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STOP 0202-Room 3943-S
1400 Independence Avenue, SW.
Washington, DC 20250-0202

June 20, 2016

In reply, please refer to:
2016-AMS-03659-F

This is the final response to your May 2, 2016, request for meeting minutes of the National Pork Board from 2005 – present.

A search was conducted within the National Pork Board. This board develops and expands markets for pork and pork products. The search resulted in 557 pages of records being identified. Within this record set, 7 pages are being partially redacted pursuant to exemptions (b)(4) and (b)(5).

The following information provides the basis for our withholding under the applicable FOIA exemption:

Trade Secrets, Commercial and Financial Information, and Confidential Information – Exemption 5
U.S.C. §552(b)(4)

Exemption (b)(4) of the FOIA protects “trade secrets and commercial or financial information obtained from a person [that is] privileged or confidential” (5 U.S.C. §552(b)(4) (2006), amended by the OPEN Government Act of 2007, Pub. L. No. 100-175, 121 Stat. 2524). This exemption is intended to protect the interests of both the government and submitters of information [See, e.g., Nat’l Parks & Conservation Ass’n v. Morton, 498 F. 2d 765, 767-70 (D.C. Cir. 1974) (concluding that the legislative history of the FOIA “firmly supports an inference that Exemption (b)(4) is intended for the benefit of persons who supply information as well as the agencies which collect it”)]. The information withheld consists of proprietary information that would cause competitive harm if disclosed to the public.

Pre-decisional and Deliberative Process Privilege – Exemption 5 U.S.C. §552(b)(5)

Exemption (b)(5) of the FOIA protects “inter-agency or intra-agency memorandums or letters which would not be available by law to a party other than in litigation with the agency.” The Agency records that are subject to protection in full or in part under Exemption 5 are pre-decisional and/or deliberative.

As a threshold matter, the responsive records must be inter-agency or intra-agency documents in order to be protected from disclosure under Exemption (b)(5). Further, to come within the scope of Exemption (b)(5), the responsive records must fall within the coverage of a privileged record in litigation. The deliberative process privilege is one of the litigation privileges that may be invoked under Exemption (b)(5) in order to withhold responsive information. This Exemption of the FOIA protects the “decision making processes of government agencies.” NLRB v. Sears Roebuck & Co., 421 U.S. 132, 150 (1975); see also Missouri ex rel. Shorr v. U.S. Army Corps of Eng’rs, 147 F.3d 708, 710 (8th Cir. 1998) (“The purpose of the deliberative process privilege is to allow agencies freely to explore alternative avenues of action and to engage in internal debates without fear of public scrutiny.”) Within this record set, AMS is withholding draft, pre-decisional information that was not incorporated in the final agency decision.

Personal Privacy Interests – Exemption 5 U.S.C. §552(b)(6)

Exemption (b)(6) of the FOIA permits the government to withhold information regarding individuals in “personnel and medical files and similar files” when the disclosure of such information “would constitute a clearly unwarranted invasion of personal privacy” and where such privacy interests outweigh any public interest which would be advanced by the disclosure of their contact information. As a threshold matter, Exemption (b)(6) protects not only personnel files and medical files, but “similar” files, which are interpreted by courts to cover personal information pertaining to individuals. Within this record set, AMS is withholding individual’s personal signatures.

This concludes processing of your request. You may appeal this response within 45 days from the date of this letter. Any such appeal should be in writing and addressed to the Administrator, Agricultural Marketing Service, 1400 Independence Avenue SW, Stop 0201, Room 3071, South Building, Washington, D.C. 20250-0201. If you decide to file an appeal, please provide specific reasons why you believe modification of the initial action is warranted. To facilitate processing your appeal, the phrase “FOIA APPEAL” should be placed in capital letters on the front of the envelope.

Sincerely,

A handwritten signature in black ink, appearing to read "Gregory Bridges". The signature is written in a cursive style with a large initial "G".

Gregory Bridges

FOIA Officer

USDA, Agricultural Marketing Specialist

National Pork Board Meeting
January 11, 13, 14, 2005
Peoples Republic of China

CALL TO ORDER President Dave Culbertson called the meetings to order and presided.

Those present included: Mike Bayes, Dianne Bettin, Tim Bierman, Craig Christensen, David Culbertson, Hugh Dorminy, Lynn Harrison, Deborah Johnson, Wayne Peugh, Mark Reding, Danita Rodibaugh, Bruce Samson and Steve Weaver. Staff attending included: Jim Meimann, Dallas Hockman, Mike Wegner, Mike Laughery and Lorraine Garner.

President Culbertson welcomed the following guests: Shethir Mustafa, AMS/USDA and Sue Cottrell, FAS/USDA, Richard Fritz, USMEF.

Swine Welfare Assistance Program (SWAP):

The Board entered into further discussion on this issue on January 11 on a bus trip from Hong Kong to the China border, and January 14, 2005 at the Kerry Center Hotel, in Beijing, China, during its meeting/tour of Asia.

The Board had taken action on this matter at the 11 09 04 Board meeting. However, further debate was necessitated when a series of issues had subsequently arisen within the Pork trade, such as letters being sent by retailers to packers and processors, demanding that they utilize the AWAP program, and continuing pressure in many other segments of the trade to require utilization of AWAP.

If the AWAP audit program is required of producers, much concern was expressed that it would have very negative economic consequences to those producers, costing them significant dollars, and perhaps driving some from pork production. It was also believed that the retailers, packers, and others do not understand fully what the economic consequences are of this approach and are only supporting it to relieve pressure.

There was significant discussion by the Board on this subject and what alternatives were available. There has also been significant discussion with the animal welfare committee on this subject. That committee has had a number of in-depth discussions on alternatives and options to be considered. The board agreed that something must be done and must be done now. The pressure within the industry is too great to allow for a more common sense timeline to find alternatives.

Moved by Hugh Dorminy, second by Mark Reding, to direct Steve Murphy and staff to give high priority to the Swine Welfare Assistance Program (SWAP) and the myriad of issues relating to and challenging it (AWAP, farm audits, economic implications, relationships with NCCR and FMI, consumer perceptions, etc), and to develop strategy and tactic options for the Board to consider, which will appropriately address and resolve the issue from the perspective of the producer, and hopefully the customer/consumer.
MOTION ADOPTED.

New Advertising/Brand Repositioning Campaign:

On January 13, 2005, at the Kerry Center Hotel, in Beijing, China, Dallas Hockman, VP Demand Enhancement, previewed for the Board the new advertising and brand repositioning campaign that will be launched on March 4, 2005 at Pork Forum in Orlando, FL.

This is the first major effort of this kind since Pork the Other White Meat was launched in 1987. It was based on impressive amounts of consumer research and based on that research it is targeted at an audience primarily female 20-45 years old. It seeks to build on the tremendous equity in "The Other White Meat", but repositions the entire effort to take advantage of that equity. It will open up the possibility to utilize a whole new spectrum of taglines and themes that will emphasize the wide-ranging attributes of pork.

The new campaign will utilize a virtually all mediums to get the new brand position message out: TV, radio, print, billboards, etc. The various audiences that need to know in advance are being contacted to give them a heads-up and a preview so they can be ready to go when the formal announcement is made on Friday March 4, 2005.

End of minutes.

NATIONAL PORK BOARD MEETING
MARCH 2/3, 2005
ORLANDO, FLORIDA

OPENING

The meeting of the National Pork Board was called to order on March 2, 2005 at 3:10 p.m. by President David Culbertson in the Coronado Springs Hotel in Orlando, FL. Attending the meeting were the following Pork Board members: J. Adams, M. Bayes, D. Bettin, T. Bierman, C. Christensen, D. Culbertson, H. Dorminy, L. Harrison, D. Johnson, D. Michael, W. Peugh, M. Reding, D. Rodibaugh, B. Samson and S. Weaver. Also attending were the following NPB staff: S. Murphy, J. Meimann, L. Morrissey, M. Laughery, M. Wegner, P. Sundberg, D. Hockman, and L. Garner. Also attending was AMS representatives Shethir Mustafa.

Guests included: Dale Miller, *National Hog Farmer Magazine*; Rod Smith, *Feedstuffs Magazine*; and Guy Lee, pork producer from New Jersey.

**BUDGET COMM.
REPORT**

Chair of the Budget Committee, Deborah Johnson, reviewed the revenue forecast for 2005 based on analysis from Steve Meyer, Paragon Economics. Meyer gave an overview of the economic and budget outlook as well as assumptions for the year 2005, hog and pork outlooks and the December hogs and pigs report.

Meyer presented background information for Resolution RF1 which will be presented for delegate action at the annual meeting. The resolution reads as follows:

“That as soon as possible or not later than October 1, 2005, the return to state rate be increased by 5% not to exceed the maximum limits established by the Pork Act and the mandatory checkoff rate to be reduced to .35 cents per \$100 value.”

Meyer developed charts and graphs to show the impact of the proposed resolution on income and reserves using different values/scenarios to reflect possible changes or amendments to the resolution.

AUDIT COMMITTEE

M. Reding, Chair of the Audit Committee, reported to the board the results of the 2004 Audit which found no major issues or difficulties.

M. Reding moved, on behalf of the Audit Committee, to accept the McGladrey Pullin Audit of the National Pork Board’s books for FY2004. No second needed.

MOTION PASSED

ADMINISTRATIVE COMMITTEE

Danita Rodibaugh, Chair of the Administrative Committee reported on several issues:

Final approval of 2004 State Administrative Reviews: TX, WI, and MI have addressed all “weaknesses” in their review and are in full compliance with basic Policies and Practices

D. Rodibaugh moved, on behalf of the Administrative Committee, to approve the 2004 State Administrative Reviews for Texas, Wisconsin and Mississippi, contingent on receipt of final documents approved by the respective State Board and by the NPB Administrative Committee Chair. No second needed.

MOTION PASSED

Progress on other 2004 State Administrative Reviews:

- *Louisiana:* Louisiana is working closely with Mike Telford to make some adjustments in their policy and practices manual. No major problems are anticipated.
- *Wyoming:* Wyoming is undergoing a major reorganization. National Pork Board and Mike Telford have been working closely with producers in WY to write new bylaws and a Policy and Practices Manual as well as to elect new officers. WY is also considering various options for administrative support. Funds continue to be withheld, until satisfactory progress has been made.

2005 State Administrative Reviews: Recommendations were presented and discussed relative to changing the rotational system that is currently used. Currently large states are reviewed once every five years; middle states once every 10 years and small states, as little as once every 32 years.

Motion by Danita Rodibaugh, on behalf of the Administrative Committee, that in the next 3 years, reviews will be made to all states that haven't been reviewed since 2000. These reviews will follow the following schedule: 1-2 smaller states; 3-4 medium states and 1 random state (which could be a larger state or one that needs assistance). No second required.

MOTION PASSED

It was also noted that the following requirements be implemented:

- States should send National Pork Board an electronic copy of their By-Laws and any future By-Law changes.
- States should also be required to complete a checklist which NPB will develop.

Connecticut Pork Producers Association:

Connecticut has signed all documents ending their active status. Connecticut has reported they can no longer locate producers who are willing or able to become involved in their state association. They no longer have delegates, state compliance officer or state contact and have spent or returned all funds. Their funds will go into the general pool of checkoff funds.

After much discussion by the Board, the following motion was passed:

Motion by Danita Rodibaugh, on behalf of the Administrative Committee, to accept the Inactive Status/Dissolution of the Connecticut Pork Producers Council. No second required.

MOTION PASSED

FORUM REPORT

Jim Meimann, Sr. VP of Administrative Services, gave a brief overview of the detailed agenda for the delegate sessions Friday and Saturday afternoons. Friday starts with introductions of the board, followed by the swearing-in of delegates by Shethir Mustafa from USDA/AMS. Dave will talk about the theme, "On the Move" and will be followed by the Nominating Committee Report and presentation of candidates for Nominating Committee positions. Resolutions committee report will follow with Lynn Harrison. Also on Friday, we will be rolling out the new ad campaign to the delegates. Pork Board candidates will then be announced with elections to follow.

On Saturday afternoon Phil Seng will give delegates a report on USMEF programs. Steve Murphy will follow with his CEO report and then resolutions will be presented for debate. Environmental Stewards Awards will also take place on Saturday as well as honoring our retiring board members: Mike Bayes and Hugh Dorminy.

PRESIDENT'S REPORT

Culbertson gave the President's report, which included the following topics:

Review of Asia Trip: Culbertson gave a brief overview of the Board trip to Asia in January, 2005. This was an outstanding opportunity for the board to see who our customers are and to see USMEF interacting with those customers as well as providing a great team building opportunity for board members. Culbertson hoped that we conveyed to them our sincere desire in finding a way to give them what they need in order for them to sell more product. Danita mentioned the food safety challenges they have in Asia and also the appreciation of Japanese importers and traders who were so hospitable to the board. She felt that we may have slighted them in not coming sooner and giving them the attention they feel their market deserves. Dallas Hockman commented how important it was that board officials who make decisions on behalf of checkoff made the effort to travel on trade missions. Steve Murphy mentioned that the goal for 2005 exports is 10% more volume. Shethir Mustafa, USDA/AMS official, also noted the responsibility the

board has in seeing pork checkoff dollars at work, having oversight of those programs and seeing the potential that lies ahead.

Nominating Committee Report: Craig Christensen, Chair of the Nominating Committee, reported that due to a blizzard earlier this year, all interviews for Board and Nominating positions were done by conference call. Christensen also noted that an issue had risen from the 2004 resolution which dealt with Nominating Committee structure. In reviewing the resolution, it was evident that some changes were needed. In order to ensure that we have experienced members on the committee from year to year, the committee recommended the following solution that was met with unanimous approval of the Nominating Committee and was presented to the Board for their approval:

Motion was made by Craig Christensen to adopt the following option: elect two nominating committee members to a two year term in 2006 and 2007 and two nominating committee members to one year terms in 2006. Forum 2006 delegates will elect two more persons, each to two-year terms for 2007-2008. We will also rely on the Pork Board in its 3 appointments to bring in some veterans of the Nominating Committee process. (A nominating committee member who decides to run for an office while serving on the committee would have to resign from the committee and the Board would then appoint a replacement).

Seconded by Tim Bierman.

MOTION PASSED

Resolutions: Lynn Harrison gave an overview of the four resolutions to be debated by Pork Act Delegates and the strategy for presenting them.

Animal Science Committee: Bruce Samson reported on the work of the Animal Science Committee. They are focusing on Sow Longevity issues with 5 different projects. The Genome project is moving along.

Environmental Committee: This report was given by Danita Rodibaugh who reported on the following areas:

- Carrie Tengman, Director of Environmental Services, met with Ag Air Research Council (AARC) on February 3rd and is working on documents for AMS approval. Sign up for this study ends May 1, 2005. She has also attended several meetings to answer scientific questions on air emissions. Rodibaugh noted that the Iowa Air quality study will be completed in 2005 with eight farms identified and six fully monitored.
- There will be a call for research proposals in the environmental area in April.
- Applications for 2004 Environmental Stewards are due by March 31st.
- Tegwin Taylor, MS student at the University of Minnesota School of Public Health was selected to complete an internship with the Pork Board to work on collecting public health impact information and studies as well as evaluating and tracking use of worker safety materials.
- A position is open for an Environmental Programs Director.
- The NRCS Liaison position was denied and the committee is exploring other options to move forward on the plan of work developed for that position.

Production Systems: Lynn Harrison reported that the deep bedded farrowing project is back on schedule and that a summary would be coming out soon. Winter litters are looking good with pigs being more uniform. Hoops are performing well. Harrison also noted that PRRS vaccination protocol has been changed and results should be received by mid-summer.

Producer Education: Dennis Michael reported that the research committee met in Nashville in January and had tremendous discussion. He commended staff for nurturing communications between parties to work together. Distance Learning modules that were developed are available to producers. Operation Mainstreet toolbox has been well received.

The Producer Education Committee also rolled out the new Youth PQA program that includes an interactive module which is fun for children to use.

There has been a request from packers to extend the Trucker Quality Assurance Program to producers who deliver their own hogs and for those who handle hogs.

The Communications department worked with RFD TV on a call in program which featured Dennis Michael, Duane Reece and Todd See. The show was narrated by Max Armstrong. The call in program had a tremendous response and, due to the program, the NPB call center was busy the next day sending out distance learning modules.

Animal Welfare Committee: Mike Bayes reported that 21 proposals were received in February, of which five were selected. The committee is working on the fatigued pigs issue. Seven new members were appointed to the committee. The committee is working on a SWAP 2 version that should be completed by 2006. Wayne Peugh mentioned that the animal behavior issue and accuracy of the assessor in this area will be addressed in this new version of SWAP.

Swine Health Committee: W. Peugh reported that research is taking a good share of the committee's time and that most agree on the projects. \$2M was spent last year for PRRS. Peugh noted that we allocated research money for a company on the east coast that has done research on AIDS and is hoping to have a vaccine. They bring unique ideas to the table. The remainder of the research dollars are going to targeted research on respiratory issues.

Peugh mentioned that although Dr. Engle has left the NPB, he is still on the committee and that Dr. Robyn Fleck has joined the staff.

National Animal ID is a hot topic and it's back at the state level to make sure everyone is on the same page and to determine how it will be funded. It has not been decided whether or not Animal ID is safe from FOIA. If data can go through homeland security, then

it will be safe. The committee is also developing guidelines for the National Animal Health Surveillance System.

Pork Safety: Hugh Dorminy reported that at the last unified research meeting, six proposals were funded. Dorminy addressed the committee goals: animal food safety; re-evaluating post harvest needs; and, using antibiotics safely. He reported that good marketing skill as well as science put us ahead of the curve on the antibiotics issue. He also noted that the program came together with much discussion at the committee level. Dorminy explained that the committee will continue to address the needle issue, which is more of a problem in sows than in market hogs.

Demand Enhancement Committee: Reporting on the work of the Demand Enhancement Committee was Mark Reding who noted that, along with other producers, he attended a meeting in Daytona which was a combination of grilling at ARCA and a large supermarket promotion. Dianne Bettin commented that it was a good chance for the committee to see the excitement about the new campaign that was presented to the committee. New website featuring the new “Don’t Be Blah” campaign information is now up and running.

Unified Research Review: Tim Bierman reported that he attended the Animal Welfare committee meeting and would suggest that, if possible, the meetings move away from Valentines Day. Bierman noted that this meeting is a great opportunity for research people to get together.

Other: Shethir Mustafa, AMS representative, brought the board up to date on the following FOIA requests:

- PETA has made a FOIA request for SWAP materials. Mustafa noted that the Science and Technology department are working hard to get those documents together.
- FLAG has made a FOIA request for any air emissions agreements NPB has with NPPC. Mustafa reported that there is no contract or

relationship with NPPC in this area; therefore, there are no documents to send to FLAG.

- FLAG, representing CFF, has made a FOIA request for all NPB contracts written within the last 12 months. USDA/AMS has requested that FLAG narrow their search down to contracts over \$25,000 - and only those that they choose from that group.

Mustafa also reported on the final rule to exempt 100% organic producers from paying checkoff. To qualify, the farm must be 100% organic in whatever they produce on their farm, which would include all grains, livestock, etc.. There could be a problem with dairy in that they add Vitamins A & D to milk, which would not qualify as organic.

