridge  
Rick Larson, Potter  
Delferd Schlake, Blue Springs

**Staff Present**

Royce Schaneman, Executive Director  
Zoe Olson, Public Information Officer

**Guests**

Shawn Sullivan, NWGA  
Jeff Noel, UNL  
Dr. Devin Rose, UNL  
Scott Osler, NWGA  
Ron Maas  
Dr. Stephen Baenziger, UNL  
Dr. Mark Lagrimini, UNL  
Dr. David Shelton, WMC

**Ex-Officio Member Present**

Dan Duncan, UNL

The State of Nebraska open meetings law was made available.

Chairperson Hughes called the meeting to order at 900 a.m. on June 16, 2010. Roll Call was taken with board members reporting on crop conditions. Members reported lots of moisture throughout the state with hail damage in the west and Panhandle areas and noted that early planted wheat had excellent potential while the later planted wheat had average potential. Harvest is nearing in the southeast and is expected to begin in 10-14 days depending on weather.

Guests were welcomed, introduced and asked to sign in.

Schaneman noted that PGI has a first round funding request to be added. **Cullan moved to approve the agenda as amended. Flohr seconded. Voice vote motion passed.**

The minutes from the previous meeting were reviewed. Johnson noted the word “banking” in the third paragraph should be changed to “baking” and that the correct amount on page 10 should be \$450,000. **Johnson moved to approve the minutes with corrections. Larson seconded. Voice vote motion passed.**

Financial reports for March, April and May were reviewed. Schlake requested notification from the state when funds for reimbursement are deposited in personal bank accounts. Hughes noted amounts carried over in unobligated funds column. Schaneman reported that revenue collection at 114% is higher than projected. **Schlake moved to approve the financial reports. Flohr seconded. Roll call vote: Flohr-yes, Schlake-yes, Cullan-yes, Hughes-yes, Johnson-yes, Robertson-yes, Larson-yes. Motion passed.**

Compliance reports were reviewed and no discrepancies were found. Hughes asked if there was a charge for this service. Schaneman explained there is a charge and is part of a contract with the Department of Agriculture. He noted the contract in the coming fiscal year will reflect this as an auditing function.

Cullan reported on the Wheat Marketing Center meeting in Portland and called the board's attention to his report in the meeting book. Highlights included a trade team from Korea, new staff, the Albers Mill partnership is 90% rented out, the tandoor oven was replaced and the previous oven sold for funding. Cullan circulated center photos.

Robertson reported the Wheat Foods Council met in Kansas City and noted that Maryland, California and Wyoming have all increased support while Idaho has withdrawn as a member. He reported that Monsanto and other companies are looking at becoming members. The Farm-to-Fork website was less successful than anticipated. The Urban Wheat Field dates have been changed to September 22-23. The Glycemic Index white paper is out. The meeting included a tour of ADM. The WFC board worked on the future operating structure of the organization and voted to contract with the Grains Food Foundation to provide management for WFC in order to reduce administrative costs freeing more funds for programming. The executive board will work on a contract that is anticipated to take effect prior to the Urban Wheat Field. Cullan and Hughes asked if there would be a search for staff. Robertson explained that WFC will not have staff and will utilize more of a 1099 contract with more reliance on a public relations agency with a bid process beginning following the Urban Wheat Field. Robertson explained the structure of the contract would be for management services only and that WFC would maintain a separate identity and services. Hughes asked if there was an increased interest in the Urban Wheat Field. Robertson explained that the current public relations firm's strategy is the same as the New York event and not to pre-publicize the event. Olson noted that dinner with the Egyptian Trade Team was a part of the meeting events.

Schaneman reported on the State Administrators April meeting in Denver. A discussion was held with new administrators on board management as well as how other states work on issues with regard to enabling legislation. He reported it was a one-day meeting. Hughes asked if the meeting was well attended. Schaneman noted there were 11 administrators on-site and two attended by phone. Public/private partnerships as well as a domestic marketing campaign were discussed. Schaneman noted the domestic marketing campaign may work best on the state level and will discuss campaign points later in the meeting. A discussion was held about streamlining surveys between FSA and NASS; Nebraska was used as a pilot and the result was not as successful as anticipated.

