

**Meeting Minutes
Nebraska Wheat Board
March 16 & 17, 2009
Holiday Inn, Lincoln, NE**

Board Members Present

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

Ex-Officio Member Present

Dan Duncan, UNL

Staff Present

Royce Schaneman, Executive Director
Zoe Olson, Public Information Officer
Ann Bauers, Staff Assistant
Cody Dvorak, Intern

Guests

Scott Osler, President NWGA
Paul Johnson
Ken Anderson, Brownfield Network
Ashley Colglazier
Mike Keenan
Mark Hodges, PGI
Roger Berry, A-FAN
Joe Parsons, USDA
Dr. Gary Hein, UNL
Dr. Jens Walter, UNL
Terry Hejny, Nebraska LEAD
Michelle Weber, NE Attorney General Office
Ken Rahjes, KRVN
Jeff Noel, Husker Genetics
Pat Nelson

The State of Nebraska open meetings law was made available.

Chairperson Hughes called the meeting to order at 1:16 p.m. Roll call was taken with board members reporting on crop conditions. Most areas reported needing some surface moisture with areas of erosion; however, overall crop has good growth on top..

Guests were welcomed. Hughes welcomed Ann Bauers as the Staff Assistant for the Nebraska Wheat Board.

Cullan moved to approve the agenda. Robertson seconded. Voice vote motion passed.

Robertson noted two corrections to the minutes. **Robertson moved to approve the minutes as corrected. Schlake seconded. Voice vote motion passed.**

The financial report was presented by Schaneman. **Johnson moved to accept the financial report. Larson seconded. Roll call vote: Schlake-yes, Johnson-yes, Larson-yes, Hughes-yes, Robertson-yes, Cullan-yes. Motion passed.**

The Nebraska Wheat Growers report was given by Osler. NWGA is putting its revenue to work for the benefit of Nebraska's wheat producers. At Thursday's NWGA meeting, the board will be looking at procedures for attending events with the new mobile baking lab and all comments are welcome. Osler, Olson, MSullivan and SSullivan worked in the Wheat booth at Commodity Classic in Texas and learned a lot about operating the mobile baking lab. Oklahoma Wheat thanked Nebraska for our help at the NAWG board meeting during Commodity Classic. Osler noted that if ConAgra provides the trailer as per discussions, it will be beneficial for both Nebraska Wheat and ConAgra.

Osler is serving on the NAWG insurance policy committee and is working with Rebecca of RMA regarding progress in payments over last year. Osler established a regional group at Commodity Classic to work on RMA issues. At Thursday's NWGA meeting, Daren Coppock will present the NAWG report via webinar.

Osler reported that NWGA representatives spoke with Nebraska corn and soybean representatives at Commodity Classic and Nebraska wheat has been offered the opportunity to join the other grains in the commodity building for Husker Harvest Days. This will be a trial relationship for two years after which we will discuss buy-in if everything goes well. Wheat will use one-fourth of the building at the same cost we have had for a booth in the Diversified Industries building in the past.

Osler noted that Olson will be attending the Syngenta Women's Leadership conference in April. Hughes asked what information has been received from NAWG with regard to the Farm Bill. Osler noted the feeling is that it is not going to change much and there are on-going discussions. Hughes commended the growers for taking on the mobile baking lab project and believes it could be a tremendous recruiting tool. Hughes commended Olson for all her work and pledged his support and help to the lab.

Larson noted that this was the first US Wheat winter meeting he had attended and he saw many positive things. He attended the international trade meetings and believes we have a long way to go in trade. Larson believes US Wheat is doing a good job but needs to do more. He saw the Cuba situation as positive and believes US Wheat will be able to make some inroads there. He believes the visit to the Swiss embassy to meet with the Cuban delegation should have follow-up. Larson felt Nebraska had a good delegation at the meeting with Cuba and did a good job. He felt Nebraska tried to make as much of an inroad as possible and made a good impression. Cullan sent photos of the evening event to the Cuban delegation but has not received any responses as of this time. He thought it was an awesome event. Larson noted there are 90,000,000 near the US coast and we need the business. He noted that Cori from NAWG and Rebecca from US Wheat worked closely and that people liked the way they were working together. Larson also attended the HWW meeting and liked what was going on. He felt the Nebraska group did a good job in DC and in lobbying on the hill but need to do more of that.