Mustafa noted that a lamb referendum was held and that results should come in sometime in April. Also, the soybean program signed a new agreement to form an export council to handle foreign market development.

Other issues from the President: Culbertson encouraged board members to participate in the SWAP program. He also asked that they stop by the importers table at forum and thank them for their support and contributions to NPB programs.

Jim Meimann informed the board that NPB is in the process of defending the trademark with several entities, including: Salmon, Rabbit and Perch. We will continue to defend the trademark, especially now that "The Other White Meat" is considered our brand.

RECESS

The National Pork Board meeting recessed for the day at 5:30 p.m.

RECONVENE

President Culbertson reconvened the National Pork Board meeting at 8:00 a.m. on March 4, 2005.

NEW CAMPAIGN

Steve Murphy shared with the board the process that brought us to where we are today with the new agency and advertising campaign. He noted that it has been a long process that started with the strategic planning

meetings and culminated in the choosing of The Richards Group as our agency of record.

Dallas Hockman, Vice President of Demand Enhancement, updated the Board on plans for rolling out the new Ad Campaign during Pork Forum and beyond. He presented the creative advertisements for radio, television and print ads which encompass the new tagline: “Don’t Be Blah.” Hockman noted the position statement, which reads: *To wannabe better cooks, pork is the main ingredient that inspires you to make meals more wow.* He explained that our brand personality should be spirited, creative, engaging, and energetic. New graphics will maintain the other white meat, but the word pork will be eliminated. Ads will be out of the ordinary, very non-traditional, and will target the under 40 consumers. He noted that the work won’t be product focused, but rather be focused on lifestyle. The new campaign will debut in six markets with a 92% reach. The website is also getting a new updated look, much like a tabloid. Hockman stated that the initial response to the new campaign has been very positive.

CEO REPORT

S. Murphy, CEO, reported on a variety of critical issues which include the following:

NAS Study Update: Carrie Tengman updated the board on the air emissions study which was published in the Federal Register on January 31. A 30 day comment period follows, with a 90 day sign up window. There have been many meetings as well as information on the website and various newsletters. Tengman reported that budget and project plans are almost complete. She also noted the pork checkoff controls the research and equipment and that a purchase order will not be approved until the organizational documents and agreements are finalized.

Constitutionality Update: Murphy related to the board that there is no new information on the Supreme Court ruling, which could come as late as June 30. Steve explained that we are currently operating under a “stay” until the ruling occurs. If the current ruling is not overturned, we have been ordered to “cease collections and shutdown operations” within 30 days.

We are prepared to move quickly should that happen and have a shutdown procedure in place. The possibility exists, should the court rule in our favor, that we may have to use tag lines to indicate that we, indeed, are an entity of the government and therefore, would need to indicate as much on our promotional materials. Shethir Mustafa, USDA representative, indicated that AMS is already looking into possible tag lines for that purpose.

A question that was posed was, if the court ruled against us, would it be possible to petition the court for a shutdown schedule as indicated in the Act and Order rather than a 30 day period. Mustafa agreed to look into the matter.

Trustee Shutdown Plan: Murphy reviewed the key elements of the trustee plan which would include notifying the board, convening both a VP and an all staff meeting to lay out the plan; implement a communications plan and contact vendors and other business partners.

On going activities would include: working with state organizations and collection points; human resources to prepare employee transition documents; implementing contract cancellation clauses with primary contractors; assessing contractual obligations and funds needed to satisfy those obligations; determining settlement amounts on major obligations, implementing a process of deciding which programs to be funded with remaining assets and determining which staff need to be retained beyond the 30 days.

Trustees include: Craig Christensen; David Culbertson, Danita Rodibaugh, Deborah Johnson and Hugh Dorminy. Since Hugh will be going off the board in July, a new trustee will need to be appointed in his place after that time. Murphy also noted that we currently have \$22M worth of unrestricted reserves. An analysis indicated that we currently have \$34.5M in outstanding purchase orders for 2005 programming which are all tied to the 2005 strategic operating plan. Virtually all of these obligations have early out clauses.

Strategic Board Calendar: Murphy noted that the July 19-21 board meeting will take place in Dallas, TX which will give the board a chance to visit the Richards Group headquarters.

Take Care Program: Dr. Paul Sundberg, in the absence of Dr. Liz Wagstrom, presented information on the Take Care Program. Sundberg noted that the program objective was to explore producer attitudes and current behaviors as they relate to antimicrobial use; to identify key influencers and identify the best ways to communicate with them. He noted that final approval from USDA is expected in January. He also explained that this is an awareness program, not an assessment or certification program. This program is about taking good care of your pigs, involving a vet in your decision making and evaluating your antibiotic use.

Sundberg will ask producers to complete a form at the producer update session. This form asks producers to endorse the Take Care program to use antibiotics responsibly and encourage other producers to do the same. Sundberg has received very positive comments about the program and is very optimistic that it will be widely accepted.

SWAP/AWAP: Dr. Paul Sundberg brought the board up to date on the SWAP/AWAP situation and next steps which is a negotiation process to determine a uniform industry standard to the satisfaction of all parties. The board has requested that we apply an issues management process to this in order to reach a successful conclusion. The first step was to get everyone on the same page that defined the objective and a strategy sequence. We recognize that there is a lot of independent negotiation going on with this issue. The pork production industry needs to engage in the satisfactory resolution of the welfare issue immediately before the AWAP program is mandated by NCCR and FMI. Our objective is to resolve pork production animal welfare concerns to the satisfaction of NCCR, FMI, their members, the packer/processor community and the pork production industry. Steps that need to be taken included the following:

- 1) Assemble an industry-wide team that has the knowledge and decision making authority to define the “must haves” to be included in a welfare solution. The objective of the first meeting will be to determine the basic elements of the solution that will satisfy all parties.
- 2) Take the information developed during the discovery meeting and reconcile it with SWAP, AWAP and current industry programs. Animal Welfare committee will lead this effort. The objective will be to define recommendations that would become uniform.
- 3) A second customer meeting will be convened and include a broader audience. The objective will be to determine the specifications of the elements defined during the first meeting and to reach a consensus on going forward strategies.

Failing to successfully resolve the industry welfare differences between NCCR and FMI, the industry will directly educate the membership of NCCR and FMI of the SWAP solution and recommend that it be established as the industry standard.

Comments from the board suggested that producers need a wake up call which could include a slide set to take back to producer meetings.

Nutrition Update: Dallas Hockman overviewed the current situation regarding USDA pork nutrient database work that took place in the early 90’s and was based on collection of data collected in the late 80’s and 90’s. There is a need for updated material. This data is used for all purchasing in the United States including school foodservice programs and dieticians. The new research is expected to show pork is much leaner than the current database indicates. A recent Purdue Weight Loss study indicated that a moderately high protein diet could aid in weight loss in women. Looking at the role of pork’s protein in providing a feeling of fullness, which helps prevent overeating could have lasting effects and will provide a great platform for PR activities to demonstrate how pork fits into a healthy lifestyle. The key person who was working on this research has been eliminated at USDA. Cost for the position is \$70,000 with results by

early 2006. We will be submitting a paper to the budget committee for supplemental funding of this project.

Other PIB Nutrition initiatives include: American Dietetic Association meeting in October; a new interactive exhibit, and; new Spanish language materials.

World Pork Congress: Murphy indicated that The World Pork Congress will be held in WDC, April 27-30, 2005. To date 27 different countries are participating; \$195,000 in sponsorship commitments with another \$175,000 that are in the process of firming up. 75% of the speakers have been confirmed. Secretary Johanns has been invited to be the keynote speaker. Murphy encouraged the board to attend and noted that this would be a great opportunity for them to get a global view of what is going on in the industry and would be perfect precursor to the June Strategic Planning Process.

**ISSUES
MANAGEMENT**

Charlie Arnot gave a report on the concept of Issues Management. This is a critical approach to effectively managing issues before they become unmanageable or too costly. It is the foundation for the approach we are taking with the new "Take Care" program, and the concepts apply widely, including SWAP, and more. Arnot explained the process, how it works and how it benefits producers and the entire chain.

ADJOURN

President Culbertson adjourned the meeting at 11:00 a.m.

Notes - Board Call
May 31, 2005
8:00 a.m.

The National Pork Board conducted a call on May 31, 2005 at 8:00 a.m. (CT). to discuss the recent Supreme Court ruling. Present on the call were: J. Adams, M. Bayes, D. Culbertson, H. Dorminy, L. Harrison, D. Johnson, D. Michael, W. Peugh, B. Samson, and S. Weaver. Also attending were NPB staff members: S. Murphy, J. Meimann, and L. Garner.

National Pork Board members unable to be on the call were D. Bettin, T. Bierman, C. Christensen, M. Reding, and, D. Rodibaugh.

Supreme Court Decision

Steve Murphy updated the board on the recent Supreme Court decision on the beef constitutionality case and what affect it will have on the pork checkoff. Murphy noted that it was a 6-3 decision in favor of the government speech argument.

Our complaints were freedom of speech and freedom of association. Because the court did not fully address the freedom of association component, there is a possibility that FLAG could revive that issue. Should that happen, new briefs and arguments would have to be brought forward which could take much time and which the court may not wish to consider.

As of the time of this call, Pork is still operating under a stay mode until orders come down from the Supreme Court. We fully expect the court to grant writ of certiorari, to vacate judgment and to be remanded to the sixth Circuit for further consideration. (Note: following the conference call, orders were published that reflect those very expectations).

Survey and/or Referendum Issue

Some discussion was held on the possibility of a survey and/or referendum being conducted. USDA has no intention to address this issue until all court cases are resolved. Should there be a survey; the key issue for pork is to get the right denominator. The big question would be whether or not 4-H kids would be allowed to vote. Pork board is working with states to deal with this issue.

Attribution Issue

According to Murphy, CEO's of other commodity groups have discussed the possibility of being pro-active on the issue of attribution. They will have a meeting to discuss the plan for future potential action.

Member Polling

President Culbertson noted that Mike Bayes and Hugh Dorminy would be polling members as to their interest in running for officer position.

Appointment of Board Members

Steve Murphy announced that notice was received from the Secretary of Agriculture that Deborah Johnson, Wayne Peugh and Lynn Harrison were re-appointed for another term and Brian Zimmerman and Carol Hein have been appointed to the board for their first term.

The new members will officially take office at the July board meeting in Dallas, TX. They will be attending the June meeting in order to fully participate in the strategic plan process.

Animal Welfare Update

Murphy gave a brief update from the May 19th meeting of the animal welfare steering committee which includes producers, packers, processors, chain restaurants, etc.. He noted that the group has completed the framework that all segments will support. An update will be available next week. Key issues that were addressed and accomplished:

- 1) AWAP was taken off the table
- 2) Established an assessment and education program that is a fundamental standard
- 3) Crate issue is off the table
- 4) Third party verification or audit is low cost

Murphy stated that direction from the board is needed to move quickly and decisively on this issue.

There may be some modifications that will need to be made to the SWAP program as some standards may be unreasonable. These will be included in a new version.

Steve Murphy will send materials to the board for their review.

July Meeting

The July Board meeting will be held in Dallas, TX July 20-22. Tentatively, the full board meeting is scheduled to start at 1:00. There may be orientation for new members the morning of July 20 and possibly Budget, Audit and Administrative meetings as well. More information will be sent out in the near future.

Adjourn

The call was adjourned at 7:40 a.m.

NATIONAL PORK BOARD MEETING

June 8, 2005

Des Moines, IA

OPENING

The meeting of the National Pork Board was called to order on June 8, 2005 at 1:00 p.m. by President David Culbertson at the Renaissance Savery Hotel in Des Moines, IA.

ROLLCALL

Attending the meeting were the following Pork Board members: J. Adams, M. Bayes, D. Bettin, T. Bierman, C. Christensen, D. Culbertson, H. Dorminy, L. Harrison, D. Johnson, D. Michael, W. Peugh, D. Rodibaugh, B. Samson and S. Weaver. Absent: M. Reding.

Also attending were the following NPB staff: S. Murphy, J. Meimann, L. Morrissey, M. Laughery, M. Wegner, P. Sundberg, D. Hockman, and L. Garner. Also attending was AMS representative Shethir Mustafa.

President Culbertson welcomed new board members Carol Hein and Brian Zimmerman.

MINUTES APPROVAL

A Motion was made by Steve Weaver to approve the minutes of the March 2-3, 2005 meeting which were sent to the board prior to the meeting. Seconded by Lynn Harrison

MOTION PASSED

LOIS BRITT MEMORIAL

Deborah Johnson informed the board of the loss of NPPC board member and friend of the industry, Lois Britt of North Carolina. Lois passed away in her sleep at the age of 69. She had expressed her appreciation of both producer leadership and had expressed her firm belief that leadership had the responsibility to do the right thing for producers. Deborah indicated there would be a donation opportunity for those who wished to make a contribution in memory of Lois to one of four different charities.

POLLING MEMBERS

David Culbertson appointed outgoing pork board members Hugh Dorminy and Mike Bayes to visit with any members who might be interested in running for Board vice president.

AUDIT COMMITTEE

Mike Bayes (filling in for Chair, M. Reding) gave the Audit Committee Report. The committee met and discussed the action to be taken regarding the states that do not have their year end reporting requirements complete. Year end reports were due April 1 and, after 65 days, have not come into compliance.

A motion was made by Mike Bayes to immediately withhold funds from the seven states; to resume when the states return

to compliance. Those states include: CO, CT, DE, ID, MD and WY.

MOTION PASSED

A motion was made by Mike Bayes to have a letter sent to each state. This letter would say that year end reports are due from all states as of April 1. If the reports are not received within 30 days, funds will be withheld from those states.

MOTION PASSED

An e-mail explaining the new policy will immediately be sent to all states. A letter will also be sent out to states at the beginning of January on an annual basis. The letter will serve as a reminder of the year end reporting policy and April 1 deadline.

**BUDGET COMMITTEE
REPORT**

Deborah Johnson, Budget Committee Chair presented the report from the Budget Committee meeting, June 8. Johnson explained a proposal for an efficient and structured process to deal with supplemental funding requests. Three supplemental requests which triggered the policy recommendation included:

- Educational services for 502k
- Foreign Market Development – 130k
- Research in alternatives to antibiotics as production enhancers – 250k

A motion was made by Deborah Johnson that the supplemental item funding request be denied and suggested they be included in the Plan of Work process for 2006.

MOTION PASSED

Steve Meyer presented a budget recap noting that the recent decline in hog prices and CME Lean Hogs futures prices have brought cash and anticipated cash markets below the low end of the budget forecasts for 2005. That news is offset by substantial budget surpluses over the first five months of the year.

A motion was made by Deborah Johnson that the 2006 revenue target to be recommended to the Board of Directors for the 2006 Budget be set at \$52M.

MOTION PASSED

A motion was made by Deborah Johnson that \$3M be taken out of the undesignated reserves to be used to supplement 2006 spending.

MOTION PASSED

ADMINISTRATIVE COMMITTEE REPORT

Danita reported on the progress of the following states reviews:

Louisiana: has prepared a draft policy manual which addresses a majority of the issues in their administrative review. Mike Telford has reviewed the manual and has spoken to the LA state executive who will be sending additional documentation. It will be sent to the LA board who will be reviewing and approving the changes.

Wyoming: has made good progress in working through issues cited in their administrative review. They have elected a new board and new administrator. They are addressing all recommended changes contained in their review and the committee feels good about their progress.

Small States (<\$7000 annual checkoff): Rodibaugh explained the new “Administrative Lite” review option that was developed in response to the committee’s recommendations from March to change the rotation system to focus on smaller states. This is a scaled down version of the 16 point Administrative Review that would be used for some of the smaller states. Suggestions were made to do a “survey” before using the new lite review so that all states are held to the same standards and to also consider the possibility of holding a seminar at Forum.

A motion was made by Danita Rodibaugh to:

- **Approve the 2005 State Administrative Review for Louisiana, contingent on receipt of final documents approved by the Louisiana State Board and by the NPB Administrative Committee Chair.**
- **Approve the 2004 State Administrative review for the Wyoming Pork Producers Council pending a final review of the report by the National Pork Board staff and the Administrative Committee Chair. Assuming the report is approved, that WPPC return-to-state checkoff funds that have been sequestered by the National Pork Board, be released to WPPC effective June 15, 2005.**
- **Schedule one small state (ID) in 2005 for an on-site test of the “Administrative Lite” review.**
- **Schedule four medium states <\$100,000 for 2005 (MT, UT, AR, ND) for regular 16 point review.**
- **Schedule one large state with > \$100,000 checkoff income – NE for a regular 16 point review.**
- **Be prepared to schedule 1-2 additional State Administrative Reviews depending on circumstances or new staff orientation (if change of State Exec.).**

MOTION PASSED

BRAZILIAN FOOT AND MOUTH

Steve Murphy presented the board with some opportunities and challenges in dealing with a request from Brazilian government officials to assist in creating a plan and funding to deal with Foot and Mouth disease issue in their country. Murphy made the recommendation to establish a task force to investigate this proposal and give direction to staff. Brazil is one of our biggest competitors. It would reduce the risk to U.S. herds if we do offer assistance. Many of our certification programs in this country are beginning to cross borders as well. Do these certification programs make us more competitive? Do we provide to others? Or work with them for solution that provides benefit to us and them? There may be more issues like this in the future. Not just a trade issue. Establish a task force to look at all these issues and make recommendations to the board on how to respond on these issues.

A motion was made by Dianne Bettin for the board to establish a Task Force that is multi disciplinary (marketing, educational, science) to look at these types of issues to provide recommendations to the board to make policy. Seconded by Mike Bayes.

MOTION PASSED

Steve Murphy noted that the first decision made will be precedence setting so we need to know the full consequences to defend and support it down the road. Dennis Michael noted that because this will affect U.S. checkoff paying producers, a broad view is needed.

CEO REPORT

Steve Murphy updated the board on the following issues:

- WPX: A schedule has been put together for those who are working at the Producer Information Center at Expo. Secretary of Agriculture, Michael Johanns will be attending Expo and will visit with NPB officers.
- World Pork Congress: World Pork Congress was held April 27-30 in WDC and was sanctioned by the International Meat Secretariat, who, along with National Pork Board served as event organizers. This was the largest World Pork Congress held to date over 300 registrants from 33 countries attending. Secretary Johanns was the keynote speaker, along with 32 other speakers from around the world. A very popular Crossfire opportunity after each session engaged the audience. Takeaways from the event included:
 - Irregardless of where we are from, we have much more in common than we have in differences.
 - Making pork more contemporary, attracting the younger audience to pork, and breaking through the advertising clutter is a common challenge.

- The international trade outlook for pork is strong due to the increasing economic growth in developing countries.

Murphy extended a thank you to all of the sponsors, including special thanks to major sponsor, USMEF.

- Board Meeting: The next board meeting will take place July 20-22 in Dallas, Texas where we will be hosted by The Richards Group. A new member orientation will take place at Noon on Wednesday, July 20, with a full board outing that evening. The following day we will visit the Richards Group office and have an update on market events as well as an evening foodservice event. The Board's business meeting will take place on Friday morning with adjournment at noon that day.
- Best Place to Work. The National Pork Board was recently honored as a "Best Place to Work" in Des Moines. There were 71 nominations which required an 85% survey participation level from each business' employees. There were 3 finalists in each of three categories and National Pork Board placed 2nd among the 51-100 employee category.
- Legal Update: Supreme Court decision for beef is good news for pork and all commodity checkoff programs. Pork was granted cert, its district court decision was vacated, and the case has been remanded to the 6th circuit and ordered to apply the beef decision against the complaint. One key difference exists between the Beef and Pork Case – Freedom of Association. Detractors want this addressed. Would be very difficult to get this to the Supreme Court again. This will need to be resolved first – not sure of the process – briefs need to be filed and argued at the district level.