Schlake reported on the PGI meeting held in St. Louis April 12-13. Copies of draft minutes were circulated. A tour of Monsanto took place on the last day and PGI members met with Monsanto representatives. Hodges has offered to pay for Olson's travel to PGI meetings; however, Schlake felt this would not be necessary when PGI meetings are held in connection with national meetings Olson would normally attend. Election of officers was held and Schlake was reelected as Chair. PGI has additional testing cost and ARS has had an equipment issue. Website and mapping costs have decreased. Nebraska's monies for the mills are obligated to PGI and will Schlake will discuss the matter during funding proposals. Kansas Grain was replaced by Enid Grain for inspection and the costs have decreased. A membership discussion on industry as members took place and it was noted that Kansas is opposed to a membership fee. Schaneman noted that some industry is opposed to PGI and some industry sees value in PGI's mission. Schlake reported the budget for the upcoming year is set and US Wheat will provide funding for 50% of the cost of testing. Hodges will pay for the costs of trade team travel out of his travel budget. The board will be working on by-laws changes. Dr. Baenziger's presentation history of wheat research/breeding was well received. The next meeting will be held October 22 in Minnesota. The Monsanto tour was interesting. Schaneman explained the seed chipper technology developing on wheat and noted that Gilpin gave a presentation on public/private collaboration concerns. Ron Maas asked if the 80% discount was rumor or fact if wheat has less than 12% protein. Schlake noted buyers

know they are controlling the market now. Larson reported that half the Texas feedlots have switched to wheat. PGI testing will be complete by the October meeting.

Schlake reported the Wheat Quality Council Tour was a good event and hard work. Devin Rose reported it was a good tour, exciting to see wheat in the field and well attended. He noted that on the final day eastern KS wheat acres were difficult to find as they are converting to corn. He would attend every other year and recommended attendance. Ron Maas noted the major benefit is that every day participants are with different group and helps to develop personal relationships. Schlake noted the part of Nebraska visited was not the in the best wheat acres. Maas stated that Nebraska formerly did a wheat tour and connected with the Kansas tour. Schlake recommended Nebraska doing our state tour. Hughes stated it was not a good time for farmers. Schlake explained it is not a farmer tour but more of a pr and interaction with industry and media and found it to be very worthwhile. Schaneman noted the Wheat Quality Council offers many opportunities to build off and explained how the PGI maps can be used to promote the HRW growing region.

Flohr reported on the ADM meeting in Kansas City. ADM has a state of the art quality lab and felt it was a good pr meeting. He expressed NWB's interest in improving quality and in white wheat. Schaneman noticed ADM doesn't believe in segregation for protein as all wheat can be blended to the necessary levels and protein segregation is an unnecessary expense. Schlake is interested in developing the relationship. Schaneman reported the group looked at specs and that Nebraska wheat does not always have the primary absorption rates desired. Larson noted that ADM is a bottom-line company. He would like more relationships with companies like the board has with ConAgra and would like to see initiatives continue. He noted ADM's business model different than ConAgra's and that ADM not looking to develop long-term programs.

Flohr reported the Nigerian Trade Team was in Kansas the same day as the ADM meeting and felt that Johnson represented NWB well. The team was hosted by Kansas wheat and Johnson, Larson, Flohr, Schlake and Schaneman had an opportunity for good discussions with the Nigerian team. Nigeria is the number one buyer of US wheat and is looking to double or triple its purchases in coming years. They don't buy wheat in the summer because of cassava root grown there. The Nigerians seemed impressed with US wheat quality and supply. Schlake reported they were able to make money on flour. The dinner was sponsored by Louis Dreyfuss. Johnson presented a report on Nebraska wheat to the team when they traveled to Manhattan, KS. Schaneman commended Johnson on his presentation and ability to respond to negative comments from Colorado's executive. AIB gave a presentation but only represented Kansas. Larson reported US Wheat had brought the trade team into DC and that Nigeria has an advantage on shipping out of the gulf. He reported the team was intrigued with President Obama and that relationships are critical would like to see all states on the same team. Johnson noted that Nigeria is the number one customer of US wheat but over the last six to nine months, the Black Sea region and China have made a huge push to give millers incentives to go elsewhere. He stated we need to keep up our relationship and the millers expressed concern about supply with dwindling acres. They brought up contract acres but the team was interested in looking at contracts if the price was okay. Ron Maas gave background that Nigeria prohibited wheat imports previously and the market was developed by Louis Dreyfuss through US Wheat. Cullan noted a good part of HWW leaving Hemingford is going to Nigeria.