Johnson felt that many of the meetings except food aid addressed food disasters and that the trend is to send money instead of food as aid. Johnson agrees that food needs to be sent to disaster areas instead of cash. Osler noted this is an on-going battle and that cash often doesn't seem to reach the people who need it.

Cullan attended the wheat quality meeting and noted that varieties release in NE are already on that list and requested a list from Nebraska as well as a recommended variety list. He noted there was talk of a new software program for testing that would be available by next month and questioned whether the elevators would want it. At the HWW meeting, South Dakota proposed that since funds were not appropriated that it would be more beneficial to help pay producers for storage until the elevators requested HWW. Kansas also proposed the allowance of 5% HR into HW based on a complaint from an elevator in KS.

Robertson attended many of the same meetings. He noted that Ag Secretary Vilsack talked about the need to capitalize on alternative energy.

Schaneman thanked the board for such a strong turnout and felt Nebraska was very well represented. At our meeting with USDA he was proud of the interaction. He believes we made good connections and shared ideas at the Swiss embassy when meeting with the Cuban delegation. Nebraska representatives all engaged the Cubans and we need to continue to build on these connections.

Olson reported that in the NAWG research meeting, Nebraska was highlighted due to the work on Mace and Anton. Ug-99 is potentially a huge problem that could decimate the wheat industry according to ARS and Mace developed by Dr. Graybosch is the only wheat with resistance at this time. Olson commended the board for their interaction with the Cuban delegation.

Hughes expressed appreciation to the board for its representation at the US Wheat meeting in DC. He sees the value for money put into the effort and thanked attendees for their participation. Hughes attended large range planning and reported that strategic planning has been completed and that there is a proposal to have two meetings rather than three a year and that the committee is exploring the pros and cons.

Cullan expressed appreciation for the NWB staff and noted that Olson and Schaneman did a good job. Larson noted that with concern over earmarks, it is important to prioritize our efforts and to let our

producers know what we are doing and why. Larson noted that NAWG does a good job of covering the policy issues but that we must continue follow-up upon returning to Nebraska. He pointed out that the jointed goat grass initiative was a valuable project but that it was an earmark and that NWB needs to make sure people back home know of our efforts and the reasons behind them. Olson noted that because of our strategic plan and its implementation we are becoming more visible and telling our story. She noted that it is always important to put a face on what we do. She noted that the more positive our actions when combined with increased visibility should help locally with the controversy about earmarks. Hughes believes we are doing good work and we need to keep pursuing our goals.

Robertson reported on the Wheat Foods Council board meeting. Most of the meeting was spent on reports regarding food labels and labeling. While the Urban Wheat Field was a huge success, Robertson was disappointed there wasn't more discussion about where the organization is going with the momentum gained from that event. The plan for the next two years includes a virtual wheat field for FY09-10 in which people would play a game of selecting hybrids, planting, growing and harvesting wheat on a sped-up growth cycle of wheat. FY10-11 would include a second urban wheat field in either Chicago or Washington DC. Robertson noted a concern that the WFC spends approximately 50% of its budget on PR and yet after a big event such as the urban wheat field there is not an increase in new members. Member states were informed the assessment would increase, however, corporate sponsors felt any increase in their assessment would make membership difficult. Robertson felt there should have been a big event then hit the ground running and get new members. All discussion of membership fees was tabled to the next meeting in June in Portland. Robertson noted that WFC is an organization to educate people but that the funds may not be there to continue.

Olson reported that the WFC publicity committee had been comprised of two representatives in the past whose purpose was to proof press releases. Due to urging by member states, communications people would now be on the PR committee. She also noted that Kansas would not fully fund WFC for this year and next. While it was presented that Kansas pays more than any other state, members corrected that pronouncement by noting the fee assessment is proportional to production and that by not fully funding, Kansas effectively pays less than other states. Hughes asked if NWB has exceeded our assessment in the past and asked if Robertson and Olson lack confidence in WFC and if NWB should adjust spending. Robertson said that NWB has funded approximately 20% over assessment the past several years. He believes NWB shouldn't cut ties with WFC yet; however, if we don't see improvement then NWB should reassess involvement levels. Robertson and Olson encouraged NWB to pay the assessment but hold the amount over assessment as an incentive to WFC to improve activities. Olson noted that some items were not addressed due to lack of time and funding, i.e., Bake and Take. Hughes asked if the amount on the funding proposal was our assessment and Robertson noted it was.