We have been charging forward so no adjustment in operations or programming is needed. We are willing to accept the fact that we live in an environment of constant challenge and accept that and adjust. The Department of Justice will move to have our case dismissed or defend the challenge against the freedom of association challenge. Commodity CEO's will meet with the USDA later this month to develop an "attribution" strategy.

- Employee Stay Bonus: Thank you for the stay bonus as it did a great job of holding the team together in lieu of the risk of a negative court decision. The program was designed to retain people. The organizational threats are not over, and in fact will continue long into the future. Our current stay bonus addresses those potential issues. Stay bonus will continue in place unless we receive direction differently from you. Several stay bonus triggers include: a failed referendum, a reduction in checkoff, and any successful legal challenges. As it stands, the bonus is a designated item in our reserve that is reviewed annually. The following situations will not trigger the implementation of a stay bonus:

terminating an employee for cause, at will termination rights, an employee initiating his/her leave from the organization.

Hugh Dorminy made a motion that the stay bonus will remain in affect until it is terminated by the board. Seconded by Lynn Harrison.

MOTION PASSED

- Animal Welfare Steve gave an overview on the Animal Welfare situation as of Jan.1, 2005 when there was no effective dialogue occurring between the industry and its customers and general producer attitudes were that welfare wasn't a "real" concern and SWAP adoption was slow. The NCCR and FMI developed AWAP as a tool to regulate industry welfare. Momentum for adoption of AWAP by customers was growing and stalls were an issue of contention between SWAP and AWAP and there was no resolution in sight. The cost of AWAP to the industry was estimated at over \$100 million per year.

Steve explained that, from direction of the board, he developed a plan that was approved by this board and the USDA and consisted primarily of convening a discovery meeting that included participation by all segments of the chain. The Discovery Team included NPPC, NPB and the welfare committee representing production: Cargill, Smithfield, Tyson, PSF representing packers; McDonalds, Burger King, Dardens, Wal-Mart and Safeway representing customers. Two discovery meetings were held in Chicago, March 29 and May 19.

Results from the Discovery Team meeting put the pork industry in a position to resolve an animal welfare issue with our customer; however, it has not solved all animal welfare issues.

A framework document was formulated that establishes an education and assessment program as the tool for managing welfare and suggests the program is designed to satisfy the concerns of the general population and not activists. It also recommends an "integrated quality approach" to production and suggests incorporating the welfare program into PQA. AWAP is off the table. The framework provides for a simple, objective audit of critical control points on a stratified sample of the industry, paid for by the checkoff if the costs are reasonable. The framework also takes stalls off the table and all parties agree that further research is warranted in order to arrive at a science based solution in the future.

Steve noted that progress has been made and next steps are for the board to review the current strategy and give direction, to move quickly and decisively or risk losing momentum; once there is NCCR and FMI endorsement, the responsibility will return to NPB staff and committees.

John Adams made the following motion: It is imperative that the pork industry respond to the welfare needs of its customers in a fashion that is credible, workable and affordable for all segments. The Board directs staff to work with the appropriate industry partners and checkoff committees to support the basic concepts contained in the welfare discovery team framework document of May 19, 2005.

Seconded by Tim Bierman.

MOTION PASSED

- AARC Agreement: Murphy explained that AARC is the 3rd party that will manage the research project for all species. Currently, only pork and eggs are participating. The agreement and the research have been approved by USDA. NPB currently has \$6M committed to the research program. The monies are held in reserve. NPB monies will not be released until EPA formally agrees to move forward with the research program. The program sign-up ends July 1, 2005. A number of legal challenges have been initiated.

Shethir Mustafa noted that there have been a couple of petitions that have been dismissed that claimed. There is also a pending FOIA request for all project approvals.

- Pork Centers of Excellence: Murphy gave a brief update on the Pork Centers of Excellence (formerly the Swine Research Information Center). This is a partnership of the pork industry (state and national organizations), CREES, ARS and Land Grant Universities. It is a stand-alone organization that will be the central resource for the pork industries research, education and information dissemination activities. Dr. David Meisinger was recently hired as director of the center which is headquartered at Iowa State University in Ames, IA.

Three basic operating principles of the center include: Discovery; Education and Application. The 15 member Board of Directors will each serve 3 year terms limited to 2 terms. Three of these positions will be represented by National Pork Board.

Murphy presented recommendations for the three National Pork Board representatives to sit on the Center of Excellence Board of Directors.

Steve Weaver made a motion to accept Leon Sheets, Chair of the Producer Education Committee; Dennis Michael, Pork Board member; and, Steve Murphy, CEO as the National Pork Board Representatives to the Pork Center of Excellence Board of Directors.

Mike Bayes seconded

MOTION PASSED

- 2006 Forum: Murphy gave an update on the 2006 Pork Forum plans which will be held jointly with NPPC. Location options include Kansas City, Chicago and St. Louis and dates to consider are March 9-11 or March 2-4.

After some discussion, it was noted that several Board members indicated the March 2-4 dates and the Kansas City venue were preferred if possible.

**CULBERTSON
RECOGNITION**

Steve Murphy, on behalf of the National Pork Board Staff, presented a framed print to Dave Culbertson as a thank you for his leadership and service to the pork industry.

STRATEGIC PLANNING Steve Murphy led board members through the Strategic Planning Process which will determine critical zero-based budgeting for 2006. Members broke into groups to define the critical issues which will be handed off to the Plan of Work Committee who will proceed to establish the strategic intents for each issue. These intents will then be given to staff and various committees who will build the plan and establish the budget for each intent, while the board will establish the spending level and approve the final budget.

ADJOURN

A motion was made by Dennis Michael to adjourn the meeting at 5:30 p.m. Seconded by Tim Bierman.

MOTION PASSED

Notes - Board Call
July 14, 2005
Noon (Central Time)

President David Culbertson called the meeting to order at 12:00 noon on July 14, 2005. The purpose of the call was to discuss a list of potential points of collaboration with NPPC prior to the joint meeting in Dallas on July 21.

Present on the call were: J. Adams, M. Bayes, T. Bierman, C. Christiansen, D. Culbertson, H. Dorminy, L. Harrison, D. Johnson, C. Hein, D. Michael, W. Peugh, M. Reding, B. Samson, and S. Weaver. Also attending were NPB staff members: S. Murphy, J. Meimann, D. Hockman, L. Morrissey and L. Garner. Also present was Shethir Mustafa, USDA/AMS.

National Pork Board members unable to be on the call were D. Bettin, D. Rodibaugh and Brian Zimmerman.

The Pork Board has been focusing on ways to achieve synergy with other organizations and entities that allows more positive results to be achieved to serve the US Pork Industry than could be accomplished by either organization working alone. Collaboration with industry organizations like NPPC can bring greater return on investment of checkoff dollars than the Pork Board acting independently on several issues.

Culbertson stated that he and NPPC President, Don Buhl, had a conversation at the recent State Executive Meeting at which time they discussed potential areas of collaboration between NPPC and NPB that would allow the two organizations to work better together. Culbertson explained the concept of establishing a “champion” from each organization who will have responsibility for putting committees together, decide action steps and communicate the progress and activities of each group. The selection of a champion would be based on expertise, time available, organizational interest and history, and other factors.

Culbertson introduced the following joint collaboration areas and noted that they are preliminary and asked for further comments and discussion:

1. The National Pork Board is in the process of restructuring the environmental programming area and has the potential of being a better resource to NPPC.

Rationale: If the NPPC could provide the NPB with its environmental resource needs, it might minimize the overhead NPPC needs to invest in this programming area.

2. Create a comprehensive swine welfare strategy and integrate the work of the two committees.

Rationale: The current welfare framework is a narrow response to customer concerns regarding swine welfare and is not an answer to all welfare challenges. A comprehensive strategy and plan is needed and this provides an opportunity for the two welfare committees to collaborate.

3. A coordinated focus on the animal ID issue.

Rationale: There is clear government and consumer backing for moving this issue forward, an issue which undoubtedly has a regulatory/policy component and a science and technology foundation.

4. Co-participation in trade missions to better understand the challenges and opportunities of the export business.

Rationale: This is a natural fit, and the cost could be covered by Checkoff dollars if the input provided by producers is limited to the scope of the National Pork Board's responsibilities.

5. Participation in leadership development programs like Operation Mainstreet

Rationale: While OM messages need to be consistent with the mission of the National Pork Board, the development of general presentation and media skills will put producers in position to more effectively deliver NPPC messages.

Culbertson explained that the points listed above will be the primary focus of the upcoming meeting. The need to have a consistent industry approach and signal are important steps to moving forward on challenges and issues that are important to both organizations.

Shethir Mustafa, USDA/AMS, noted that it is imperative that the issues are defined appropriately with no co-mingling of funds, that decisions on programs and funding be made separately by each Board and to keep in mind any cost and perception issues that may arise.

Harrison noted that the areas identified will be easy for both organizations to keep some separation while also working together.

Steve Murphy stated that "coordinated efforts" is the best way to describe what we are doing to serve the industry to the best of our abilities and still allow each organization to do this under their own structure.

The document will be shared with the NPPC president prior to the Dallas Meeting as well as asking for any suggestions from NPPC to add to the discussion. This is a first step in furthering communications efforts between the organizations.

Culbertson added that staff would be welcome to sit in on the joint board meeting in Dallas to hear the discussion of the two Boards on collaboration.

The meeting was adjourned at 12:35 p.m.

NATIONAL PORK BOARD MEETING
July 22, 2005
Dallas, TX

OPENING

The meeting of the National Pork Board was called to order on July 22, 2005 at 8:30 a.m. by President David Culbertson. The meeting took place at the Richards Group headquarters, Dallas, TX.

ROLLCALL

Attending were the following Pork Board members: J. Adams, M. Bayes, D. Bettin, T. Bierman, C. Christensen, D. Culbertson, H. Dorminy, L. Harrison, C. Hein, D. Johnson, D. Michael, W. Peugh, M. Reding, D. Rodibaugh, B. Samson, S. Weaver and B. Zimmerman.

The following NPB staff also attended: S. Murphy, J. Meimann, L. Morrissey, M. Laughery, M. Wegner, P. Sundberg, D. Hockman, and L. Garner. Also attending was AMS representative Shethir Mustafa and AMS intern, Ginger Niemann.

President Culbertson welcomed new board members Carol Hein and Brian Zimmerman.

MINUTES APPROVAL

A Motion was made by Steve Weaver to approve the minutes of the June 8, 2005 meeting which were sent to the board prior to the meeting. Seconded by Mike Bayes.

MOTION PASSED

**COMMITTEE
INTEREST SURVEY**

Danita Rodibaugh reported on the results of the recent committee interest survey for membership preferences on various NPB Committees. She explained that wherever possible, assignments were made according to members' interests and that most, but not all requests were able to be fulfilled. Rodibaugh also noted that board members should let her know if they want to make changes to their assignments as it is important they have an interest in their assigned committee and attend as many of those meetings as possible.

AUDIT COMMITTEE

M. Reding, chair of the Audit Committee updated the board on the work of the Audit Committee. He reported that the states previously reported as delinquent (CO, CT, DE, ID, MD and WY) are now all in the process of being in compliance. He also reported that the committee had reviewed 2004 strategic intents with program Vice Presidents.

**DEMAND
ENHANCMENT
REPORT**

Dallas Hockman updated the board on work of the Demand Enhancement department. He noted that key 2004/2005 highlights included the agency search and new campaign, as well as exports,

and that all questions had been answered and a satisfactory level of strategic intent achievement had been reached. The process of review will be moved up in 2006 to reconcile with the annual budget cycle. Hockman said the USMEF relationship continues to improve with many opportunities for pork and with a continued foreign focus. Other areas of focus will be in the nutrition area as well as an agency review in the Hispanic marketing area.

COMMITTEE CHAIRS

The Board, by consensus, approved the following committee chair changes:

Pork Safety: Chair: Jill Appell to Barb Determan
Vice Chair: to be determined

Animal Science: Chair: Dan Hodges to Everett Forkner
Vice Chair: Steve Healy

PLANNING UPDATE

Steve Murphy reviewed the 2006 Strategic Intentions which define “what we want to make happen.” The intentions are aligned with the 9 critical issues which were defined by the board at the June meeting. For 2006, thirty-nine strategic intentions have been identified for which staff and committees are now developing tactical plans and budgets.

Murphy noted that due to feedback from the last Plan of Work meeting, he recommends changes in the overall planning process for 2007, which would close the loop between reporting outcomes from the past year and planning the new year. The new process would establish a stronger working relationship between the board and programming committees. It will also provide board members better tools to prepare them for their visionary and leadership role, as well as adjusting the meeting time schedules to maximize producer attendance.

He also suggested that we provide the board members with outside training in 3 critical areas: strategic thinking skills, issues management and alliance building and leadership training.

In addition, Murphy reviewed the proposed 2007 Strategic Planning and Budgeting Calendar and the 2006 Board of Directors calendar. Mike Bayes suggested that the State Executives and managers be included in the training seminars. Danita Rodibaugh stated that instead of tying the board up the whole first day of expo, maybe a half day meeting on Thursday would work best. Dennis Michael mentioned that the April 4-May 29 dates for strategic planning may not work, as many producers are in the fields at that time.

Motion was made by John Adams to accept new planning process and board calendar. Seconded by Mark Reding.

MOTION PASSED

CEO REPORT

Steve Murphy updated the board on the following issues:

- 2006 Forum: Murphy announced that the 2006 Pork Forum will be held in Kansas City, March 2-4 at the downtown Marriott. Location was chosen over Chicago and St. Louis due to cost factors and availability of hotel space.
- Partnerships & Alliances Update: After careful evaluation it was determined that The Philanthropy Group, a resource development vendor, would no longer provide the necessary services needed to meet NPB objectives, therefore NPB partnership and alliance strategies will continue to develop internally. Murphy noted that we are currently evaluating new prospective grant writing partners.

Currently, our partnership opportunities have resulted in \$1.5M in 2005. These include the United Soybean Board with whom we have collaborated in joint communications efforts, Operation Mainstreet, Allergenicity program, Net Energy project, and a possible collaboration on an odor project.

- Departmental Restructuring: Murphy updated the board on the restructuring of the Education and Outreach departments which will support their key mission which ties in with the #10 critical issue from the June meeting. This change will blend and deliver all pork checkoff messages, products and services through a single, effective delivery system and will maximize staff time directly interfacing with producers.

The Environmental area will also be restructured to meet the following objectives: To find answers to the odor issue; to increase producer participation in EQIP or other conservations programs, and to assist the industry in meeting air emission regulations.

- Working Group/International Strategy for Intellectual Property: This proposed new working group will be led by Wayne Peugh and will establish a precedent for how the organization will respond to these challenges in the future. A white paper on this issue is being prepared.
- AARC Status Update: Murphy noted that contracts between AARC and NPB have been executed and that Purchase Orders have been approved and in place although no payments have been made to date. The sign up period has been extended until July 29. No research expenses will be paid until EPA guarantees they are moving forward with the program.

Shethir Mustafa updated the board on a recent petition filed by Farmers Legal Action Group (FLAG) to which USDA has responded following the guidelines established in the Pork Act and Order. FLAG has amended their petition reinforcing their

arguments that the Pork Board's involvement is, in effect, influencing government. USDA disagrees and has argued that this is research. No order has been issued to stop it.

- Swine Welfare Coalition Update: A framework document has been agreed upon by all coalition members. Wal-Mart has been briefed and invited to join the coalition with a conference call set on July 25 for their decision. The next step will be to invite a slightly broader audience to join the effort, beginning with NCCR and FMI. We hope to have meetings with them by the end of the summer.
- World Pork Congress Update: Murphy gave an update on the final accounting for World Pork Congress which was held in April, 2005 in Washington, D.C. The Congress was a real success in most dimensions, bringing the global pork industry together to address issues and build a better international pork industry. The Congress drew 300+ attendance and some important sponsorships. The \$36,000 in NPB sponsorship was an excellent investment and will be a real adjunct to our enhanced foreign market efforts. The final totals show that the original business plan achieved virtually all its goals.
- Checkoff Alcohol Policy: Murphy explained that the current AMS and NPB policy is difficult to understand and requires substantial individual judgment, sometimes at an awkward time, which put staff in an uncomfortable and unfair position. We have also experienced some producer sensitivity to checkoff dollars spent on alcohol. Therefore, it was suggested that a firm black and white policy regarding alcohol be established. After discussion the following motion was made:

Motion was made by Steve Weaver that effective August 1, 2005, no checkoff dollars can be spent on alcohol. Seconded by Deb Johnson.

MOTION PASSED

- Three PRRS research contracts greater than \$100,000 were overviewed and presented for board approval.

A motion was made by Mark Reding to approve the following PRRS research contracts:

- Iowa State University (Zimmerman) - \$123,138.00
- Iowa State University (Harris) - \$113,483.00
- Univ. of NE (Osorio) - \$150,000.00

Seconded by Brian Zimmerman.

MOTION PASSED

ELECTIONS

Hugh Dorminy and Mike Bayes reported that after conducting a telephone survey with board members to discover any candidates to run for the Pork Board President position, Danita Rodibaugh was the only candidate to declare her intentions.

After hearing no other nominations, John Adams moved that the nominations be closed. Seconded by Steve Weaver.

MOTION PASSED

Motion was made by J. Adams to elect Danita Rodibaugh as president by acclamation. Seconded by Dianne Bettin.

MOTION PASSED

Lynn Harrison and Wayne Peugh were each interested in the Vice President position. The ballots were distributed and votes cast. Mike Bayes and Hugh Dorminy were appointed as tellers and collected the ballots for tallying.

Wayne Peugh was elected Pork Board Vice President.

President Culbertson thanked both candidates for putting their names in for nomination.

USDA REPORT

Shethir Mustafa, USDA/AMS representative gave the following report to the board:

- Shethir reported that the department recently underwent a review of Federal Agency Programs and were pleased with the Beef, Pork, Lamb and Soybean checkoff programs. There was, however, a deficiency in certain benchmarking aspects and that we need to do a better job of performance measuring.
- Mustafa also talked about a recent FOIA request from the Chicago Tribune who is asking for audit and expense vouchers of the board. USDA will watch this closely.
- The issue of using an attribution tag line is being addressed and Shethir will work to see that the National Pork Board will be able to provide input on this.
- Mustafa thanked outgoing president, Dave Culbertson and outgoing members, Mike Bayes and Hugh Dorminy on their service to their industry by serving on the board as well as their open communication with USDA.

MISCELLANEOUS

Annual Staff Appreciation Lunch: M. Reding asked the Board if they were interested in hosting the annual staff appreciation luncheon at the November board meeting. L. Garner will work with Mark on the project.