Hughes reported that word from Governor's office was received that Johnson and Robertson have been reappointed to the board.

Sullivan presented the growers report. He thanked the board for a seat at table and for the cooperative efforts of both entities. NAWG staff changes are occurring with the resignation of Cori Wittman and the addition of a research position. He reported that the pickup has been wrapped to match the trailer and suggested the members view it in the parking lot when time permitted. Scoular Grain will be putting their logo on the hood and Sullivan will be contacting other entities to ascertain their interest in advertising. ConAgra is very positive on the trailer and will provide funding for additional equipment to meet their needs at the Iowa State Fair and Urban Wheat Field. The Nebraska Wheat Tour received lots of press and NWGA may look at a virtual wheat tour next year. NWGA is looking at marketing Nebraska wheat directly to consumers and is working on outreach to producers as personal relationships are important. Sullivan thanked the board for funding and support. He reported on committee structures. Hughes asked about the Mobile Baking Lab schedule. Olson explained the schedule through the end of September and noted the lab schedule will be available on the website in the near future.

Duncan reported on UNL activities. John Owens' replacement has been hired and there will be a 13-day gap between retirement and start date. Dr. Baenziger's main research plots may be lost to the horse-racing track on the agronomy farm and will need a replacement if the west side of 84<sup>th</sup> is removed. It is expected that land prices can be prohibitive for convenience of location for students and there are water issues for available properties. Ron Maas asked if originally the land was willed to UNL. Duncan answered UNL owned quite a bit of land in area originally and was unsure of the nature of the gift but that it was not restricted in any sale. Robertson asked if the sale proceeds would go back into general funds. Duncan answered the Chancellor is looking at giving the land to the racing center and selling the west side to fund an equestrian center and then renting the land back. Ron Maas asked if the land was in the flood plain. Yes it is. Cullan stated the land would be expensive to replace and felt that comparatively, research should be more valuable to the state than the smaller horse industry. Duncan noted the area has been or will be blighted and that the Lancaster County Event Center is looking to build a hotel in the area. There are complicated issues forthcoming if the research plots are displaced. Hughes asked if there is an opportunity to move the plots to Mead. Duncan noted separate weather issues and the balance of what research is conducted at each site is critical. He reported the earmark for the WHEAT Center is on Senator Nelson's list but is without the support of the remaining members of the Nebraska congressional delegation and the state of the funding won't be known until the first of the year. UNL is working on other options to see if there is a way to get the center operational. Duncan reported that with regard to public/private partnerships, KSU and Monsanto signed an agreement last week and UNL is continuing talks with several companies which is a balancing act. Schlake asked who is representing UNL. Duncan stated it is a team concept and that it appears companies will sign multiple contracts with multiple agencies. Ron Maas asked how Innovation Campus fit in the agreements. Duncan stated it is not in the realm of these agreements as companies are more interested in field research facilities. UNL has a good idea of what KSU signed and UNL has received a term sheet. Hughes asked if companies are looking only to wheat. Duncan stated at this time many companies are interested in germplasm and UNL should be able to hold all as non-exclusive and maintain its freedom to operate but is unsure what the future will hold. Duncan is sure dollars will be invested over the long-term to sustain the research keeping producers in mind to add value back for Nebraska's producers. The team is under confidentiality agreements with all companies and is looking at options to develop related businesses in NE. Hughes asked if other universities are close to signing. Duncan expected they are but noted the Dakotas have different issues than Nebraska's interests and that Colorado signing with Limagrain is likely due to offices in Fort Collins. Each company is different due to long-term business plans. The negotiations are stretching resources thin even though these are exciting times. Robertson asked if any major university programs are disappearing as he has heard reports other universities cutting research i.e., ID. Duncan stated other states have experienced more severe cuts than Nebraska