Cullan pointed out information received from the Wheat Marketing Center. He will be attending the WMC board meeting on April 2 and 3. Cullan praised the staff of WMC and noted how they continually come up with out-of-the-box ideas to benefit wheat producers. He noted the WMC does great work with its resources and is always appreciative of funding from NWB.

Duncan thanked the board for the opportunity to attend the Wheat Export Tour to Portland and felt it was a great trip. He felt good relationships were established and the growers benefitted from the trip. He felt many of the participants would be good for the LEAD program. Schaneman noted that NWB forwards the list of participants to LEAD each year. Duncan asked if NWB met with the congressional delegation in DC and asked about the reception NWB received. Schaneman reported the most positive response was from Nelson's office. Duncan noted that depending on when the budget is passed, it could be a year until any information about special projects/earmarks is received. The first tenant in the new research park should be the USDA office and things are moving ahead.

Duncan reported that UNL has had discussions on state charter boards and must get spending in before the end of the fiscal year. He has met with sponsored program people to establish a plan that will work. In the current process, the board will typically approve a research project and by mid-August the contract has moved through the system and is signed. UNL must have all contract items completed by mid-March in order to clear the state payment system by June 15. The new process that has been established (Duncan

noted the corn board is doing this) is that when a board decides on a research project to fund, it will send a letter to UNL which in turn will set up an account and have 90 days to spend funds before the contracts are signed. In this process, spending can begin by July 1. NWB would be billed 25% of the contract September 30 and December 30 with final bill on June 15. Faculty has until June 30 to set up funds with spending completed by July 31. Accounting adjustments would be made if necessary. This process should alleviate the need for extensions with monies in a UNL account for half the fiscal year and in the state account the remaining half.

Duncan requested the same contract with all three commodity boards. If NWB approves a research project in June, the UNL can begin spending on that project July 1. When contracts are signed in mid-August, 25% would be sent to UNL. Billing for actual expenses would occur no later than June 15. This new process would give faculty 13 months to spend funds which would allow more leeway.

Hughes questioned if there would be any problems in changing our current procedures. Schaneman stated NWB does not need a vote it only needs to direct staff to make process happen. He requested Duncan get necessary language to him so the process could be initiated.

Duncan also commented that there will be budget cuts at UNL. There will be some changes and wanted NWB to be informed.

Gary Hein, Director of Doctor of Plant Health at UNL gave a presentation on this new program approved by the Board of Regents. The program will diagnose and solve plant problems and implement new ideas regarding plant health. Continued volatility will impact how crops and systems go together. The goal is to have people able to leave the program and implement their training immediately. The program has a requirement of 20 hours of internship working in the field getting experience across all different disciplines and will enhance careers in consulting, field agronomy, the seed chemical industry and the USDA. The program is starting up and the greatest need is students. The hope is to have students by August with a goal of ten graduates per year. Dvorak asked if the program was limited to students with a BS in agronomy. Hein said students did not need specifically a BS in agronomy but would need a graduate degree in some area of Ag. The program will help with any deficiencies and will suggest undergraduate classes to assist students. The program is looking for good students.

Larson asked how many students are in agronomy. Hein estimated 60 students currently. Cullan asked about progress on a replacement for Hein at Scottsbluff. Hein stated interviews are being conducted and that this is a high priority for UNL. He also noted that one drawback to the program is that the students won't be research assistants and therefore will not get graduate student funding. Hein would like to start a fund to as a way to encourage Nebraska students to stay in the state.

Jens Walter, assistant professor at UNL gave a presentation on his proposed research into gastrointestinal microbiology as it relates to food allergies and gluten intolerance. Johnson asked about a timeline for the research. Walter expects 1 ½ years for isolation of the enzyme and 3-4 years for product development. Hughes asked about research dollars requested and length of the request. Schaneman explained the proposal is for \$48,000 for one year and would require returning to the board for each year that Walter requests funding. Walter noted this project could be funded for a longer time period. Duncan noted the Wheat Board Fund at UNL is currently at \$55,000.