Outgoing Board Members: Culbertson thanked outgoing Board members Mike Bayes and Hugh Dorminy for the time and commitment they have given to the industry. Dorminy noted how

the board has matured and become more businesslike over the last couple of years and how it has become such a positive force for the industry. Bayes expressed his thanks and commented on how much the board has grown since he was first elected. He noted that the friendships he has made with fellow board members has meant a great deal to him and the trip to China was an excellent team building experience which helped them work through the tough issues for the good of the industry.

Culbertson Recognition: The Board members recognized outgoing President Dave Culbertson as he completed his term for 2004-2005. They noted his great leadership skills, integrity and outstanding contributions he made to the industry. Culbertson stated that it was a bittersweet time and thanked the board for the vision and wisdom they brought to the industry and to the board.

COMMITTEE REPORTS

Environmental Committee Report: Lynn Harrison reported that the Environmental Committee recently visited a large dairy farm that had over 70,000 visitors last year and are expecting more in 2006. Harrison noted that something like this would be great for our industry.

Animal Science: Bruce Samson reported that the committee has determined the following 2006 priorities for Animal Science: Pork Quality, Sow Longevity, Genetics, Feed/Nutrition and Alternatives to Anti-Microbials. Enhancing domestic demand for fresh pork was identified as the single highest priority for the Animal Science Committee and feel strongly that eating satisfaction must be addressed immediately and is developing a project in cooperation with the DE department.

Producer and State Relations Committee: Danita Rodibaugh noted that Operation Mainstreet is an excellent program and invited Board Members to sign up for the training.

Rodibaugh mentioned that the committee evaluated their programs and talked about critical issues and strategic intents.

In addition, she mentioned that attendance has been a challenge for many committees.

Niche Marketing: Steve Weaver updated the board on the work of the Niche Marketing Committee which met recently. They continue to push for ways to show all producers opportunities for marketing their products and tools to make informed decisions.

Swine Health: Wayne Peugh reported that Eric Neumann would be leaving the Pork Board and will be missed by the committee.

He also noted that Swine ID outline has been presented for the Federal Register. A National Swine Influenza Working Group has

been formed to collect genetic data on influenza and have started to collect and report on a data base.

Trade: Hugh Dorminy reported that USMEF was very pleased with the recent court decision on the constitutionality issue. Another issue that was discussed at their last meeting was the possible implications to pork once beef is up and running again once the restrictions are lifted.

**THANKS TO
RICHARDS GROUP**

On behalf of the entire board of directors and staff of National Pork Board, Dave Culbertson thanked The Richards Group for their hospitality.

ADJOURN

A motion was made by Dennis Michael to adjourn the meeting at 11:35 a.m. Seconded by John Adams.

MOTION PASSED – Meeting Adjourned

Minutes
Board Conference Call
September 7, 2005
8:00 a.m. (CT)

CALL TO ORDER: President Danita Rodibaugh called the meeting to order at 8:00 a.m. on September 7, 2005.

ROLL CALL Present on the call were: D. Bettin, T. Bierman, C. Christiansen, D. Culbertson, L. Harrison, C. Hein, D. Johnson, D. Michael, W. Peugh, M. Reding, D. Rodibaugh, B. Samson, S. Weaver and B. Zimmerman. Also attending were NPB staff members: S. Murphy, J. Meimann, D. Hockman, P. Sundberg, M. Laughery, L. Garner as well as USDA/AMS representative, S. Mustafa.

National Pork Board member J. Adams was absent.

CFO STAFF CHANGE Steve Murphy gave an overview of the Chief Financial Officer (CFO) staff change that took place on 9/1/05. Murphy explained the issues surrounding the change and noted that there was no mismanagement of funds or other financial impropriety. The situation was clearly an inability to grasp the issues and perform the duties assigned. In the interim, Murphy will be acting as CFO until another person can be hired. He will use this opportunity to evaluate the challenges facing the accounting department and to gain a better understanding of how the department can best serve the organization. He will also create a plan outlining how accounting can best be led, the structure that best serves the organization and the best way to arrive at a service culture that is essential for any accounting department.

Murphy mentioned there was an overlapping of duties within the department's management and that those issues, as well as qualifications and title of a new staff person would be addressed. Murphy noted that we will work within the structure of the Settlement Agreement which calls for someone to be in charge of Pork Board financial management. Danita Rodibaugh also noted that we should be mindful of the prudent use of checkoff dollars when hiring for this position.

REVENUE TARGET Steve Murphy reviewed the 2006 revenue target of \$55.3M, (\$52M in collections, \$.3M in other income and \$3.0M in reserves). The \$52.0M was the mid-point in the forecast range of \$49.5M to \$54.1M. In June the Budget Committee recommended, and the Board approved that target number. There is no change in the current 2006 forecast as next the Hogs and Pigs report will be 9/30 - after the Plan of Work meeting.

However, Murphy noted that Dr. Steve Meyer's current market outlook is slightly more positive than in June. Hog demand is up over last year, but pork demand is down. Outstanding exports and slimmer packer margins made the difference.

Meyer projects collections to exceed budgeted projections by \$2.6M through July, and expects year-end to be at \$61.5 which is \$3.5M over budget. Murphy stated that the initial 2006 plan and budget are predicated on 2005 spending. Thus they will come in at approximately \$8.0M more than available dollars, so there will need to be an 18% cut, which will be the job of the Plan of Work which will meet in Des Moines September 29-30.

Murphy stated that the 2005 budget is higher than any previous budget due to the aggressive stance the Board took in 2005 aimed at full investment of available checkoff revenues pending the Supreme Court decision, as well as the launch of the new advertising campaign, the Air Emissions Study and the Genome Study. To bring the 2006 budget into line with revenue expectations and to maintain a consistent level of spending year-in and year-out, a reduction of 18% in spending from 2005 levels is recommended. In addition, Meyer suggests that the lower hog cycle will hit strongly in the last half of 2006 and all of 2007 and perhaps beyond.

Murphy asked for Board input to confirm or adjust the budget recommendations presented. Considerable discussion ensued.

Is it better to spend more robustly now in order to take advantage of the good times and continue to build demand as high as possible going into a down market? Reducing spending now may jeopardize a number of new, effective programs which are just getting their feet under them and beginning to do some good.

Or should spending in 2006 be moderated, in order to build an adequate reserve to be a “ballast” to keep the boat afloat in the coming storm? This would avoid the peaks and valleys and maintain a consistent level of program spending even in the down years of '06 & '07, but it would mean building a healthy reserve today when times are good, in order to be ready for the rainy day. Some think these dollars should be invested now.

Mark Reding made the following motion:

MOTION: To take \$1.M from Steve Meyer’s projected “surplus” collections forecast for 2005 and another \$1.7M from current reserves in order to raise national spending in 2006 to \$58M.

Seconded by Dennis Michael.

Dianne Bettin offered the following friendly amendment to the motion. There was concurrence to debate this motion:

MOTION: To leave the collections forecast at the projected \$52M and take an additional \$2.7M out of reserves in 2006 to raise the 2006 spending level to \$58M.

Roll call vote was taken.

Motion defeated by 10 to 4 vote. 2006 national spending level continues to be pegged at \$55.3M.

PLAN OF WORK

Danita Rodibaugh urged all board members to try to be at the Plan of Work meeting as this will be the only opportunity for them to have an in-depth presentation of the budget as it won't be presented in detail at the November board meeting. A strategic overview, however, will be provided at that meeting.

An integrated presentation will be presented and focused around the critical issues. Teams will develop a plan for balancing the spending with revenue and then will come together to participate in the final solution.

At the conclusion of the Plan of Work meeting, there will be a brief board meeting to conditionally approve the budget so we can begin to create Form A's and get the USDA approval process started.

If you are planning to attend, please complete the Meeting Form which was e-mailed to you several days ago or call Lorraine to help make those arrangements.

AARC UPDATE

Sign up period has been extended several times, which put the timeline in jeopardy. Because of this, Purdue officials have notified us that they will not carry the risk of guaranteeing that checkoff money to cover expenses for the Air Emissions Study will be fully refunded should EPA not approve the project. It could be as much as 90 days or longer after the sign up period before Purdue would be officially notified by USDA that they would be approved as IMC. In that time period, there is a risk of losing key people. Therefore, the Environmental Committee offered the following resolution:

“If Purdue University can not provide a guarantee that checkoff money, to cover preparation expenses for the Air Emissions Study, will be fully refunded should EPA not approve the project, then up to \$105,000 should be made available to Purdue University to support the pork portion of the Air Emissions Study preparation costs up until the time that EPA gives final project approval. Up to \$250,000 of the research money allocated to the project will be offered if Purdue University provides a refund guarantee.”

This Environmental Committee resolution has been reviewed by USDA and they will approve on the condition that Purdue officially be named the Independent Monitoring Contractor (IMC). Therefore, the following Motion was brought forth for board approval based on the Environmental Committee's recommendation:

MOTION: Once Purdue University has been officially selected as the IMC for the Air Emissions Study project, the National Pork Board approves the

transfer of \$105,000 in funds from AARC to Purdue from the \$6 million pork budget to cover start-up costs for the air emissions research.

Steve Weaver moved to accept the motion. Tim Bierman seconded.

MOTION PASSED

COMMITTEE REPORTS In an effort to better communicate program area activities, Danita asked that board members send in notes highlighting some of the areas their committees are working on.

ADJOURN Rodibaugh adjourned the meeting at 9:30 a.m.

National Pork Board of Directors meeting
12:15 p.m. September 30, 2005

In attendance President Danita Rodibaugh, Vice President Wayne Peugh, immediate past president Dave Culbertson, Deborah Johnson, Steve Weaver, Dennis Michael, Mark Reding, Lynn Harrison, Bruce Samson. Absent: Craig Christensen, John Adams, Carol Hein, Brian Zimmerman, Tim Bierman, and Diane Bettin. Staff in attendance: Steve Murphy, Jim Meimann, Paul Sundberg, Mike Wegner. Others in attendance Shethir Mustafa, USDA.

Meeting called to order by President Danita Rodibaugh.

Budget/Plan of Work Process

Steve Murphy reviewed the remaining portions of the budgeting process including pre-approval today of preliminary budget numbers in order that staff can began work on the Form A's. Preliminary work will occur over the next few weeks including preparation of Form A's and pre-approval by USDA of submitted information. This all awaits final Pork Board approval at its November 15 meeting after which time USDA will give its final approval.

The board reviewed the process of the last couple days and felt that it was a good process, one that provided a lot of information to the participants. It gave the rationale for the programming tactics, and invited producer questions. Those questions were from a broad range of people on a wide variety of subjects and really focused on the areas of interest and concern by the producers. That information helped to develop a comprehensive look at the 2006 plan of work.

The fact that all three of the subgroups came with recommendations that were very close to one another in terms of the programs to be maintained and the programs to be reduced was seen by the Board as an affirmation of the consistent thinking in the group. It also demonstrated the value of the good preliminary materials that had been distributed and of the information provided during the meeting. Not having the dollars available by tactic was also considered a plus in that it did not allow the discussion to default to talking of dollars as much as it helped to do keep the focus on the overall strategy.

The exercise of the Plan of Work Task Force was a value. Producers stepped up to the plate and gave great input. This now results in 50 producers having greater ownership of this work product. It also gives them a much stronger understanding of how the checkoff monies are invested and the value to which they are put.

Discussions centered on critical issue number one - moving the needle on pork demand. It is the board's number one priority and accounts for approximately one half of the proposed budget. Being as visible as it is, and considering that there are a number of other important industry priorities, some questions were asked about our ability to adequately and accurately measure the impact of promotion. Steve Murphy said that he had already instructed staff that as this plan is being developed more fully, one of the key additions to be made is to add more metrics to each tactic, where possible. In this manner, measurement can occur which will help us understand if the program is having a measurable impact and if our checkoff dollars are being wisely invested.

There was a general feeling of the Board that the plan of work process was good, that it had accomplished most of the objectives desired, and that no major changes were required at this time.

Macro Budget Calculation

AMS Representative Shethir Mustafa asked that the Board forward to USDA the macro budget numbers on which the 2006 budget is based. They are included on the attached letter of 10/04/05 from Steve Murphy to Shethir Mustafa at USDA. On its conference call of 09/07/05 the Board had approved \$55.3M in available funds, but clearly hoped that that number might grow bigger as the year progressed. Staff immediately embarked on an in-depth review of 2005 spending to see if any dollars would likely go unspent. The review indicated that \$4M from the 2005 budget would go unspent for a variety of reasons (affect of Supreme Court process, offsetting funds from industry partners, reduced costs on some programs, etc.). By freeing up 2005 dollars early they could be put into the mix for the 2006 Budget, rather than sitting idly until the 2007 process. In order for the Plan of Work TF to have the most current and realistic numbers to work with, the Board officers agreed to lower the 2005 budget by \$4M, then increase the use of reserves in '06 from \$3 million to \$7 million. This resulted in available funds of \$59.3M.

Air Emissions Study

The National Pork Board has received a request from Purdue University, via the Ag Air Research Council (AARC) of which the Board is a member, to support Purdue in the interim between now and when EPA gives the go-ahead and the study starts. Purdue will soon be named the Independent Monitoring Contractor by the EPA.

The study was delayed when EPA moved sign-up dates back by several months as other species signed up for the study. Purdue was prepared to start the study based on an earlier timeline, and the delay leaves it in a precarious position to maintain trained staff and all the wherewithal that is essential to doing this study well and expeditiously.

This study is of vital importance to the US pork industry to establish science-based standards. The Pork Board is anxious that the process not be delayed any further and that Purdue not lose any time or key assets in the interim period. Such loss could be detrimental to the timely completion of the study. Purdue will cover certain start up costs prior to the EPA contract being signed, but requests that AARC members indemnify them for these costs should the study not occur.

The Board has discussed this matter on a number of occasions over the last 3 years, and has committed \$6,000,000 towards that study, once the formal go-ahead is given by EPA. Progress appears to be on track in reviewing the applications and identifying the research farms, now that the sign-up periods are over for all species. It is believed that the work will begin in earnest in the next few weeks as the required processes are completed.

Even in the event that something were to happen so this study did not occur, there is much talk of a similar study being supported by Pork and others, as the information is essential to the pork industry at this time.

Thus, on a motion by Mark Reding, second by Dave Culbertson, the Board without dissent, approved signing the document, along with the American Egg Board and AARC which will indemnify Purdue University for losses it may experience in the event the study does not go forward, of which the Pork Board would be responsible for \$102,500.

Board Member expense allocation

For a board member to do a proper job of keeping up, having the tools and wherewithal to stay abreast of issues and be as prepared as possible to serve as a well-informed board member, can require certain items that the individual board member must determine individually. This can include a subscription to key industry trade publications, an airline travel club membership, certain clothing and apparel items that show off support for the checkoff programs, etc. It was proposed that a \$1000 allocation will be made in each board member's name for a three-year term. The board member would be able to acquire the identified items and that charge would be debited from that board members \$1000 allocation account. **In order to accommodate the individual board members need for these particular items there was Board consensus to develop a guidance policy to be considered for action at the November Board meeting.**

November Board Meeting

Plans are being drawn up for this event, with a number of interesting agenda items, including: Board self-assessment, how to work together better, how to build relationships, Board training needs, etc.

January Board Meeting.

The Board will meet in Mexico City starting on Sunday evening January 8 – through Wednesday January 11. Board members are invited to journey from Mexico City to Tucson, AZ on Wednesday the 11th to join the 21st Century Pork Club at its meeting and talk with some of the key players in the industry.

AMS Comments

Shethir Mustafa, AMS, offered congratulations to the board for the excellent strategic planning process. USDA has been conducting a Program Assessment Rating Tool (PART) review, as mandated by the Federal government's Office of Management and Budget (OMB). This PART process has emphasized the need for commodity organizations to upgrade the quality of the strategic planning done by commodity organizations. The Pork Board's Plan of Work and budgeting process is being cited by USDA as an excellent process that directly addresses the concerns raised in the PART review.

Adjournment

Meeting was adjourned at 1:45 p.m. Central daylight Time



National Pork Board

P.O. Box 9114 · Des Moines, Iowa 50306 USA · Phone: 515-223-2600 · Fax: 515-223-2646
Location: 1776 NW 114th Street * Clive, Iowa 50325

October 4, 2005

Ms. Shethir Mustafa
United States Department of Agriculture
1400 Independence Avenue SW
STOP 0251, Room 2629-S
Washington D.C. 20250-0251

Dear Shethir:

Thank you for your support at last week's pork industry plan of work meeting. Strategic planning and budgeting with 75 people in the room is never an easy process, but I thought the session went as well as could be expected, and I believe we have a solid plan in development for 2006.

Per your request, I am sending you the macro information regarding 2006 forecast revenues, use of reserves and total budgeted expenditures that have been tentatively approved by the Board of Directors but which will be officially approved by the board at its November 15 and 16, 2005 meeting.

It's important to note that when establishing a macro spending allocation at the National Pork Board, consistency in program spending is our goal. We have learned from previous experience that large fluctuations in spending make it difficult to build sustainable programs. As a result, we use long range forecasting and the judicious use of unrestricted reserves as a "shock absorber" that balances market fluctuations to establish a 4-year rolling national spending target that becomes our 2006 allocation.

The variables used to establish the 4-year rolling average include the past four year's spending trends, unrestricted reserve levels, a precise forecast of next year's revenue, and a more challenging revenue forecast for the subsequent three years. All of the data goes into a formula that establishes our sustainable national spending level target. Based on the formula and current variable calculations, the pork checkoff sustainable national spending target (excluding return-to-state payments) is \$47.75 million per year through 2009. This assumes that pork checkoff will maintain a minimum of \$4.5 million in unrestricted reserves.

The variable calculations are as follows:

Past Spending Trends – The past four years national spending at NPB has averaged \$45.8 million/year.

Unrestricted Reserve Level - It is forecast that for year end 2005, \$13.2 million will be held in undesignated pork check-off reserves.

2006 Forecast Revenue - The industry forecast for 2006 suggests that 104.2 million hogs will be marketed at a live weight average of 271 pounds. Market prices are

Shethir, I hope this information is what you were looking for. Please give me a call if there is anything more that you need. And again, thanks for your support.

Respectfully,

(b) (6)

(b) (6)

Steve Murphy
Chief Executive Officer
The National Pork Board

Cc: Jim Meimann
Lynette Webster

**National Pork Board Meeting
November 15-16, 2005
Des Moines, IA**

CALL TO ORDER

President Danita Rodibaugh called the meeting to order @ 2:10 p.m.

Those present included: Dianne Bettin, Tim Bierman, Craig Christensen, David Culbertson, Hugh Dorminy, Lynn Harrison, Carol Hein, Dennis Michaels, Wayne Peugh, Danita Rodibaugh, Bruce Samson, Steve Weaver and Brian Zimmerman. John Adams and Mark Reding were absent. Staff attending included: Steve Murphy, Jim Meimann, Dallas Hockman, Paul Sundberg, Mike Wegner, Mike Laughery and Lorraine Garner.

President Rodibaugh welcomed the following guests: Shethir Mustafa, AMS/USDA and Dale Miller, *National Hog Farmer Magazine*.

Rodibaugh noted that the board would be approving the 2006 Budget and Plan of work and asked that board members express any concerns or ask questions so that, in the end, we can stand up and support the direction we're taking with producer's checkoff dollars.