but UNL is still having cuts and looking at how to protect infrastructure. He believes we will see more cooperation between universities in the future. Sullivan asked if alignment with the BigTen have repercussions on research. Duncan stated the BigTen is more academically integrated but that faculty will collaborate where research works. Larson noted the Chancellor spoke of more research dollars available due to the BigTen alignment. Duncan reported the academic integration is beginning. Ron Maas asked if the BigTen will flow throughout system. Duncan said no as this is a UNL affiliation not a NU affiliation.

Schaneman presented the office report. He called the board's attention to thank you notes received on various activities. The contact sheet has been updated and all members have a copy. He reported on the negotiations for the Husker Harvest Days building as well as office equipment updates. Olson reported on website updates. Robertson suggested Olson look into making the website more useable on smart phones. Schaneman reported on the groundbreaking ceremony at NCTA attended by Schaneman and Johnson.

Schaneman noted the Internal Control Document has met all requirements. The USDA/FSA assessment processing and remittance changes have asked for feedback, however, changes are a done deal and commodities are losing the ability to access info via the web. Remittances will now be separated by the Department of Ag accounting office and we must obtain and EIN. The Governor's budget memo was discussed as were end of year cutoff dates. Schaneman requested all expense reports immediately following the meeting to meet the end of year deadline. Olson led a discussion of social media including Facebook, Twitter, etc. Snitily Carr and Schaneman have been exploring some advertising possibilities with regard to Nebraska wheat.

The budget for FY 10-11 was discussed. Schaneman directed the board's attention to the letter to the Governor regarding management salaries. Schlake asked if the board was able to adjust Schaneman's benefit package. Schaneman stated it was unknown and stated other commodities have, through their growers organization paid for the lease on a vehicle. Duncan noted that will be going away. Larson stated other growers do not believe the state should mandate what is done with their checkoff funds while athletics can have carte blanche and that the state should not talk out of both sides of its mouth. Ron Maas stated that if the state was not involved legislation would need to be revised. Schaneman noted the corn board has been reviewing its statute and the exact decision is unknown but may want to be a stand-alone entity. Dairy is contracted through the dairy council. There is a growing movement for commodity groups to leave state organizations and the need to revise statutes. Ron Maas said the idea has lots of pros and is nothing new. Schaneman noted the need to have a discussion on options. Hughes stated that if carryover funds are attacked again, the board will need to visit the issue but that the hit to Schaneman's salary will be taken for one year only. He noted the state will not have a budget problem forever and would expect to make it up to Schaneman when fiscal times change. Flohr noted it was important to choose issues carefully. Schaneman noted wheat is one of the first checkoff statutes, is very plain and not as complicated as some other commodities.

Schaneman reported the new assistant director of the Department of Ag is Bobbie Wickham. Ginger Langemeier was appointed Director of the Energy Office.

Schaneman reported R&D fees at UNL have a total available balance of \$63,371.68.

Funding proposals presented for first reading: Whole Grains Council, Wheat Foods Council Urban Wheat Field Sponsorships, and PGI.

A discussion on the budget process was held.