Mark Hodges and Schlake reported on the recent PGI marketing trip to Mexico City. Hodges first thanked the board for support of PGI, Olson for taking notes at PGI meetings and Schlake for adding so much insight and attention to the financial side of PGI as to where the organization is currently and where it needs to go. Representatives from PGI travelled to Mexico City last week and met with Jose Luis Fuente and Ramon Galindo. Fuente is the director of millers in Mexico City and Galindo owns a mill and is in business with three other mills that direct ship wheat to Mexico. The goal is to find a way to determine the value of our wheat to keep PGI wheat producers above the average. The Mexican millers would like to enter into either a partnership or long-term lease to bring quality wheat from the U.S.

Hodges complemented NWGA and NWB in coming together to develop a mobile baking lab. He stated one of the benefits of the endeavor will be the interaction between board members and staff. Hodges thanked Schaneman for taking a leadership role in dealing the mills issue. He also thanked Stephen Baenziger for serving on the PGI board. PGI will be a less expensive project than last year. Tests will be conducted on wheat from Texas to Montana and will be ranked for 27 different perimeters. PGI is a private, none-profit organization. US Wheat is willing to provide more than 25% of the testing to get things done. Grain sheds typically have 80% of the wheat product in the state. Low protein is below 11%, medium protein is between 11 and 12%, and high protein is over 12%. Hughes stated that the board is up to speed on what PGI has to offer and is pleased that PGI is taking the next step in marketing wheat.

Schlake noted that the representatives will have to go back to the full PGI board about the Mexican proposal. He believes Nebraska has an ideal advantage because the smaller an area of production the more consistency can be found. Nebraska has high quality wheat year in and year out and we are known for that quality. Hughes noted Nebraska also has a real advantage because of storage—that Nebraska doesn't have to store wheat as long. Hodges stated the importance of identifying and elevator system NWB is able to work with and that will be consistent and capable of handling the grain on an ongoing basis. Hughes questioned whether the quality the Mexican millers want is the same as what others want. Hodges stated all markets are looking for consistency. Larson asked how good the word is of the Mexican millers. Hodges stated their word is as good as anyone else he had worked with. He noted that one other issue that arose was their lack of confidence FIGS testing. Larson asked if the Mexican millers would be interested in joining into some kind of partnership agreement with elevators. Hodges stated it is imperative to get them to sit on the PGI board and go from there; he felt they would be willing to look at both options

Terry Hejny presented a brief but informative presentation on the Nebraska LEAD program.

Joe Parsons of the USDA presented information regarding the 2007 Census of Agriculture. He noted that Jagalene has decreased in all districts while Millennium is up in the northwest part of the state. If you track varieties across time, you can determine which varieties are growing or declining over time and district. The state profile looks at the structure of agriculture. Summaries by various criteria allow a look at the wheat industry in several ways. WASB tracks the amount of grain in storage and makes demand estimates. Projections are up world wide. County estimates data shows yields by county and the information is used by risk management agencies as triggers. All information is available on the website. ARMS conducts an economic survey once a year. Maps are available for the 2008 Nebraska Cropland Data Layer. Data by unicameral divisions will be available. Larson noted he had not seen the report detailing price report by price reactions. Parsons noted it is available on the website.

Schaneman began the office report by stating that bills before the legislature can often affect NWB. The fiscal note received from the legislature stated how LB602 would affect NWB. Since NWB cannot lobby, without representation this note shows what NWB would have to provide if LB602 were enacted. He thanked Brent Schlake for testifying against the bill so wheat was represented on the record. Olson stated that at last week's Ag Breakfast, the expectation was that LB602 would be killed on the 17th; however, it may not be killed and may be allowed to stay until next year. She also noted the importance of being on the record since a bill's outcome is never certain.

Schaneman pointed out a letter of support on CAPS 2 research. He noted there are varietal reports available for those who want one. In addition, there are USDA handouts, WFC annual reports and thank you notes to NWB. Olson also handed out copies of special thank you for being a farmer note that was received from a girl in Virginia as part of a school project.