**MINUTES
APPROVAL**

A motion was made by Lynn Harrison to approve the following meeting minutes that were previously sent to the board for review:

- **7/20-22/05**
- **9/7/05 conf. call**
- **9/20/05**

Seconded by Steve Weaver.

MOTION PASSED

FINANCIAL REPORT

Steve Murphy, acting CFO, reported on the following three areas:

Financial leadership search status: the search status for a financial leadership position. National Pork Board is currently reviewing accounting work processes, technology systems and structure. Also being evaluated what the organizations' strategic needs are that can be folded into this position as well as evaluating

the certification and skill-set requirements needed. A decision should be made in the first half of 2006.

2006 State Plans and Budgets: NPB is currently withholding funds from DE and WY because of failure to complete their 2004 audit.

With the exception of GA and DE, all state organizations have submitted their 2005 plans and budgets. They have been reviewed internally. The budget committee will recommend withholding funds from GA and DE until their plans have been submitted.

Effective 2007, all states will be required to file their plans on-line with the web based system.

2005 September Month End Financial Overview: The \$4M in 2005 spending adjustments have been taken into account. As a result, \$7M in reserves were used to supplement 2006 spending. Revenues are tracking at \$3M over budget (a \$2.4M addition to reserves after state allocations). Program spending is trailing budget by 16%, but $\frac{3}{4}$ of those dollars are set aside for the Air Emissions Research program and the rest are in DE and timing issues. In 2006, Murphy noted that the format of this report will change.

PRESIDENT'S REPORT

Danita Rodibaugh called on board members to give the following committee reports:

Demand Enhancement: Dianne Bettin reported that she attended the ADA meeting in St. Louis and that it was evident attendees have great respect for our industry and the meeting reinforces the good work we are doing with dieticians. Carol Hein reported on her work with National Eat Dinner Together spokesperson Gail O'Grady and the promo that featured 20 spots directed at the Midwest and East Coast.

Foodservice Advisory Committee: Wayne Peugh reported that their group participated with chefs to create new menu ideas. He noted it was a great opportunity for our industry to develop a relationship with these menu builders.

Pork Safety: Dr. Paul Sundberg reported that research reviews for 16 proposals were received and the committee recommended funding 7 of those. He also noted that Dr. Liz Wagstrom and Dr. Julie Funk worked to write a proposal for a \$50,000 grant to

explore the issues around adding microbiological food safety interventions on the farm.

Animal Welfare: Tim Bierman reported that this committee met in October to go over the audit form and made good progress. He also noted that he and several others met with Temple Grandin in Colorado to go over animal welfare issues. Grandin noted that she is comfortable with the space issue as long as a sow can lie down comfortably on her side and not on top of another animal. Grandin would also recommend adding language on ammonia to the plan. It was determined that around 100 audits per year should be done. Bierman feels the program is on track and that much will be accomplished.

Arizona Coalition: Mike Wegner gave an update on the situation in Arizona. A local coalition has hired a consulting firm in Arizona called Copper States Consulting. Petitions are due in June in order to be on the ballot in November. Hormel is actively involved. There are ways we can help through utilization of Operation Mainstreet and research.

Producer Services: (I was out of the room)

Nutrition: Danita Rodibaugh reported on Dr. Campbell's research weight loss program. She explained the control group dynamics and that the group who ate pork experienced lower blood pressure levels, cholesterol and weight loss. There is interest in involving the egg board on the next step of the proposal. The findings will be out in April.

Environmental Committee European Tour: Lynn Harrison reported that their group met with Canadian pork producers and took a tour of a large farming operation in Saskatoon. Harrison noted that it would be good if the US had an operation like this as an education tool for consumers. Canadian producers deal with environmental problems and regulations much like the US. They are interested in doing some cooperative research, which could help start bridging the border and improving relationships.

Retail Advisory: Danita Rodibaugh updated the group on work of the Retail Advisory committee who met in conjunction with PPIC and NPPC recently. The topics covered included: pork quality, meat quality, research on labeling and demographic research on consumers. Evaluation of the meeting rated high with the retailers who were in attendance.

Trade Committee: Tim Bierman reported that he attended the November meeting in Texas. Japan continues to be strong; Mexico continues to grow a little on the ham side; the biggest opportunity for big value cuts are in Korea. Looking to Australia in the future. FMD outbreak in Brazil which has affected their ability to compete with the Russian Market. USMEF is working on a strategic analysis of Central America as well as putting together a strategic plan in the next 12 months.

Swine Health: David Culbertson reported that the committee met in PA at the US Animal Health Association meeting recently. He noted that the committee is meeting with Behringer Engleheim on an opportunity for PRRS funding with the American Association of Swine Veterinarians taking the lead. This would be a good knowledge transfer item to get information down to the farm level. Culbertson also reported that 7 proposals have been accepted for funding.

Animal Science: Bruce Samson reported that a study on consumer eating satisfaction will be done that will look at thickness, temperature, marbling and color to see what the consumer wants. This study may change the temperature USDA recommends for cooking pork. Also, a call for research proposals on sow longevity gilt development has been sent out. Samson reported that an advisory committee was formed to look at PRRS and the genome. Also noted was NPB and USB research funding for a feed and nutrition net-energy project that is being developed.

BOARD MEMBER REPRESENTATION

Rodibaugh continued her president's report with an update on board member representation at checkoff functions. She encouraged board members to take advantage of opportunities to attend committee meetings or other industry functions whenever possible. She invited them to look at the industry calendar and plan to attend any meetings that might be of interest to them which may not already have a board member attending. She noted that it would be a good opportunity to visit with producers to get good feedback. State meetings are also taking place and would be great if members could get to one of those.

NEW POLICY

Jim Meimann gave an overview on a new expense reimbursement allowance for board members. This plan would allow each board member to expend up to \$1000 over a 3 year term, to be reimbursed for such items as will provide the information, technology, and equipment needed to be a more effective and efficient member of the board. Examples would be: Subscriptions to periodicals related to NPB business, Discretionary conferences,

symposia, training supplementary to board business, upgraded internet functions, and pork checkoff apparel to be used on Board business. Taking into consideration prudent spending of producer dollars, Rodibaugh noted that if there are other suggestions, those would need to go through the AMS process if not appropriate for checkoff dollars.

MOTION: Tim Bierman made a motion that the Pork Board adopt the expense reimbursement allowance that would provide reimbursement for those items deemed necessary and prudent to conduct pork board business. Seconded by Brian Zimmerman.

MOTION PASSED

**DISTINGUISHED
SERVICE AWARD**

Jim Meimann presented information to the board on the 2006 Distinguished Service Award. Past Presidents submitted nominations and Gene Leman's name is brought forward to the board for approval.

MOTION: David Culbertson moved to accept the nomination of Gene Leman as the 2006 Distinguished Service Award winner. Seconded by Dennis Michael.

MOTION PASSED

**2006 STRATEGIC
OPERATING PLAN
AND BUDGET**

Deborah Johnson, Budget Chair, commented on the Plan and Budget for 2006. She reviewed the process that started in June when the Board determined the critical issues. From there, the Plan of Work Task Force met to formulate the Strategic Intent. Their work was taken to the committee level who worked on the tactics and budget. On September 30th the Plan of Work Task Force came together again to balance the plan to spending allocation. It is now up to the Board to review and approve the plan that will be submitted to AMS.

Steve Murphy outlined the national sustainable funding level noting that the target allocation for 2006 through 2009 is \$47.8M. Murphy reviewed 2006 program spending allocations which included the changes the Plan of Work Task Force made to the plan and the allocations made to the critical issues. He noted that specific and measurable objectives were added to each objective and that form A's have been completed and have been forwarded to the USDA for tentative approval. We are also implementing a system to integrate the strategic plan process with the form A's for

2007. Discussion was held on the 2006 Strategic Operating Plan and Budget.

Deborah Johnson, on behalf of the Budget Committee presented the following Budget Committee Recommendations for approval:

1) 2006 NPB Strategic Plan & Budget:

Deborah Johnson, on behalf of the Pork Board Budget committee, moved for approval of the November 15/16, 2006 National Pork Board Strategic Plan of work to include the FY 2006 Budget numbers as state below:

\$52.0 m	check-off collection revenue
.3 m	investment income
\$52.3 m	2006 total revenue
(10.5) m	return to state
\$41.8 m	revenue available for national spending
7.0 m	use of reserves
\$48.8 m	total national fund availability

MOTION ADOPTED

2) State Plans and Budgets:

Deborah Johnson, on behalf of the Pork Board Budget committee, moved for approval of the State Plans and Budgets as recommended below:

- **That the Board approve the 2006 State Pork Producer Association checkoff plans and budgets for the 41 states who have provided the required information in the appropriate format and timeframe.**
- **That approval and funding be withheld for the following two states (GA and DE) who have not submitted proper plans to date.**
- **That Pork board staff continue to work with these states on proper 2006 budget submission.**
- **That when submitted and approved by staff, the Pork Board Budget Committee chair is authorized to give final approval on behalf of the board.**

MOTION ADOPTED

- 3) PASLWOCO (Pigs Across State Lines without change of ownership)

Deborah Johnson, on behalf of the Pork Board Budget committee, moved to approve PASLWOCO funding to Arkansas in the amount of \$20,000 and Texas in the amount of \$10,500.

MOTION ADOPTED

- 4) Research Related Activities:

Dr. Paul Sundberg explained recommendations for three items for budget approval, including: \$100,000 for PRRS, \$100,000 for Take Care and \$200,000 for supplemental emergency PMWS Research.

Steve Weaver moved, Bruce Samson seconded to approve funding for the 3 PRRS Research Proposals >\$100K that had been emailed to the Board in the previous 2 weeks.

MOTION ADOPTED

Dennis Michael moved, Dianne Bettin seconded the motion to the “Take Care” research proposal of >\$100K emailed to the Board in the past 2 weeks.

MOTION ADOPTED

PMWS: Dr. Paul Sundberg gave a report on a new threat to the US Swine Herd. PMWS has been commonly diagnosed in U.S. and Canada.

- v Precipitous increase in wasting disease starting in late 2004 in Eastern Canada – now moving West
 - Up to 30% of body weight lost within a week
 - Up to 100% morbidity and 50% mortality in finishers
- v The Swine Health Committee requests supplemental funds totaling \$200,000 for an emergency PMWS research effort.

Deborah Johnson, on behalf of the Budget Committee moved approval of the proposal to fund \$220,000 for PMWS (\$200,000 for research and \$20,000 for program development and travel).

MOTION ADOPTED

Fly ITA Training Mary Phillips, International Travel Associates provided hands-on training to the Board in the use of the ITA transportation booking system which will expedite the process, give the Board members greater flexibility in scheduling their travel, and save the Board money.

Wednesday, November 16

Steve Murphy led a Board discussion on Board Operating Responsibilities and Philosophy. In the added by defining some of the ordinary roles and expectations of the Board and the CEO.

v **Board Member Job Description**

- v Regularly attends board meetings and important related meetings and makes a serious commitment to participate actively in Board work.
- v Volunteers for and willingly accepts assignments and completes them thoroughly and on time.
- v Stays informed about Board matters, prepares well for meetings.
- v Gets to know other Board members and builds a collegial working relationship that contributes to consensus.
- v Is an active participant in the Board's annual evaluation and planning efforts.

v **Major Responsibilities Of BOD**

- v Determine the organizations mission, vision and purpose.
- v Select the CEO, support the CEO and review his/her performance.
- v Ensure effective organizational planning.
- v Ensure adequate resources and that resources are managed effectively.
- v Determine and monitor the organization's programs and services.
- v Enhance the organization's public image.
- v Serve as a Court of Appeal.
- v Assess its own performance

v **Organizational Roles**

CEO Fundamental Duties – Strategic Planning and Implementation

1. Reports to the Board of Directors.
2. Provides high level strategic counsel to the Board.
3. Leads the Board through the strategic planning process.
4. Manages the implementation of the board strategies.
5. Establishes the appropriate organizational structure to most effectively and efficiently implement the board strategies.

Sr. Manager Fundamental Duties

- v Report to the CEO
- v Coordinate organizational and industry communications.
- v Manage financial responsibilities of the organization.
- v Administrate and coordinate oversight for the organization.

He used a football metaphor defining the Board of Directors as the coach of the team, seeing the big picture, determining the game plan and recruiting good players. The CEO is the quarterback, reporting to the board, providing a high level of leadership in strategic planning, structuring the staff and organization to run most efficiently and effectively, and managing the implementation through program staff. The vice president's of various programming areas are most strategic and tactical, in that they are involved in strategy development as well as program management. The senior managers or the skilled position people to job at his score points by effective implementation of programs. The program staff are very tactical and do the blocking and tackling to ensure that the play is successful. The program committee is on the early warning system for issues that may affect the program, and they ensure as well that producer priorities are brought to bear for that particular issue area.

The board spent some time in discussion to division of labor, who was job it was to do certain things, whether it was the board's responsibility, the staff responsibility, or a joint responsibility. There was further brought discussion about the strengths and weaknesses of the current system. Time commitment on behalf of board members was a critical issue. Communication was another. Early training and more comprehensive orientation was also an area that needed some shoring up.

Conclusions on board operating discussions:

One: Time resources aboard numbers are very valuable hands exploration should be made of any technologies which will allow the board members to stay on the far as much as possible and still be totally effective in interactive with communication and meetings.

Two: a board assessment process will yield good dividends. It will identify weaknesses, set the benchmark by which to judge progress, and drive positive future training needs toward successful conclusion.

Three: critical thinking tools should be part of a board training process in order to give board members a running start, and a more in-depth knowledge and understanding of the vital issues facing them so that they can be ready to go on Day one with effective membership on the board.

Four: communication needs to be improved and more ways should be explored to achieve this, especially information from committees about their activities.

Five: a board job description needs to be developed to better define what the essentials all are for success membership on the national Pork Board. this will be a vital tool for the pork or nominating committee use as it solicits quality candidates.

Program Evaluation

This is designed to determine if we are doing the right things. USDA requires that a return on investment study be done every five years. The last one by Texas A&M University was done in 2000. we are looking to her go beyond the traditional ROI study, with its economic model, and to use more of a business model that will provide us with an outside evaluation that maybe more objective in terms of what may need to be cut and what should be enhanced in our program portfolio. We have been in discussions with USDA and they are opened to our recommendations for a slightly different way to go about doing this process.

There was board discussion and 100% support to do program evaluation. There is a desired to hear good news but also to honestly except any bad news that may come forward as we do an honest of evaluation of how our programs are working. Ultimately it is the board's job to have an overarching view of doing the right things. This kind of business analysis and return on investment study could cost as much as \$250,000, or more.

Wayne Peugh moved, Craig Christensen seconded a motion to commit to delineate professional business evaluation to include an econometric study. Motion adopted

Committee System:

The current program committee system is a vital part of the overall board program development, planning, management, oversight, budgeting, leadership development and more. And brings producers and issues together to provide vital input to the board on program direction. A number of questions have arisen about this committee system relative to the length of service on committees, should there be terms, should board members be chairpersons, what is the process for changing committee or chairman membership, but sort of training do committee members receive, and more.

In order to address these issues and more, President Rodibaugh appointed a subcommittee to review all of the above questions, to set up guidelines, and to submit a draft proposal to the rest of the Board for review at the January Board meeting. The committee consists of Craig

Christensen, chair, Dave Culbertson, Dennis Michael, and Deborah Johnson.

EU 25 conference report:

Steve Murphy and Dallas Hockman had attended the EU 25 conference in Rome. It was a most interesting and informative look at international marketing, policies, trends, and consumer attitudes. The EU has changed enormously in the last year as it went from a 16 to a 25 member union. There has been a huge shift in wealth from the West and East as the poor eastern countries receive the benefit of EU membership and balance is being sought between the various member nations. There has been some weakening of international competitiveness for the Western nations and rough waters are ahead, although all will survive. The key to success is consolidation and economies of scale. The social component is a huge piece of the puzzle and is part of the value added message.

Lessons learned: the international market is changing dramatically. Integration is the social model of the future. Integration means integrating a social component into the economic models. We must explore solutions so we can be effective in world circles on environmental and social issues. We must back off being totally science based in our approach and acknowledge the legitimacy of social concerns. The US needs a value added international position otherwise we will compete only as a commodity.

Mexico Trip: the Board will meet conducting its next meeting in Mexico City on January 9-11 2006. This is an excellent opportunity for the Board to view firsthand as the newest primary market for US pork, as Mexico is number one or number two as an export destination for US pork. The board will be able to see the work that the US meat export federation is doing, to continue to capitalize on the export opportunities. This trip has been approved both by F. A. S. and AMS.

T. Q. A. Canada: the Board's trucker quality assurance program has proven to be a very effective and attractive educational tool all for teaching those moving swine the proper way to insure the welfare of the animals being transported. It has been quite successful in the US, but its success is also being recognized in Canada, which has adopted the program as its own and several provinces are using it as the chief component of its educational processes for its truckers and for on farm workers. Since the board owns this asset we have been in contact with the Canadians to tell them that we will protect our assets, but we are also quite willing to work with them in a

licensing agreement arrangements of that they may also utilize this effective tool. We have proposed that we had her into a licensing agreement with each province that chooses to use T. Q. A. they must give attribution to the US pork board. We would have version control over any changes that they make. They would provide compensation to us for any real management costs that we experience, minus credits to them for their checkoff contributions. The negotiations continue.

Producers Survey: in the fall of 2005 the annual producer survey occurred. It revealed the best ever ratings by pork producers on their perceptions of the check off, the pork board, and the check off supported programs. There has been gradual growth in the last five years. Five years ago there was a negative margin between supporters and detractors. Today there is a plus 52% margin, a really terrific number. This is comparable to the levels achieved by the United soybean Board. 71% indicate total support for the check off, while 19% do not support it. Producers were most familiar with what the check off programs are doing our most supportive. Larger producers tend to be more supportive than smaller producers. A close evaluation will be made to the results of the survey and misinformation will be used to help guide future program direction.

Swine ID: this is a big an important issue, that has generated considerable controversy within the industry and within Agriculture in general. Concerns about the ability to trace back animals to a farm relative to any disease outbreak or food safety issue, are underlying the concern. The pork industry has an identification system, built around the PRV eradication program which controlled swine movement within and between states. This is based on premises ID. It does not necessarily in a specific number to each individual animal. This is not believed to be necessary for the normal production system in the US, while still allowing adequate trace back in any crisis situation. The program is voluntary today that my 2009 will be mandatory. In the meantime there is a swine identification working implementation group which is providing advice to the Board on the database situation.

Swine Welfare Coalition: nine months of progress had been made on this important and sensitive issue. The framework document has been agreed to buy all participants does far involved. Is there some of the key players in the swine industry. The job now is to make the tent maker and add more key parties so that a broader list of key players is involved and signs off on in the agreements. The goals of this group all are that it wants its one offered to be a part of P. Q. A., SWAP will be revised as it is integrated with P. Q. A., a welfare self-

assessment will be a component, however only the aggregated information will be reported, and there will be an audit of outcome this using a stratified sample which may be no more than 100 sites. A coalition technical committee is being developed to deal with some of the contentious technical issues.

