

USCP Board of Directors Meeting
August 8, 2011

Board Members Present: Bill Greving, Bill Kubecka, Jeff Casten, Dale Artho, Troy Skarke, Jerry Van Zee, Billy Bob Brown, Greg Shelor, James Vorderstrasse, Earl Roemer, Louise Rigdon and Stewart Weaver.

Others Present: Craig Shackelford, Florentino Lopez, Tim Lust, Chris Cogburn, Sue Ann Claudon, Jenna Hightower, Laura Kelley, Lindsay Kennedy, Dusti Fritz, Shelee Padgett, Marsha Bryant, Kathy Cornett, Jill Goodrich, Cole Young, Kevin Roepke, Barb Kliment, Sue Schulte, John Dvoracek, Jill Barnhardt, Jennifer Blackburn, Leon Richards, George Caldwell, Wayne Cleveland, Morgan Newsom, John Buck, Tom O'Brien and Sue Schulte.

Bill Kubecka called the meeting to order.

Greg Shelor presented the minutes of the April 26-27, 2011, meeting and the May 18, 2011 conference call.

Billy Bob Brown made a motion that the minutes be adopted with a second by Jeff Casten.
Motion carried unanimously.

The board received the following reports:

Wayne Cleveland presented on behalf of Texas Sorghum Producers that he would like for the Texas group to become more involved with USCP leadership.

Barb Kliment presented on behalf of Nebraska Grain Sorghum Board. Barb shared their market development, research, producer education, consumer education, as well as leadership and agriculture education efforts.

Jill Barnhardt presented on behalf of Kansas. Jill shared that the Kansas board has received several proposals for research, market development and communications projects.

Leon Richards presented on behalf of Oklahoma Sorghum Commission. Leon stated that the Commission focuses solely on research and communications.

Sue Schulte presented on behalf of Kansas.

Bill Kubecka presented the report on the Joint Management Committee meeting. Tim Lust explained that the Administration clause and the Responsibility and Indemnification clause

are to clarify some of the roles and responsibilities of USCP and the management company. Tim went on to explain the Exhibit B of the document that sets out the actual expenses of USCP involved with this contract.

Troy Skarke made a motion to accept the management agreement as presented with a second by James Vorderstrasse.

It was proposed that the Prior Authorization paragraph might need to be removed from the contract altogether. Dale proposed the addition of language to the contract indicating “not to exceed 10 percent”.

Troy amended his motion to strike the prior authorization language in the contract and to find language that ensures compliance with the 10% administrative cap. James Vorderstrasse seconded the motion as amended. Motion carried unanimously.

Bill Kubecka presented the proposal of Malachi3.1 LLC for financial services to the USCP. The existing contract is \$82,000.00 per year. The proposal is in the amount of \$91,000.00 per year for the next four years with no increases during that time period.

Bill Greving made a motion to accept the proposal for financial services as presented with a second by Earl Roemer.

Jeff Casten asked whether or not we are required to accept outside bids for this service. Craig Shackelford explained that USCP is not required to rebid this position.

Jeff Casten called for question. Motion carried unanimously.

Earl Roemer reported from the Bylaws Committee meeting. Dale Artho asked whether or not the board must concur with the Chair’s decisions on committees. Dale asks that the board be required to concur by majority vote. It was discussed and agreed that the language will be made consistent throughout that the acceptance of the board is required in the creation of all committees. It was further agreed that the term “and management” will be stricken from all paragraphs where management approval is required.

A discussion was held regarding the change to the clause on the appointment of any Technical Advisory Board. It was discussed and decided that the paragraph should read “A Technical Advisory board may be appointed by the board to serve in the desired program focus areas.”

Jerry Van Zee made a motion to accept the bylaws as amended with a second by James Vorderstrasse. Motion carried unanimously.

Earl Roemer presented the changes and additions to the board and Internal Controls Policy Manual.

Dale Artho opened a discussion on the Meals section. Craig stated that there are no dollar amounts in the guidelines. Discussion was held.

Dale Artho made a motion to raise the limit on breakfast to \$35.00 and the limit on dinner to \$65.00 with a second by Troy Skarke. Motion carried with 7 in favor and 5 opposed.

Billy Bob Brown raised a question about the language in the Confidentiality clause regarding the sentence that states "While board members are free to discuss board action items, disclosing any information concerning the discussion of such items during the board meeting is prohibited." It was agreed to remove that language.

Earl Roemer presented the Grievance Policy section of the policy manual.

Dale Artho brought up the question about whether or not the treasurer of the USCP Board should have the password required to log onto the financial system.

Earl Roemer presented the Consultants and Contractors portion of the policy manual.

Earl Roemer presented the Assessment Collection section of the policy manual.

Earl Roemer presented the Compliance Policy section of the policy manual. Jeff Casten raised a concern with adding this very detailed, step-by-step instruction for the Computer Backup & Recovery Policy. It was decided that a short, concise statement will suffice.

Louise Rigdon made a motion to accept the board and Internal Controls Policy Manual as amended with a second by James Vorderstrasse. Motion carried unanimously.

Earl Roemer presented the financial statements from July 31, 2011. Discussion held.

Bill Greving made a motion to accept the financial statements with a second by Jerry Van Zee. Motion carried unanimously.