Schaneman reported that the DTN iframing on our website could include up-to-date market reports for a cost of \$2100 annually. This item will be up for discussion at the next meeting. Olson demonstrated the videos currently on the Nebraska Wheat website. These videos are from the Urban Wheat Field and were posted on YouTube. Currently, that is how video appears on the Nebraska Wheat website. It is possible to pay SnitilyCarr to imbed them as well if this becomes an item of more importance to the board.

Olson pointed out the follow-up surveys that have been received to date on the Wheat Export Tour to Portland. Olson gave an update on the Husker Harvest Days booth/commodity building. Currently the building houses sorghum, soybeans and corn. Nebraska Wheat has been included in the group for a two-year trial period. The four commodity groups will divide the space into four equal sections and will share the advertising cost associated with HHD. Nebraska Wheat will pay the same amount to use this space as is currently paid to HHD. Nebraska Wheat will need to provide a banner for the outside of the building as a new sign was just placed on the building.

Schaneman pointed to the Ag in the Classroom quarterly report for NWB's information.

Dvorak showed the latest improvements to the transportation map he has been developing. He will add wheat mills and will then have both elevators and wheat mills on the map. He plans to also add barge loading facilities in Nebraska City. He asked the members continue to look at the map and send any suggestions via email. Dvorak distributed the current version of the high school wheat resource he is developing. He will be changing the necessary photos to be correct for wheat production as soon as they are received. Hughes asked how large a distribution is being planned. Olson noted we will be contacting ag teachers in the state regarding this resource.

Dvorak asked for NWB support of LB476 which is a bill to fund FFA, DECA, FBLA, FCCLA, and HOSA as these organizations would cease to exist when federal funding was pulled and the Department of Education was unable to fund.

Dvorak asked the members to email him with any updates to the handbooks so they can be approved at the June meeting.

Schaneman thanked Michelle Weber and Katie Spahn from the Attorney General's office for all their help with contracts and specifically with PGI issues.

Cullan moved to accept all fund proposals for first reading and move them to second reading, Robertson seconded. Roll call vote: Cullan-yes, Hughes-yes, Larson-yes, Johnson-yes, Schlake-yes, Robertson-yes. Motion passed.

Meeting recessed at 5:20 p.m.

Hughes reconvened the meeting at 9:40 a.m. on Tuesday March, 17, 2009. The open meeting law was made available. Nebraska Wheat members and staff reported on Bake and Take activities of the morning. 250 cinnamon rolls and 62 loaves of bread were delivered.

Schaneman addressed budget issues. The NCTA contract requires a clarifying motion that will budget \$30,000 for education, promotion and marketing of Nebraska wheat—if funding is available at the time NCTA needs the funds which would be at the end of the three-year building period. Hughes explained that these are allocated but not dispersed funds. Schlake questioned how this will work in the budget. Robertson suggested a line for reserved funds named for this purpose. Hughes agreed that tying hands of future boards was not acceptable. The discussion was tabled for input from Bob Storant or until the next meeting.

Schaneman requested a motion to amend the PGI sampling contract as the \$16,000 budgeted bill came in at over \$19,000 and maxed out the contract amount. **Cullan moved to amend the PGI sampling contract from \$16,000 to \$19,331.97 with a friendly amendment from Johnson to move \$3,331.97 from unobligated funds to the PGI sampling contract, Johnson seconded. Roll call vote: Johnson-yes, Larson-yes, Robertson-yes, Cullan-yes, Hughes-yes, Schlake-yes. Motion passed.**

Larson presented Pat Nelson with a plaque in appreciation for her years of service to NWB.