COIN Update: COIN is an acronym describing the external funding relationships and grant writing processes in which the Board has been involved in 2005. A report was given that indicates that we achieve the goal set out by the Board the beginning of the year for external funds development with over \$2 million being generated from outside sources either in cash or in-kind contributions. While the funding is very important to the enhancement of several program areas, the relationships and also been developed with these new partners has provided final information, ideas, and collaborations which have enhanced our programs, drawn additional dollars, and broadened our perspective on the leadership we can provide within the agricultural community.

USMEF Strategic Planning: Steve Murphy, Dallas Hockman, and Danita Rodibaugh participated in a strategic planning session with the US Meat Export Federation. It was an excellent process attended by a wall of the key managers and country directors from MEF. New and better ways are being found to evaluate where the best opportunities a lot for US pork internationally. These discussions and evaluations will be utilized to prepare the international marketing plans for US Pork.

AMS report: Shethir Mustafa reported to the board on the number of issues and projects in which AMS is involved on behalf of the pork industry. These include legal challenges to the check off. While the constitutional challenge issue it has been for the most part resolved additional challenges are being offered in some district courts and USDA is defending. In addition, Freedom of information act requests are taking a considerable amount of time and energy. Recent requests by the Chicago Tribune has engendered considerable activity on the part of both AMS and pork board staff. AMS has been preparing responses to requests related to at least 17 commodity programs. AMS is also been dealing with other FOIA requests. It is also continuing to work on rules for a survey that will determine whether or not a referendum will be connected.

Meeting adjourned to a joint discussion with the Board of Directors of the Iowa pork producers Association on issues of mutual importance.

Minutes
Board Conference Call
January 3, 2006
12:00 Noon Central Time

CALL TO ORDER: President Danita Rodibaugh called the meeting to order at Noon on Tuesday, January 3, 2006.

ROLL CALL Present on the call were: D. Bettin, C. Christiansen, D. Culbertson, L. Harrison, D. Johnson, D. Michael, W. Peugh, M. Reding, D. Rodibaugh, B. Samson, and B. Zimmerman. Also attending were NPB staff members: S. Murphy, J. Meimann, D. Hockman, M. Wegner, P. Sundberg, and L. Garner. USDA/AMS representative, S. Mustafa was also on the call.

Guests on the call included: USMEF representatives, Gilberto Lozano, John Hinnens and Tracey Zarlengo.

National Pork Board members J. Adams, T. Bierman, C. Hein and S. Weaver were absent.

Dallas Hockman and Gilberto Lozano reviewed the schedule and logistics for the January board trip to Mexico City. During the trip, the board will be briefed on the Mexican Market along with Retail Promotions efforts in Mexico, USMEF Market Updates, HRI Pork Promotions and Market Access. They will tour wet markets, retail outlets, restaurants and local farmer's markets. The officers will also be meeting with Mexican Pork Producer Leadership.

Lozano briefed the board on transportation/airport issues as well as general safety precautions and logistical details.

(At this time, USMEF guests were adjourned from the call).

RESIGNATION Danita Rodibaugh notified the Board that, with regret, she has accepted the resignation of Deborah Johnson, board member from NC. Deborah has accepted the position of Executive Director of the North Carolina Pork Producers. Deborah's resignation will be effective immediately following the annual meeting, March 4, 2006.

NEW COMMITTEE

The president has traditionally handled CEO performance and compensations issues. Rodibaugh informed the board that in preparing for the CEO annual performance review and in putting together a CEO compensation packet, she enlisted the help of Vice President Wayne Peugh, and Past President's Dave Culbertson and Hugh Dorminy in order to have a broader bank of knowledge and perspective and ensure fairness to the board and the CEO. The details of which will be discussed at the Mexico meeting.

In going through the process, Rodibaugh suggested the formulation of a new Compensation Committee which would become a permanent standing committee of the board. Rodibaugh noted that this will be discussed and voted on at the Board meeting in Mexico.

ADJOURNED

The conference call adjourned at 1:00 p.m. central time.

NATIONAL PORK BOARD MEETING
January 10, 2006
Mexico City, MX

OPENING

The meeting of the National Pork Board was called to order on January 10, 2006 by President Danita Rodibaugh at the Marquis Reforma Hotel in Mexico City, MX.

ROLLCALL

Attending the meeting were the following Pork Board members: J. Adams, D. Bettin, T. Bierman, C. Christensen, C. Hein, L. Harrison, D. Johnson, W. Peugh, M. Reding, D. Rodibaugh, B. Samson and B. Zimmerman. Absent: D. Culbertson, D. Michael and S. Weaver.

The following NPB staff were in attendance: S. Murphy, J. Meimann, M. Wegner, P. Sundberg, D. Hockman, and L. Garner. Also attending was AMS representative Shethir Mustafa.

MINUTES APPROVAL

A Motion was made by Brian Zimmerman to approve the following minutes:

- **November 15-16 Board meeting with the following correction: change the date from 2004 to 2006 for the 2006 State Plans and Budget state audit reports on page two.**
- **January 3 2006 conference call minutes.**

Seconded by: Lynn Harrison.

MINUTES APPROVED AS AMENDED

USDA REPORT

S. Mustafa reported that an appeal has been made by the Chicago Tribune to a previous FOIA request. The appeal is asking for more detail on the previously requested information such as names on expense reports.

Mustafa also reported that the Secretary of Agriculture recently appointed Pork Act Delegates to the 2006 Annual Meeting. The early appointments were a result of the cooperative efforts by both USDA and the National Pork Board.

FINANCIAL REPORT

Steve Murphy, CEO, gave the financial report which included an overview of the 2006 Strategic Operating Plan. Thank you

letters were sent to all Plan of Work participants along with a copy of the plan. Purchase orders are being written and 2006 work is underway. A staff kickoff meeting will review last year's success and will position 2006 goals. Wayne Peugh will be in the office for the kickoff.

Murphy also noted that 2006 Strategic Operating Plan and Form A's have been approved as well as state budgets, with the exception of DE and WY.

Murphy also gave a brief review of the November 30, 2005 Financial Status.

PRESIDENT'S REPORT

Danita Rodibaugh called for the following committee reports:

Committee Task Force Report: Craig Christensen gave an update on the recommendations of the Committee Task Force. The Task Force, which included Dennis Michael, David Culbertson, Craig Christensen and Deborah Johnson was formed to take a look at our current committee structure and to make recommendations to enhance and improve upon the process and look at efficiencies, turnover, and leadership opportunities. After some discussion, the TF made the following recommendations:

1. A job description that outlines member duties and time commitment will be maintained. The document will outline the duties, member expectations and time commitments for each committee.
2. In order to maximize producer participation on NPB committees and ensure a constant availability of quality candidates, the following processes will be established and implemented.
 - a. Brochures describing committee needs and including the outline of committee member duties will be distributed at state conventions & congresses.
 - b. NPB staff and committee chairs will continue to source quality candidates through state contacts, board members, and state executives.
 - c. A real-time "pool" of candidates from PLA, meetings, etc will be maintained... from which candidates can select the committee(s) they choose to serve on.
3. A term limit guideline will ensure a constant influx of new members.
 - a. Each committee member is eligible for two 3-year terms with the following exception.

- b. In order to provide flexibility and address needs of continuity, 75% of the committee members would be governed by the term limit, and 25% of the committee membership would serve at the discretion of the committee chair and or staff.
4. It is encouraged that committee chairpersons shall not be Board members.
5. The committee chair shall serve no more than 2 consecutive years as chairperson. The establishment of vice chairperson in an effort to provide succession is recommended.

Motion made by Craig Christensen to approve the recommendations. Seconded by Tim Bierman.

MOTION PASSED

Environmental Committee: Danita reported that the committee met November 17-18 jointly with NPPC. The two groups shared goals for 2006 and discussed and crafted recommendations on guidelines for future joint meetings. Funding for two NPB research projects was approved.

Swine Health: Wayne Peugh reported that committee members, along with NPPC and the Swine ID Task Force met to review the Swine Identification project. NPB agreed to a 48 hour traceback test, which was the biggest piece of the puzzle. He reported that there is more research needed.

Animal Science Committee: Bruce Samson reported on several current activities, including:

- Sow Longevity and Gilt Development preliminary results and a gilt development roundtable discussion that was held in December to begin to identify gilt issues related to sow longevity and to guide future research and programming.
- Net Energy Study: The study was awarded to Jim Pettigrew's group at Illinois, Missouri and The Prairie Swine Center. Final project specifications are being developed and an industry oversight committee is being formed. The project is being conducted in cooperation with the USB.
- Pork Quality and National Pork Quality Audit Survey: The Benchmark study is being developed under the leadership of Steve Moeller at Ohio State. The lit review

has been completed and is subject to approval by the NPB for the pork safety portion of the main project. Also, a final report on the supplemental survey to the 2002 National Pork Quality audit has been completed and results are expected later in January.

- PRRS Research Initiative: a meeting was held to initiate the development of a large scale comprehensive program to study the genetic resistance of pigs to the PRRS virus. They will be developing this project over the next 6-8 months for presentation to the USDA-ARS for budgetary consideration in October of 2006 for the 2007 USDA budget.
- Sow Housing Calculator: The NPB Sow Housing Calculator is now available for use by producers who are evaluating potential gestation housing remodels or new installations.

Pork Safety Committee: John Adams reported that seven research projects have been approved and the committee is working on the PQA Manual. He also reported that the Take Care program is gaining momentum. The next committee meeting is in February.

Animal Welfare: Tim Bierman reported that the New Jersey Dept of Ag had drafted animal welfare guidelines as directed by legislation. Farm Sanctuary has filed a lawsuit against the NJ Dept. of Ag challenging that the standards created by the NJ DoA for the humane raising, keeping, care, treatment, marketing, and sale of domestic livestock. The NPB Animal Welfare Committee submitted factual information regarding production practices and animal welfare in the pork industry.

Bierman also reported that currently there is no good way of measuring air quality, therefore a Task Force is being formed to address the issue and should have recommendations by the end of 2006. The Committee is also working to incorporate SWAP and PQA into one.

Welfare Coalition: Steve Murphy reported that the objective of this group is to create a sustainable system that assures appropriate on-farm animal welfare. The system must be credible, workable and affordable.

He noted that the solution would include the following points:

- SWAP will become an element of PQA

- every farm that markets hogs to a USDA plant in the US has to be PQA level three certified
- every commercial pork operation will have to complete a welfare assessment to be PQA certified
- each producer will absorb the cost of PQA certification
- The assessment serves as the benchmark for animal welfare in the industry; and,
- Aggregate assessment data will be gathered to measure current levels of welfare across the industry and to identify those areas in need of improvement.

Murphy also noted that credibility is assured by several factors, including: the auditing system; using the Deming model for quality assurance; and, measuring the effectiveness of the welfare assurance system, not simply finding farms not in compliance.

Endorsements have been made by FMI-NCCR and they have expressed concern about sow stalls which were reflected in the coalition's May 19th statement. The process is underway and updated in SWAP and the reconfiguring process is underway for inclusion into PQA. The Pork Board Animal Welfare Committee is currently developing an audit tool and a technical committee has been formed to review and approve the audit. This new technical committee will provide recommendations to the NPB animal welfare committee on areas of research and policy for consideration and all recommendations must pass the "credible, workable and affordable" screen. Murphy noted the significant progress that has been achieved since one year ago as well as the next steps and timeline to a successful outcome.

Joint Educators Meeting: Brian Zimmerman reported the group met jointly with extension educators in Raleigh in early January and had a very good meeting. He noted that the two groups are eager to work together in the future. David Meisinger gave an update to the committee on his work with the Centers of Excellence. Deborah Johnson noted that the group toured Prestage Farms.

Industry Strategy: Wayne Peugh reported they had a very good meeting on January 9th. Danita, Dave Culbertson, and Steve Murphy also attended the meeting, along with a good representation of other segments of the industry. Discussion was held on the potential purchase of Pork. The Other White

Meat. Peugh stated that significant strides were made in having a unified industry and that everyone was on board for further meetings to explore the options.

COMPENSATION COMMITTEE

Danita Rodibaugh reported that she had been working with Steve Murphy on issues related to his longevity with National Pork Board. However, in order to draw on the collective wisdom of former National Pork Board leaders who have dealt with the same issue, she enlisted the support and advice of Dave Culbertson, Craig Christensen and Hugh Dorminy. In doing so, Danita realized the value of such a process. As a result, she proposed that a Compensation Committee be formed to deal with this issue in the future. She outlined the committee structure and responsibilities of the proposed committee.

A motion was made by Mark Reding to establish a compensation committee composed of the board officers, the immediate past president and one at-large member as a standing committee of the Board of Directors whose purpose is to:

- **evaluate CEO performance and decide compensation**
- **work with the CEO to determine annual organizational bonus program and establish organizational goals**
- **work with the CEO to determine macro organizational comp and benefit plan for the new year.**

Seconded by Dianne Bettin.

MOTION PASSED

ISSUES BRIEFING

Steve Murphy reported on the following issues:

2005 NPB Organizational Goals results: Murphy reported that three of the four 2005 Organizational Goals were completed, resulting in a 3% bonus for employees (1% for each goal reached). In addition, several staff members worked on a COIN committee which worked together to achieve external support/funding of \$3.1M (target was \$1.5M) – resulting in a 3% bonus for those who were involved in that program.

2006 NPB Organizational Goals: these goals, if met, could result in a 1% bonus for each objective reached:

- Domestic demand increase of 2.5% in six target markets
- Strategic alliances generate \$2M in partner contribution to pork checkoff initiatives
- Producer support spread will grow from 52 to 55 points (special emphasis)
- Individual Goals – **Participate** in three producer functions during 2006.
- Optional Individual Goal: **Opt in** for wellness program and health screening and achieve 3 personal health focused objectives negotiated with wellness coordinator.

2006 Board of Director Calendar: Murphy reviewed the dates for Board meetings and industry events for 2006.

Swine Welfare: Murphy reported that the group is moving forward to incorporate SWAP into PQA program. Key issues are stalls and the audit component of the program. The next meeting will be held the end of February or first of March.

PTOWM: Murphy explained that because Pork. The Other White Meat, based on market research, is the most contemporary program we have and because we have moved it to brand status, it would make good sense to take steps to own it. Contact has been made with both NPPC and USDA which resulted in positive feedback for moving forward. Steve is working with different firms who will evaluate the different options and value.

Anticipatory Issues Management: Steve Murphy gave an overview on this program which is directed at reducing the impact and cost of emerging issues on the pork industry. He noted that early identification and management of issues is key to saving resources and reducing risk. The objective is to develop a system that scans and monitors, identifies and prioritizes issues and creates action plans. The process would be incorporated into the annual NPB plan of work. It is also necessary to continue to focus the organization on issues, not structure and to create a new value proposition to merchandize to producers.

Murphy noted that an Issues Management Team (IMT) team would oversee the process and provide guidance. The team

would include key staff of National Pork Board plus others from outside with a keen sense of issues that could affect pork. Team members should be strategic thinkers from across the organization and beyond it. Signals of change could be detected from sources such as: Major US daily's, *The Economist*, *The New Republic*, *The Futurist*, and many others.

Murphy stated that value for stakeholders could be in monthly reporting and issues management newsletters that merchandize the process to key stakeholders. Informed Futurists and the IMT could meet twice each year to help anticipate and identify issues. The Futurist's could possibly include stakeholders from USMEF, PIC, FDA, Wal-Mart, McDonald/s, AMI, etc. They would forecast outcomes and impacts of named issues. The IMT would work with facilitators to establish the universe of issues to present to the futurists. Their output would include priority ranking, issue definition and description and narrative descriptions of impact to include cost.

After reviewing output from futurists, the IMT and Board would rank the issues. This would involve a one-day session that would include insight into discussion and comments of futurists during the ranking session. Output from the critical issue development process determines the strategic intents and action plans that will be developed.

The next steps would include a budget, submission for supplemental funding approval and to implement into the 2007 Plan of Work. Steve outlined the estimated budget that would include: a one time out of pocket expense of \$84,700 (which would include the database and two futurist meetings); \$30,000 for on-going monthly out of pocket (15 scanners totaling \$2,500/month); one time development costs of \$159,000 (organization and set-up); and Monthly ongoing costs at \$10,200 per month (outside coordination, monthly reports and newsletters plus misc.). The total estimate for 2006 would be \$398,700.

Murphy stated that the timing for rolling this out is critical to our success and will require supplemental funding for 2006. He also noted that if the board approved the plan today, implementation would begin next week and be in position to present findings to the board at its June meeting. Intelligence can also be used in critical issue development for the 2007 plan.

A motion was made by Craig Christensen to make the issue of Issues Management separate from the CEO report. Seconded by John Adams.

MOTION PASSED

A motion was made by Danita Rodibaugh to approve the funding of \$398,700 for the Anticipatory Issues Management program. Seconded by Craig Christensen.

MOTION PASSED

A motion was made by Tim Bierman to approve the CEO Report. Seconded by John Adams

MOTION PASSED

(NOTE: Danita Rodibaugh and Wayne Peugh excused themselves to attend another meeting. Danita passed the gavel over to Mark Reding to conduct the remainder of the meeting).

SCIENCE AND TECHNOLOGY

Chairman Reding called on Dr. Paul Sundberg to give a report on the restructuring of the Science and Technology Department. He reported on the following additions and changes to the staff:

- Sherrie Niekamp, MS: Director, Animal Welfare
- Dr. Mark Boggess, Director, Animal Science
- Allan Stokes: Director, Environmental Programs
- Dr. Steve Larsen, Director, Pork Safety
- Dr. Liz Wagstrom; Assistant Vice President
- Dr. Patrick Webb, Director, Veterinary Programs
- Dr. Pamela Zaabel, Director, Swine Health Information/Research

Dr. Sundberg also noted that because we were not successful in finding a qualified person for the management position in the Environmental Science area, we will not be filling that position and will contract it out.

PORK FORUM

Jim Meimann gave a brief overview of the annual meeting that will take place at the Kansas City Marriott Hotel, March 2-4. He noted that this year's Forum will be a celebration of 20 years of progress. The Board meetings will begin on

Wednesday, March 1 with an officers meeting at 8:00 a.m. followed by meetings of the Administrative, Audit and Budget Committees. The Board's business meeting will start after lunch and conclude at 8:30 p.m.

Beginning at 8:00 a.m. on March 2, program committee chairs will present accountability reports to the board. These would include 15 minutes to report on:

- 2005 Critical Issues addressed by the committee
- 2005 Committee goals laid out
- 2005 Achievement of goals
- 2006 Plans

Meimann also noted that on March 2, the PLA will meet from 11:30 – 1:00; Producer Update Sessions from 2:00 -3:30; NPPC Producer Update sessions from 3:30 – 5:00; and, SLA will meet at 7:00 p.m.

On March 3, there will be a state contact breakfast and the Pork Act Delegate session will follow; the NPPC session starts at 1:00. A reception will begin at 6:00 with the PAC auction to follow at 7:00 p.m.

On March 4, NPPC will have a SIP breakfast, followed by the Pork Act Delegate Session and the afternoon NPPC Session. The banquet will take place that evening at 6:30 p.m.

DE UPDATE

Mark Reding reported that when the new USDA Nutrient study results come out, it will show that pork is 6% leaner than chicken. This will coincide with findings from Dr. Campbell's research on the weight loss study using pork.

NOMINATING COMMITTEE REPORT

Jim Meimann reported that the interviews for candidates for Pork Board and Nominating Committee were held in Kansas City January 4-5. Very qualified individuals were interviewed and ranked by the committee and will be brought forth for nomination by the Delegates at Forum.