Earl Roemer presented the proposed budget changes for the 2011 budget.

Jerry Van Zee made a motion to accept the changed to the 2011 budget as presented with a second by Dale Artho. Motion carried unanimously.

Earl Roemer presented the auditor selection agenda item.

Dale Artho made a motion that Bolinger, Segar, Gilbert and Moss be retained to perform the 2011 audit with a second by Jeff Casten. Motion carried unanimously.

Earl Roemer presented the Bank Fees agenda item. Jim Farley with Southwest Bank presented a detailed analysis of the bank fees. See attached. Discussion held.

Bill Kubecka introduced Kathy Cornett and Jill Goodrich from McCormick Company. Jill and Kathy presented a detail of communication efforts on behalf of the Sorghum Checkoff.

Bill Kubecka introduced Kevin Roepke from USGC. Kevin presented a detail of export efforts on behalf of the sorghum checkoff.

Bill Kubecka introduced Craig Shackelford from USDA/AMS. Craig presented USDA/AMS activities on behalf of the sorghum checkoff.

Earl Roemer presented the 2011 Passback Allotment agenda item.

Troy Skarke made a motion to set the 2011 Passback Allotment at 25 percent with a second by Louise Rigdon. Motion carried unanimously.

Earl Roemer presented the 2012 Budget Proposal.

Dale Artho made a motion to approve the budget as presented by the Finance Committee with a second by Louise Rigdon.

Discussion held.

Motion carried unanimously.

Tim Lust commented on the over-the-top technology and K-State, DuPont and Pioneer. Discussion was had regarding this situation and all board members participated in the discussion.

August 9, 2011

Bill Kubecka called the meeting to order.

Bill Kubecka presented the termination language for contracts. Florentino Lopez explained the insertion of the language into the policy manual and the contracts.

Jeff Casten made a motion to approve the termination clause as presented with a second by Earl Roemer. Motion carried unanimously.

Bill Kubecka introduced Tom O'Brien and John Buck for new board orientation. Tom presented the legal responsibilities of a checkoff board. John made a presentation demonstrating what fulfilling those responsibilities looks like from a "big picture" perspective.

Florentino Lopez presented an overview on the program update, as well as the individual focus areas.

Tim Lust presented a project from private industry to increase sorghum acres by 500,000 in North Carolina. Discussion was had and many board members participated in the discussion regarding the program focus areas.

Billy Bob Brown presented a report on the Communications Committee conference call.

Bill Kubecka opened a discussion on committee structure under the program focus areas. Tim Lust presented a recommendation of seven (7) members per committee, with three (3) board members per committee and 3-4 outside members.

Troy Skarke made a motion that the board accept the committee structure of up to seven (7) members per committee, with three (3) board members per committee and 3-4 outside members and that the board pay the travel expenses of those outside committee members. Jeff Casten seconded the motion.

Call for a vote. Motion carried with 10 in favor and 2 opposed.

Tim Lust suggested a timeline for the selection of those members of those committees by November 15, 2011, so that they can be present at the December board meeting.

It was determined that a list of committee members be submitted by email to the full board with an allowed time for comments.

Bill Kubecka announced that the Nomination Committee for Officers will be Bill Greving, chairman, Billy Bob Brown, James Vorderstrasse and Louise Rigdon.

Bill Kubecka advised that Tim Lust will present a recommendation for appointing a committee to make a recommendation to the board on how to allocate the additional fund balance. Bill Kubecka announced that the committee will consist of Stewart Weaver, chair, Jeff Casten, Dale Artho, Earl Roemer and Jerry Van Zee.

Dale Artho presented a USGC Sorghum Sector recommendation pertaining to The Grains Foundation.

Louise Rigdon made a motion that the board makes a sponsorship contribution of \$10,000.00 to The Grains Foundation with a second by Stewart Weaver. Motion passed with 10 in favor and 2 opposed.

Barb Kliment presented the proposal of Nebraska for the Celiac Sprue project.

Troy Skarke made a motion that the board approve the Celiac Sprue portion be approved in the amount of \$13,775.00 with a second by Greg Shelor. Motion carried unanimously.

Earl Roemer requested that the staff create a funding flow chart that shows everyone how the dollars come in and how they are expended.

James Vorderstrasse made a motion to go into executive session, with a second by Bill Greving. Motion carried unanimously.

James Vorderstrasse made a motion to come out of executive session, with a second by Bill Greving. Motion carried unanimously.

Louise Rigdon made a motion to adjourn the meeting with a second by Billy Bob Brown. Motion carried unanimously.

Analysis of Bank Fees and Earnings

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| Interest earned on money market account | 1,384.75 |
| Interest earned on Investment Through July 31, 2011 | 11,228.61 |
| Projected Interest | 68.20 |
| Projected Interest on Maturing CDs | 7,023.64 |
| Project Interest Receivable at Year End | 6,217.08 |
| Reverse 2010 Interest Receivable | (1,617.28) |
| | 22,920.25 |
| Total Interest Earned | 24,305.00 |

Projected fees for FY 2011 **22,338.54**

Strategy for 2012

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|------------------------------------|-------|---------------|
| Invest \$3.75 million in long term | 0.75% | 28,125 |
| Invest \$1.5 million in short term | 0.40% | 6,000 |
| | | <hr/> |
| | | 34,125 |