Schaneman informed NWB that WMC had billed for the Wheat Export Tour for two years during this fiscal year as the 2008 tour was billed late. **Hughes moved to move \$14,000 from unobligated funds into the Wheat Marketing Center budget item, Schlake seconded. Roll call vote: Robertson-yes, Larson-yes, Johnson-yes, Cullan-yes, Schlake-yes, Hughes-yes. Motion passed.**

Schaneman informed NWB that the PGI management contract was originally budgeted at \$30,000 but due to difference in fiscal years between the entities, NWB will only fund a half-year contract and will be paying \$12,000. Bob Storant has recommended moving \$18,000 back to unobligated funds. **Johnson moved to move \$18,000 from PGI management contract back to unobligated funds, Cullan seconded.** Additional discussion occurred when Schlake asked for clarification when a motion is necessary as NWB should not be micromanaging. **Roll call vote: Schlake-no, Robertson-yes, Johnson-no, Larson-no, Cullan-yes, Hughes-yes. Tied vote motion failed.**

Schaneman reported that the US Wheat office in Virginia accepted our suggestion and offer to provide a summer intern from Nebraska. The University recommended changing the amount from \$1,000/month for three months to \$2,000/month due to the higher cost of living in the DC area. Cullan suggested there should be some buy-in from the student. Larson believes there won't be the same quality of student for less. Schaneman stated the money would need to come from either unobligated funds or from the intern contract through UNL. **Larson moved to fund an intern program at the US Wheat office in Virginia up to an amount of \$6,000, to create a line item in the budget for this program, and to move \$6,000 from unobligated funds, Robertson seconded. Roll call vote: Johnson-yes, Schlake-yes, Larson-yes, Hughes-yes, Cullan-yes, Robertson-yes. Motion passed.** Schlake questioned which year's budget the intern funds will come from and whether the contract will be with U.S. Wheat or UNL to pay the student. Schaneman was not sure where to split the fiscal year. Schlake suggested that funds not spent this year will roll into the next year.

Schaneman noted NWB reviewed the ARD Wheat Board account on Monday. This is not a part of NWB budget but NWB can direct how funds are used. This is an informational item and no action is necessary. Robertson asked what the funds can be spent on. Noel answered it needs to back into research.

Larson reported on the final meeting of the Jointed Goat Grass project. The project began in 1994 as a \$4,000,000 earmark to Washington State University and was a scientific collaboration between Washington State and Oklahoma. A proposed project on invasive species of wheat will probably not be funded due to the current financial climate. There may be an opportunity for grants using this model. Larson liked the idea of funding sustainable agriculture together. The Clearfield system can be compromised by genetic crosses with invasive species—it is necessary to follow the entire protocol system. There are no quick fixes in wheat and a systems approach is needed. Cullan noted the industry is making sure protocols are followed. Larson stated producers need awareness of good systems.

Hughes directed attention to the consolidated board goals handout. Schaneman consolidated the list from the previous meeting according to category and has included a status report on each. He asked for board direction on an intern in the Nebraska office. Cullan asked Schaneman's opinion. Schaneman sees the intern as a good way to tell our story more and further sees it as a good investment for the money interns are paid. Hughes sees it as a good investment. Schlake would like to see NWB keep options open for students from different disciplines the University. Robertson likes the quality of interns we have been receiving. Hughes wants to see goal as an on-going process.

The Attorney General's office was represented yesterday and there is no representative from the Governor's Budget office in attendance at this meeting.

Cullan reported that he has been approached about the development of a fund for millet by Dipak Santra who believes there is a need. Cullan would like to look into the administration of millet funds but is unsure as to procedure. Hughes noted there would need to be action before the legislature and that there is no millet board in any other state he is aware of. Larson said Santra should look to see if there are markets other than bird seed. Schlake asked if there was justification for millet in crop rotation and Larson said there was. Hughes asked if this should be an agenda item for the next meeting. Larson suggested an

analysis by Santra regarding getting such a program started and would like to see it on the next meeting agenda.

The next meeting will be at the Gering Farm and Ranch Museum on June 11 and 12 beginning at 1:00 p.m. Larson moved to approve all travel, Cullan seconded. Roll call vote: Robertson-yes, Hughes-yes, Cullan-yes, Johnson-yes, Larson-yes, Schlake-yes. Motion passed.

Schaneman noted members are doing a better job on expense reports but informed NWB that the State requires original receipts for reimbursement. The State maintains receipts for five years. Schaneman informed the members that accountability and disclosure statements are due. He stated that Tom Clemente is anxious to talk to the members regarding biotech at the growers' educational event.

Ken Rahjes of KRVN led NWB through an informative media training session.

Cullan moved to adjourn. Robertson seconded. Meeting adjourned at 12:09 p.m.

Respectfully submitted by Zoe Olson