ADJOURN

A motion was made at 5:30 p.m. by Craig Christensen to adjourn the meeting. Seconded by John Adams.

MOTION PASSED

Board Conference Call
February 8, 2006
8:00 a.m. (CT)

CALL TO ORDER: President Danita Rodibaugh called the meeting to order at 8:00 a.m. on February 8, 2006.

ROLLCALL Attending the meeting were the following Pork Board members: J. Adams, T. Bierman, C. Christensen, D. Culbertson, C. Hein, L. Harrison, D. Johnson, D. Michael, W. Peugh, M. Reding, D. Rodibaugh, B. Samson, S. Weaver, and B. Zimmerman. Absent: D. Bettin.

The following NPB staff were in attendance: S. Murphy, J. Meimann, and L. Garner. Also attending was AMS representative Shethir Mustafa.

MURPHY CONTRACT Danita Rodibaugh announced to the board that an agreement was reached with Steve Murphy, CEO on terms for a long time contract renewal. The contract will be forwarded to USDA for their approval. Rodibaugh thanked the Compensation Committee and the board for their support. She noted that we can now focus on the opportunities and challenges ahead.

Murphy thanked the board for their confidence in him and noted that he looks forward to his continuing role as CEO.

PTOWM PURCHASE Steve Murphy and Danita Rodibaugh reported on the recent meeting with NPPC regarding the purchase of Pork. The Other White Meat. Evaluations on the replacement costs were completed and presented to NPPC at the meeting in Omaha on February 6. Ultimately, full agreement on the terms below was reached by both NPB (willing buyer) and NPPC (willing seller).

- Purchase price is \$34.5M spread over 20 years.
- Interest locked in at 6.75%.
- Total price over 20 years of \$60M.
- Protecting NPB's ability to pay over time - the checkoff rate would not drop below \$0.40%, a level that future Pork Boards would not be able to pay.
- If the checkoff did fall below the .40, NPB could revert back to the 3 years remaining on the present PTOWM Licensing Agreement and would suspend any future purchase payments. At that time, NPB could walk away; renegotiate the purchase; or build another new brand. Equity paid would remain intact; NPB wouldn't lose what it's invested
- Locking in a \$0.40% rate is important to both NPB and NPPC, as it protects NPB's ability to pay into the future, and protects the stream of payments to NPPC.

- The agreement would be dependent on approval of both Boards and USDA.

Murphy commented that, going into the process, we were committed to get the best price for producers. Rodibaugh noted that since this was built with producer dollars, it was important that all producers, through the Pork Board, own PTOWM. She had heard comments ever since the separation that it should be something all producers own. Owning PTOWM would allow us to build it even further. This is the best point in time to secure ownership before we continue to invest more dollars in it and grow the value even more.

Murphy noted that when considering the opportunity to either rebuild a new brand or purchase PTOWM the National Pork Board was the only buyer and that costs to rebuild a brand became the driver for establishing value. Rather than building a new brand, purchasing the established PTOWM was a quicker, better, and cheaper way to go. The purchase price of the PTOWM brand was 5% below what it would cost to build a replacement brand.

Danita explained that when we looked at placing a value on PTOWM we needed to look at it in many different ways. Value was built with a lot of goodwill and producer dollars and those things are hard to put a price on. A number of factors went into evaluating the replacement cost of the PTOWM brand, including switching all of our materials, doing ideation, and then launching a new concept.

Ultimately, it was agreed that the current value of PTOWM is \$34.5M, which is less than the replacement cost. All related items to this brand would be part of the purchase agreement, including designs and terminology built around PTOWM. To pay for this over time the price had to be what future boards can afford. Thus, it is critical that the checkoff not go below \$.40 per \$100 value. So a provision was added to protect the ability to pay and still leave enough assets to do significant programming. That provision is this: if the rate drops below \$.40 the purchase deal is off, and we have the option to revert back to the remaining 3 year terms of our current PTOWM license agreement. We would also have the option to walk away or re-negotiate the purchase.

Murphy explained that the equity that will have been paid in the purchase price, the part that would go to the principal, would remain intact through the 3-year period of the licensing agreement. In the event of a negotiation for a new purchase price, based on our ability to pay, that equity would be applied towards the purchase price. 3 years gives us time to decide what we want to do. That protects our financial situation.

Murphy noted that they felt all parties were satisfied with where we ended up. The negotiators hope both the NPB and NPPC boards will

support the deal, which is dependent on approval from both boards and USDA.

The agency that created and built PTOWM, worked with us on what the real re-branding costs would be. The process took a look at the transition costs over 3 years; the ideation costs; and incremental consumer marketing costs each year over 7 years in order to establish a new brand at approximately the level we are right now with PTOWM. PTOWM is an established brand and we would have a difficult time finding a better solution. Acquiring this at 5% below replacement costs makes sense.

Language on the provision was key to the negotiations. All provisions within the existing licensing agreement between NPPC and NPB would be suspended effective June 30, 2006. However, there were good reasons to default to the 3 remaining year's provisions if the rate dropped below \$0.40%. That's because there is a scaled pricing structure: in the first year of the remaining 3 years it's \$818,000 if the checkoff rate is 35 cents or higher; if it goes below 35 cents the rate goes down to \$616,000; at 30 cents it's a reduced price depending on the level to which the rate might be reduced.

NPPC seemed to be pleased, as this solves some real financial problems for them for the foreseeable future. They did express some concern over the provision to protect the \$.40 cents because the Pork Act Delegates control the rate and NPPC is at their mercy.

The valuations were not brought to the discussion because there was only one buyer, which was NPB. Through the process of appraisals, it became clear that brand-rebuilding costs were what mattered. Dave Culbertson noted that from a producer standpoint, it was felt that NPB has added a lot of equity to PTOWM over the many years of investments. Considering that, the price is very reasonable.

A motion was made by Steve Weaver to approve the terms that were agreed upon by NPPC and NPB pending AMS approval. Seconded by Lynn Harrison.

John Adams made a friendly amendment that he would like to see this proposal in black and white. Murphy explained that it was a gentlemen's agreement at this point and that a more formal business proposal was being prepared to submit to USDA's Barry Carpenter. He noted that both NPPC and NPB agreed to talk about it in only in general terms to at this time, pending USDA's decision.

John Adams withdrew the request.

Danita noted that it was not for lack of trust in the Board that there was not full transparency on the detailed terms. However, it is such a sensitive issue that the deal must be protected until we can talk to

Barry Carpenter at USDA giving him the straight facts. That meeting is scheduled for next week.

Danita noted that the basis on which the negotiations occurred was the desire of the Pork Board to control the ways it invests its money. We do not want to be spending precious checkoff dollars building a brand owned by someone else, which, if made more valuable, would increase the fees NPB would be forced to pay to use it. It's an indefensible position. On the other hand, NPPC owns an asset NPB wants. NPPC needs a revenue stream and selling a valuable asset provides the opportunity for it to solve an important issue. So, NPB buying PTOWM provides a win-win scenario for both organizations.

There had been general consensus by all persons at the negotiating table that there was no interest in a checkoff reduction for its own sake. Rather, the interest was in retaining the size of the industry revenue pie and capturing as much opportunity with those dollars as possible for both industry organizations. Through the last checkoff reduction, the industry truly shrunk the size of the pie. Steve noted that the way the agreement is structured, the reduction of the checkoff is not in NPPC's interest. Based on their own numbers, if the checkoff rate were to go down a nickel NPPC would only realize \$1M. This is because they would only capture in SIP a percentage of the reduced checkoff dollars and of those they would have to return 40% to States. So, in order to equal the \$3M per year revenue stream from sale of PTOWM, the checkoff rate would have to go down \$0.15%. Danita noted that keeping the checkoff rate at \$0.40% was also important to states, unless you are a state who has 80-90% of your industry signed up on SIP.

Tim Bierman, Resolutions Committee Chair, reported that we received two Missouri resolutions that are on hold until we know the outcome of this agreement. Assuming NPPC and AMS agree to this, it looks like MO may pull their resolutions. One of them deals with buying PTOWM and one with reducing the checkoff rate by \$0.05%. Bierman explained there were a couple different options: 1) to go ahead and put them in the manual and let MO decide later if they want to withdraw them; or, 2) don't put them in the manuals, but carry them with us to insert them later if we need to. Carol Hein explained that she will take this information back to MO to decide how they want to deal with their resolutions. It was noted that this information needs to be kept confidential between NPPC and NPB boards until AMS/USDA has had a chance to review it. The Missouri Executive Committee will also need to look at it in order to make the decision on how to handle their resolutions. It may take a while to work through the USDA channels for the approval. Danita noted that we are hopeful we will have a final answer by Forum.

MOTION PASSED

Danita thanked Wayne Peugh, Hugh Dorminy and Dave Culbertson for their work on this. She expressed her appreciation of the negotiating experience Steve Murphy brought to the table as well as his input and guidance.

Danita stated that this agreement, in addition to Steve Murphy's contract renewal, will provide a level of long term stability for the industry and for Pork Board that we have not enjoyed for a long time.

Tim Bierman, along with other board members, acknowledged Danita and the team for a job well done, especially for having the foresight to add the checkoff reduction provision language.

Meeting adjourned at 1:05 p.m.

MINUTES
NATIONAL PORK BOARD MEETING
MARCH 1- 2, 2006
Kansas City, MO

OPENING

The meeting of the National Pork Board was called to order on March 1, 2006 at 3:10 p.m. by President Danita Rodibaugh at the Marriott Hotel in Kansas City, MO. Attending the meeting were the following Pork Board members: J. Adams, D. Bettin, T. Bierman, C. Christensen, D. Culbertson, L. Harrison, C. Hein, D. Johnson, D. Michael, W. Peugh, M. Reding, D. Rodibaugh, B. Samson, S. Weaver and B. Zimmerman. Also attending were the following NPB staff: S. Murphy, J. Meimann, L. Kline, M. Laughery, M. Wegner, P. Sundberg, D. Hockman, and L. Garner. USDA representatives included Shethir Mustafa, AMS and Susan Cottrell, FAS.

Guests included: Dale Miller, *National Hog Farmer Magazine*, Rod Smith, *Feedstuffs Magazine* and Dr. Steve Meyer, Paragon Economics.

Steve Murphy took a moment to introduce Larry Kline who has taken the position of Vice President of Finance and Business Development for the National Pork Board. Larry will begin his duties on April 17th.

APPROVAL OF PAST MINUTES

A Motion was made by Lynn Harrison to approve the minutes of the January 10, 2006 Board Meeting with an amendment to page 8, changing 2005 to 2006; and to approve the minutes of the January 3, 2006 Conference Call. Seconded by Steve Weaver.

MOTION PASSED

PTOWM PURCHASE

Steve Murphy updated the Board on the potential purchase of the Pork. the Other White Meat trademark from NPPC. USDA has reviewed and given its approval of the term sheet agreed to by both NPPC and NPB negotiating teams. Steve reviewed the term sheet and the clause that protects our ability to pay should there be a reduction in the checkoff rate. He noted that sound business practices were used both to determine a fair market value and in negotiating the purchase. If

both Boards approve, then the final agreement would be contingent on NPPC and NPB agreeing to the provisions of a formal legal contract. The purchase price would be \$34.597 M to be paid over 20 years with an interest rate of 6.75% resulting in an annual payment of \$3.0M with an effective date of 7/1/06.

Discussion was held on the suggestion to make this purchase part of the annual designated reserves as it would not be considered the same as a program expenditure. If that were to be the case, it would need to be a yearly board decision.

A motion was made by Mark Reding to approve the purchase of Pork. The Other White Meat trademark from the National Pork Producers Council, consistent with the negotiated term sheet, at a purchase price of \$34.597 million to be paid over 20 years with an interest rate of 6.75% resulting in an annual payment of \$3.0 million. Seconded by Steve Weaver.

MOTION PASSED

President Rodibaugh thanked the following industry leaders who had supported the negotiating process and worked to make this agreement happen: Ken and Julie Maschoff, Gary Machan, Bob Dykhuis and Don Butler as well as the NPB negotiating team of Wayne Peugh, Dave Culbertson, Hugh Dorminy and Steve Murphy.

PRESIDENT'S REPORT

Rodibaugh gave the President's report which included the following topics:

Mexico Trip Review and Meeting: It was a very good meeting. Rodibaugh noted that it was important for producers to see how checkoff dollars are being used in both retail and foodservice in Mexico. Challenges and concerns were shared between both Mexican and US producers.

Mark Reding had questions regarding the new committee changes that were discussed during the Board meeting in Mexico. He noted the guidelines that were established may be difficult to incorporate in

some of the committees as it does take some time for members to become familiar with the work, especially on some of the smaller committees. Too much turnover could create a void that would compromise the work of the committee. Rodibaugh stated that these were only guidelines and could be adjusted to accommodate the different committee makeup and size. Those thoughts will be conveyed to staff as they work through the new committee structure.

21st Century Pork Briefing: S. Murphy, W. Peugh, D. Rodibaugh and L. Harrison had traveled to Arizona to attend the 21st Century Pork Meeting immediately following the Mexico trip. Murphy gave a presentation on the Board's critical issues and the concept of the PTOWM purchase. Rodibaugh noted that a mini chef competition was held there and showcased pork. They discussed internal cooking temperatures and working with the chef's from the food network, which NPB is already doing.

Committee Reports included the following:

Environmental Committee: Lynn Harrison reported that the Environmental Committee met in Des Moines and reviewed goals, research agenda and proposals received. They also received a briefing on the US Pork Centers of Excellence and the Pork Information Gateway. He also gave some preliminary results of an Iowa State air quality study that determined much higher odor and emissions levels indoors versus outdoors, due to activities not related to swine.

Nutrition Committee: Mark Reding reported on the work of the Nutrition Committee. New nutritional data on pork will be released in the next few months. Reding reported that it will be an outstanding report.

Animal Welfare: Tim Bierman reported on several areas:

- The committee received a copy of the white paper report that was submitted to the New Jersey Department of Agriculture in response to the ongoing lawsuit filed by animal rights groups there.

- Four research projects were chosen for funding
- Discussed OIE activity and reviewed comments NPB submitted in response to welfare codes on land transport and humane killing for disease control.
- The committee identified their 2006 goals

Demand Enhancement: Craig Christensen reported that he very much appreciates e-mailed committee updates that reflect the effectiveness and results of our programs. The agency we had been using for our Hispanic advertising has resigned from our account due to internal financial difficulties and restructuring issues. We will be evaluating new agencies, which will put the May marketing campaign on hold.

Foodservice Advisory Group: Danita reported that a taping was done with recipes from Martin and Marvin. The show is very popular on college campuses and one of the highest rated shows on Turner South Broadcasting. Wayne Peugh reported that the Foodservice meeting in Charleston went very well. Integrators were there and checkoff dollars are making a difference. In addition, four new cuts were used and we were able to give tasting and cutting demos. Dave Culbertson added that when you see the caliber of people who are coming, that is invaluable to us.

Unified Research/Pork Safety: John Adams reported that he felt it was very beneficial for these Committees to meet together. At the Pork Safety meeting 18 research proposals were reviewed and five were funded. Other topics included the makeup of the committee and export issues.

Swine Health: David Culbertson reported that the Swine Health Committee met in Des Moines and evaluated 32 proposals and funded eight. Discussion focused on the PRRS elimination review. Culbertson noted that tomorrow during the producer updates, posters will be displayed that will diagram the premises ID process.

Animal Science: Bruce Samson reported that the committee's February 3rd meeting focused on research

proposals, PRRS research and the National Pork Quality Benchmark Study. That Study is a two year project to evaluate consumer preference on marbling, cooking temperatures, etc. The Animal Science committee is pushing to get these publicized and the information disseminated.

Paul Sundberg reported that USDA still has not addressed confidentiality on Animal ID.

25/25 Initiative: This initiative would require that by the year 2025, 25% of our fuel sources would be from renewable biofuels, including corn, soybeans and switch grass. An invitation to attend their conference was received by Danita. The question was raised if this was something we should be attending. It was determined, after talking to several people who are involved with the group, that NPB's presence at the meeting would not constitute support for the initiative and that it was appropriate for NPB to send a representative to the meeting to gather information.

(Wayne Peugh sat in as chair of the meeting as Danita stepped out).

AUDIT COMMITTEE

D. Michael, Chair of the Audit Committee, reported the results of the 2005 Financial Audit by McGladrey Pullin. It was a clean audit, the books were in order and no major issues were identified.

D. Michael moved, on behalf of the Audit Committee, to accept the McGladrey Pullin audit of the National Pork Board's books for FY2005. No second needed.

MOTION PASSED

ADMINISTRATIVE COMMITTEE

Wayne Peugh, Chair of the Administrative Committee reported:

Mike Telford Report: Mr. Telford, contractor to NPB for state administrative reviews, addressed the board with a report on the progress of small-state administrative reviews. States are divided into three groups according to their checkoff income. The Administrative Committee is the liaison the pork board, state

associations and USDA to assist states to be in compliance with the Pork Act and Order. Increasingly smaller states don't have the resources or time to stay in compliance. At Forum this year, Telford has set up several meetings with small states to get a sense of how they are doing and answer any questions.

Final approval of 2004 State Administrative Reviews: WY and LA have addressed all "weaknesses" in their reviews and are well on their way towards compliance.

2005 Reviews: UT, ND, NE, AR, MT are in the process of being completed, with no problems being foreseen.

Idaho: Idaho has completed its pre-questionnaire and an on-site administrative review was done. The weaknesses identified were outlined in a report asking that they address them. NPB is working with their state leaders to set up another on-site visit by Telford to provide assistance. However, after repeated efforts, there has been no response by Idaho. Attempts are being made to bring producer leaders into the process, but no dates have been established and this drags on. The Administrative Committee passed a motion that if a meeting does not take place with Idaho by April 15th, or other satisfactory their funds will be withheld until results are satisfactory.

2006 Reviews: Reviews are being planned for NC, GA, AL, CA and Nevada. Other states that may be reviewed if they have new CEO's are IN, SC and KS.

W. Peugh moved, on behalf of the Administrative Committee, to approve the Administrative Report, including all the status updates and recommended actions. No second needed.

MOTION PASSED

BUDGET REPORT

Budget Committee Chair, Lynn Harrison, called on Steve Murphy to report in the following areas:

2005 financial highlights:

- 2005 revenue was \$3.7 million more than budgeted.

- 2005 expenditures were \$1.4 million less than the adjusted 2005 budget.
- \$6M air emissions project rolled over to 2006.
- Ending undesignated reserves are \$24.3 M (includes unspent air emissions funds).
- Ending designated reserves of \$5.3M

2006 Beginning Reserves: Murphy highlighted 2006 beginning reserves including:

- The beginning undesignated reserve for 2006 is \$24.3M
- The beginning designated reserve for 2006 is \$5.3M
- Rollover projects totaling \$6M have been approved for '06 and include:
 - a. Air Emissions project at \$5.8M (The committee took action at their meeting this morning to include air emissions reserves as a line item).
 - b. Take Care initiative of \$0.2M
- Since the rollover money is earmarked for specific projects, the \$6.0M rollover will be transferred from undesignated to designated reserves.
- As such, the '06 beginning reserves are:

Beginning Designated Reserves	\$11.3M
Beginning Undesignated Reserves	\$18.3M
Total fund balance:	\$29.6M
- The beginning undesignated reserve represents a \$5.1 M improvement in the forecast that was used in preparing the 2006 Strategic Operating Plan.