**Cullan moved to waive first reading on funding proposals from Whole Grains Council, Wheat Foods Council Urban Wheat Field Sponsorships, and PGI and move to second reading. Schlake seconded. Roll call vote: Flohr-yes, Larson-yes, Robertson-yes, Johnson-yes, Schlake-yes, Cullan-yes, Hughes-yes. Motion passed.**

The NCTA invoice was received and Schaneman recommended moving \$10,000 from unobligated to the NCTA line item for payment this fiscal year. **Schlake moved to take \$10,000 from unobligated funds and place it in the NCTA line item for payment of the NCTA invoice in FY 09-10. Johnson seconded. Roll call vote: Robertson-yes, Larson-yes, Johnson-yes, Cullan-yes, Flohr-yes, Hughes-yes, Schlake-yes. Motion passed.**

Schaneman reported the advance screening for wheat streak mosaic budgeted \$15,000, billed for \$18,750, which would required moving \$3,750.00 from unobligated to that line item. Duncan suggested tabling this item until tomorrow and get an explanation for overage as this should not happen with sponsored programs.

Schaneman noted the Wheat Marketing Center has billed \$42,750 which is more than on its contracted amount of \$41,700. Cullan would not recommend going over the contracted amount due to equipment purchased. He asked to table the item until tomorrow awaiting an explanation from Dave Shelton.

Schaneman reported NWGA requested a \$7,000.00 increase in its Wheat Issues Monitoring contract due to increased activity in wheat issues monitoring. Flohr stated his appreciate for the activity the growers organization has taken on behalf of producers. **Larson moved to increase the Wheat Issues Monitoring contract amount by \$7,000 and to move the funds from unobligated funds to that line item. Robertson seconded. Roll call vote: Flohr-yes, Larson-yes, Cullan-yes, Hughes-yes, Schlake-yes, Robertson-yes, Johnson-yes. Motion passed.**

Schaneman presented a proposal from PGI for \$16,350 for membership for FY 09-10. **Cullan moved to fund the PGI proposal and to move the funds from unobligated funds. Flohr seconded. Roll call vote: Johnson-yes, Larson-yes, Hughes-yes, Robertson-yes, Schlake-yes, Cullan-yes, Flohr-yes. Motion passed.**

The budget discussion continued.

Duncan reported Colorado has recently passed legislation to begin a Proso checkoff.

Meeting recessed at 4:52 p.m.

Meeting reconvened at 8:06 a.m., June 17, 2010.

Hughes welcomed and introduced guests.

Dr. Dave Shelton gave a presentation on Wheat Marketing Center and a report on the center's activities.

Dr. Mark Lagrimini of UNL reported on issues facing the Ag Institute.

Dr. Devin Rose, UNL Cereal Chemist gave a presentation on his background and research interests.

Dr. Stephen Baenziger, UNL Wheat Breeder gave a presentation on wheat research and new variety releases McGill and Roubidoux.

The budget discussion continued.

**Larson moved to go into executive session. Flohr seconded. Voice vote. Motion passed.** The board went into executive session at 10:51 a.m. The board came out of executive session at 11:33 a.m.

**Flohr moved to change the board policy on cash reserve from a minimum of \$450,000 to no more than 25% of total available cash. Johnson seconded. Roll call vote: Cullan-yes, Schlake-yes, Flohr-yes, Johnson-yes, Robertson-yes, Larson-no, Hughes-yes. Motion passed.**

**Cullan moved to approve the budget for FY 10-11. Larson seconded. Roll call vote: Robertson-yes, Johnson-yes, Cullan-yes, Flohr-yes, Hughes-yes, Schlake-yes, Larson-yes. Motion passed.**

Calendars and future travel were reviewed and additions made. Robertson added a Wheat Foods Council executive board meeting some time during the week of July 19-23. Schaneman reported a potential state trade mission in August. Hughes could make the trip with Flohr as an alternate. The next meeting will be held August 26 at noon through August 27 at 5:00 in Grand Island. The Urban Wheat Field has been changed to September 22-23 with Robertson, Olson, Schlake and Schaneman attending. **Cullan moved to approve travel. Larson seconded. Roll call vote: Hughes-yes, Larson-yes, Johnson-yes, Robertson-yes, Cullan-yes, Flohr-yes, Schlake-yes. Motion passed.**

Hughes stated the biennium budget approval will be completed by conference call by July 31.

**Robertson moved to adjourn. Johnson seconded. Voice vote. Motion passed.**

Meeting adjourned at 11:57 a.m.

Respectfully submitted,  
Zoe Olson