On behalf of the Budget Committee, Lynn Harrison moved that NPB put \$6M in restricted funding: \$5.8M for 2005 air emission and \$.2M for the Take Care program.

MOTION PASSED

Murphy noted that on the Income Statement versus Budget, a column has been added to reflect "Forecast", which will present a clearer picture of where we'll end the year financially. This statement will be provided to all board members each month.

PTOWM as restricted funds: Discussion was held on the possibility of setting aside, in reserves, the monies needed to cover the remainder of PTOWM payment due July 1, contingent on getting final approval on the PTOWM purchase contract.

Mark Reding moved that, contingent on final PTOWM purchase contract approval, \$2.182M be placed in designated reserves to cover the remainder of the PTOWM payment due July 1. Seconded by Lynn Harrison.

MOTION PASSED

2007 Planning Calendar: Murphy reviewed the proposed strategic planning and budget calendar for 2007. He noted that the schedule will be more intense this year prior to Expo. Reports from committee representatives will be presented regarding their point of view on the 2007 critical issues. Board will arrive the evening of Monday, June 5th and will meet all day Tuesday and Wednesday. The Plan of Work TF will meet June 28-29 to define and prioritize the strategic intents for each critical issue within each discipline area. We will try to utilize the new voting system that we are using this year at Forum.

L. Harrison moved, on behalf of the Budget Committee, to approve the Budget Report. No second needed.

(Danita Rodibaugh resumed the chair position from Wayne Peugh who had been standing in for her).

MARKET UPDATE

Steve Meyer, President of Paragon Economics, gave a Market Update and Outlook. He reported that January higher slaughter and lower prices will result in higher than expected February revenue. He noted that current forecast will support \$52M in national spending in 2009.

Regarding hog prices for 2005, Meyer noted that supply vs. capacity could be a huge factor and that the question will be what we will do with all of the packing capacity.

Demand for red meat was not good for September – November. Packers pushed margins up in second half of the year. Broiler production was up 4.8%YTD. Slaughter weights are record high with no slowing and cutout spent most of 2005 in the \$10 range due to the belly market. Meyer reported that hog prices were stable last year but a 4th quarter drop was concerning. Canadian imports are a wild card right now and corn duties have had no big effect yet. He noted that the bottom line in 2006 will see lower margins than '05 but still be profitable for chances to lock them in. He expressed concern about a potential excess in packing capacity in 2007 and beyond and the potential for a weaker plant closing if supplies are short.

Meyer reported that collaterally with the new target marketing in six cities he is working with the DE staff and Texas A&M to do a promotion evaluation to measure demand in a semi-controlled experiment. Dallas Hockman noted that this evaluation would help our ability to see the impact we are making.

BUSINESS OPTIMIZATION

Steve Murphy explained that to fully support the anticipatory approach to issues identification and management the NPB must also look toward a business optimization system. This will evaluate current program impact and recommend focus on high results programs allowing less impactful programs to be dropped. This, in turn, will free up funds to be used to address emerging issues. The proposal addresses how we integrate this comprehensive business optimization discipline into National Pork Board's strategic planning model and anticipatory issues management approach.

Murphy noted the plan objectives and deliverables will be a multiple year process. It will begin in '06 with the ROI econometric study. In '06 it will only include completion of essential tasks required to get the business optimization model development process underway. The Budget Estimate is \$395,000.

Murphy summarized that as NPB becomes a strategic issues driven organization, business optimization discipline is a key element of this initiative. In

addition, he noted that anticipatory issues management will be enriched by the use of predictive simulation modeling to help NPB leaders set priorities and make key investment allocation decisions.

A motion was made by Lynn Harrison to approve \$395,000 in 2006 supplemental funds to complete the ROI Econometric Study, mission and executive guidance for optimization system, design the optimization model and define demand drivers for evaluation in 2007. Dianne Bettin seconded.

MOTION PASSED

LEADERSHIP TRAINING

Steve Murphy reviewed a proposed board assessment and training program based on discussion held at the November Board meeting. He explained that the objective of the proposal is to accelerate and maximize Board member effectiveness and the challenge is to ensure that all board members are equally effective. Unlike for-profit boards, non-profit boards have high member turnover. New Board members rarely come with the experience and tools needed to be effective board members, resulting in the need for ongoing board training. Board members come with a wide variety of strengths and weaknesses, thus no one system fits all members. The availability of training time is a significant challenge for board members.

He noted that the system will work to define and compartmentalize all elements of the skills needed by board members. A modular training approach will be used to develop courses that enhance the skills required and each module will include content as well as assessments. Training content will be aligned with critical issues; while some general board training issues will be included, the majority of courses and experiences will be designed to address issues critical to the industry. A three tier curriculum would include the following:

- Member Orientation
- Foundational skills for board members
- Industry knowledge and strategic applications

The program can also be customized to extend to PLA, SLA, committee chairs and members as well as staff orientation and training. Murphy also noted that a business model can be established and this system marketed to other non-profit organizations for the purpose of generating revenue and offsetting costs.

The estimated supplemental investment needed for 2006 is \$125,000. This investment will allow NPB to complete the skills assessment, development of the curriculum plan and the development of several courses.

A motion was made by John Adams to approve 2006 supplemental funds totaling \$125,000 to develop a comprehensive board orientation assessment and training program. Seconded by Steve Weaver.

MOTION PASSED

BOARD AND COMMITTEE ABSTRACT

Steve Murphy addressed the issue of the creation of a committee job description as requested at the January meeting. The charge was to develop a description that would include what the committee does, the time commitment involved, what the purpose is and who is on the committee and their term. A document that provides that information was developed and distributed to the board.

Murphy also spoke about the Board abstract including information on accountability, visions and direction, challenges, focus and goals. He noted that commitment levels would be optional, depending on personal choice. Steve will prepare an abstract based on the discussion held at this meeting. This will be a roadmap to allow the board to be the best it can be.

USDA REPORT

Shethir Mustafa, AMS representative, gave an update on the following business items:

- FOIA: Staff at the Pork Board has compiled data for the appeal to the Chicago Tribune who has requested names, vouchers and receipts. USDA is in the process of redacting home addresses

and social security numbers. All commodities are included in this FOIA request.

- Delegate Appointments: Mustafa reported that appointments were on December 30 – which is earlier than usual. She noted that eight states had resignations and that alternates were appointed last week. A document has been formulated by Sr. NPB staff and AMS staff to address the issue of alternate appointments. This will serve as a guideline/timeline for future resignations and alternate appointments. This document has been distributed to states and hopefully, will help guide us next year to ensure a smooth alternate appointment process in the future.

Sue Cottrell, FAS representative, reported that she is pleased with the international work that National Pork Board has done. She noted that there is no substitute for seeing markets first hand in this exciting and important time for the pork industry. She explained that the United Export Strategy process in an all inclusive marketing plan and that USMEF is the largest recipient of these dollars. Cottrell also commented on the excellent job that USMEF does.

ISSUES BRIEFING

Murphy reported on a variety of issues, including:

- **Research Proposal**: Dr. Paul Sundberg gave a brief overview of a research proposal to develop an inclusive database of environmental management practices employed on pork production operations. The benefit is to enhance environmental responsibility in pork production and provide the industry a means to determine if proposed research was new and unique or if it were similar to existing work. This database may be of particular use to funding agencies as they assess needs and priorities in pork production environmental management practices.

A motion was made by Lynn Harrison to approve \$103,002 in research for the Development of a Database for

**Environmental Management Practices
Employed at Pork Production Facilities.
Seconded by John Adams**

MOTION PASSED

- Board Allowance Revision: Jim Meimann, Sr. VP of Governance and Operations, reported on suggested revisions to the Board Allowance policy. The current policy allows board members to spend up to \$1000 over a 3 year term for information, technology and equipment needed to be a more effective and efficient member of the board. To clarify the policy, he explained that this would not apply to those things you would have for your normal farm business, regardless of whether you were on the board. Most likely within the policy allowance would be such products and services as software; subscriptions to periodicals related to NPB business; conferences and symposia, Checkoff apparel or other items from the Pork Store that are necessary and appropriate to performance of board duties or proper representation of the board. This \$1000 Board Allowance policy would not apply to a portion of the cost for high speed internet and cell phone usage. Those items can be expensed to the Board but are covered under a separate policy.
- Policy Change on Early Release of Nominating Ranking: Jim Meimann reported that several requests have been made to release the names and ranking of pork board and nominating committee candidates immediately following completion of the work of the Nominating Committee. States want this information as they are holding their state delegate caucuses in preparation for the Pork Act Delegate session. The policy in previous years was to withhold this information until the delegate manuals were mailed so everyone would receive the information at the same time. However, today's technology and our very functional website this information could be made public in a more

timely fashion and still guarantee the fairness sought.

Along those same lines, states frequently request resolutions information as soon as possible so they have time to caucus with their members in advance of the annual meeting. This issue is a little different as some states are still conducting their annual meetings and we generally don't have their resolutions until late in the process. The committee tries to have the information out as soon as possible. We are always glad to send the information as requested, although they may not be complete. The final resolution information is posted on our website as soon as possible.

The board, by consensus, agreed that as soon as the Nominating Committee feels that the names are ready to be published and the Resolutions Committee is ready to disseminate resolutions, the information will be posted to the Web site and e-mailed to the board, states and USDA.

- CEO Roundtable: Mike Laughery, VP of Producer Services, reviewed the Pork Checkoff CEO Roundtable program proposal. The objective is to establish a CEO Roundtable that would meet bi-annually. Members would be CEO's of the largest 15-20 pork production operations and the NPB CEO who would gather for the purpose of cultivating professional relationships, enlightening industry CEO's about the details of their checkoff investment, and collecting member directional input regarding future checkoff programming. This program is in the very early planning stages and the first meeting would not be until July.
- Working Group to Review Mission/Vision: Mike Wegner, VP of Communications, explained that as our organization is evolving it is an appropriate time to step back and define what it is that we want for this industry's mission/vision statement. Therefore, a working

group was established to formulate the new statements. Those who volunteered are: John Adams, Dianne Bettin, Lynn Harrison, Carol Hein, and Wayne Peugh as Chair.

- Forum Overview: Jim Meimann gave a brief overview of forum activities for the week. He noted that we would be celebrating the 20th Anniversary of the checkoff. Former leaders of the industry will address producers; a commemorative video will be shown as well as distribution of a booklet, lapel pins and notebooks.

Producer Update Sessions will begin on Thursday and will cover the following topics: Animal Welfare, Swine Health, Animal Science Research Update, Occupational Safety and Food Safety Update and Operation Main Street. There will also be a joint program with NPPC on Premises ID.

Secretary of Agriculture, Mike Johanns will address producers on Saturday morning. The Distinguished Service award will be presented to Eugene Leman of Tyson and the Hall of Fame to Karl Johnson at the Saturday evening banquet.

Several Resolutions will be presented, however two resolutions from Missouri may be pulled in light of the PTOWM purchase agreement. Voting will be held to elect six nominees to the National Pork Board and two Nominating Committee members.

Meimann noted that a new electronic voting system will be used this year for the first time. The wireless handheld devices should make for more interesting, interactive sessions and will be a good opportunity for us to get immediate results on a variety of issues.

Environmental Stewards Awards will also take place on Saturday as well as honoring our retiring board members: David Culbertson, Craig

Christensen, Mark Reding and Deborah Johnson.

RECESSED

President Danita Rodibaugh recessed the National Pork Board Meeting at 8:10 p.m. until the following morning.

CALL TO ORDER

Rodibaugh called the meeting back to order at 7:00 a.m. on March 2, 2006.

COMMITTEE REPORTS

Steve Murphy explained that Program Committee Chairs would be providing accountability reports to the board.

The following committee chairs/representatives gave reports and answered questions on 2005 critical issues and achievement of goals as well as plans for 2006:

- Everitt Forkner, Animal Science
- Dale Norton, Animal Welfare
- Steve Schmeichel, Demand Enhancement
- Max Schmidt: Environmental
- Hugh Dorminy, Trade
- Bob Uphoff, Niche Marketing
- Mark Reding, Nutrition
- Leon Sheets, Producer Services
- Jim Niewold, Swine Health
- Barb Determan, Pork Safety
- Dawn Jarolimek, Producer and State Relations

Danita thanked the chairs for their expertise and direction they provided to the programs and committee work.

As chair of the Audit Committee, whose job it is to oversee investments of the programs, Dennis Michael moved to accept the committee accounting reports as they serve as an audit of 2005 programming.

Seconded by John Adams.

MOTION PASSED

POLLING COMMITTEE The following Pork Board Members were appointed as part of the polling committee for upcoming election of officers: Mark Reding, Chair; Dave Culbertson; and, Craig Christensen. They will be calling all board members in the near future.

ADJOURN The meeting was adjourned at 11:00 a.m.

Minutes
Board Conference Call
April 18, 2006
12:00 Noon Central Time

CALL TO ORDER:

President Danita Rodibaugh called the meeting to order at Noon on Tuesday, April 18, 2006.

ROLL CALL

Pork Board members present on the call included: D. Bettin, T. Bierman, D. Culbertson, L. Harrison, C. Hein, D. Michael, W. Peugh, D. Rodibaugh, B. Samson, and B. Zimmerman. Absent were: J. Adams, C. Christensen, M. Reding, and S. Weaver. Also attending were NPB staff members: S. Murphy, J. Meimann, D. Hockman, and L. Garner. USDA/AMS representative, S. Mustafa was also on the call.

Guests on the call included: Randy Brown and Jeff Galle.

PTOWM UPDATE

Steve Murphy stated that the Pork The Other White Meat contract is presently being reviewed by the NPB lawyers. When that process is completed it will be sent to NPPC for their review. Murphy noted that there have been no changes to the original terms since the board voted to accept it in March. The key component of the agreement is the non-recourse clause. It means that if for any reason the Pork Board defaults on the annual payment (other than for an "Adverse Pork Checkoff Event"), NPPC has no recourse against NPB except to take back the PTOWM Brand and Trademark, and NPPC will keep any payments it has received to date from NPB. Strong covenants are in place to make sure the value of the trademark is maintained. After NPPC has reviewed and approved the Purchase Agreement, we will send to USDA for their final approval. We are hoping to have a close on the purchase by July 1.

PRODUCER SURVEY

Shethir Mustafa updated the board on the status of the Producer Survey. She explained that there are some issues to be resolved and they have prepared an issues paper that is being reviewed by the Office of General Counsel.

JUNE MEETINGS

Steve reviewed the schedule of events for the week of June 6-10. This meeting will kick off the 2007 Strategic Planning Process with all components being tied to this objective. Steve noted that a budget committee meeting will begin at 4:00 p.m. on June 5 followed by a reception at his home. On Tuesday, the board meeting will begin at

8:00 a.m. and will include calendar approval, budget committee recommendations, Grimes endowment decision, FMD eradications position and membership in a new Ag Foundation for image. Anticipatory Issues Management will be on the agenda for the afternoon session. On Wednesday, program committee representatives will bring forward their view of what the critical issues will be next year. Later that day the Board will determine and prioritize critical issues for 2007. A few key strategic intents may also be determined. The Board meetings will adjourn at 5:30 and be followed by a recognition dinner for the 30th anniversary of USMEF.

For those board members who elect to stay for Expo, there will be an opportunity to work at the Hospitality Tent at World Pork Expo on Thursday, Friday or Saturday.

JULY BOARD MEETING

Murphy reviewed plans for the July board meeting in Philadelphia. The focus of the meetings will be an immersion into the target audience for the Don't Be Blah advertising campaign. The goal is to help producers see and experience the campaign at work.

Meetings will start with an orientation at 3:00 p.m. on Wednesday, July 19th. This orientation meeting is open to any board members who would like to attend. It will be a part of the new on-line orientation system that is being created. A reception and dinner, along with a program review, will follow at 5:30 for all board members.

A full board meeting will begin on Thursday morning and the key topics will be election of new board officers and the review of the POW task force work. In the afternoon, a foodservice outing will be followed by a live consumer focus group at 5:00 p.m. Dinner with the Pennsylvania Pork Producers will cap off the evening. On Friday, a visit to local retail stores tied to the Don't Be Blah campaign will take place that morning and a meeting with importers will take up much of the afternoon. Dinner plans will follow. (Board members are free to leave anytime following the importer meeting or are invited to attend the Saturday function at Pocono Raceway if they so choose).

Saturday will be an optional day at the ARCA race with a grilling event and a trip through Amish country for dinner. Flights home can be booked for Sunday morning. If you are planning to take your spouse, we will come up with a flat fee as we've done in the past.

ADJOURNED

The conference call adjourned at 1:10 p.m. central time.

MINUTES
NATIONAL PORK BOARD MEETING
June 6-7, 2006
Des Moines, IA

OPENING

The meeting of the National Pork Board was called to order on Tuesday, June 6, 2006 by President Danita Rodibaugh at the National Pork Board Office in Des Moines, IA. Attending the meeting were the following Pork Board members: J. Adams, D. Bettin, T. Bierman, C. Christensen, D. Culbertson, L. Harrison, C. Hein, D. Michael, W. Peugh, M. Reding, D. Rodibaugh, B. Samson, S. Weaver and B. Zimmerman. Also attending were the following NPB staff: S. Murphy, J. Meimann, L. Kline, M. Laughery, M. Wegner, P. Sundberg, D. Hockman, and L. Garner. The following recently appointed Board Members, who will take office in July, were also in attendance: Randy Brown, Jeff Galle, Gene Nemecek and Alan Wilhoite.

Guests included: USDA/AMS representative Kenneth Payne, Rod Smith, *Feedstuffs Magazine* and Kevin Born with ABG.

**APPROVAL OF
PAST MINUTES**

MOTION: Lynn Harrison moved to approve the minutes of the March 1-2, 2006 Board Meeting as written. Seconded by Steve Weaver.

MOTION PASSED

MOTION: Dennis Michael moved to approve the minutes of the April 18, 2006 conference call as written. Seconded by Steve Weaver.

MOTION PASSED

**PRESIDENT'S
REPORT**

Danita Rodibaugh introduced Steve Murphy who reviewed the agenda. Board Business will focus on the Anticipatory Issues Management Process; Program Committee Roundtable; the kickoff of the Strategic Plan; and four strategic issues: (Membership in Grow America, 25 X 25 Endorsement and Membership, Glenn Grimes Endowment, and Strategies related to FMD in Brazil).

Committee Reports:

- USMEF: Danita Rodibaugh announced that Craig Christensen was elected as Vice-Chair of the USMEF Trade Committee. Craig reported that he attended the USMEF meeting that was held in Las Vegas in May. He noted that agenda items included: MRL issues and how it will affect trade with Japan; update on Mexico, Korea, Pacific Rim, Russia and the Caribbean. He also informed the board that Danita Rodibaugh has been appointed to the USMEF Executive Committee in an at-large position and Hugh Dorminy was elected chair of the USMEF Pork Committee.

Steve Murphy explained that the MRL issue in Japan is a very serious issue that will need to be managed and communicated back to the industry. The first residue issue was reported in alfalfa from Texas. We will need to show the Japanese that we have a good, safe product that will meet their specifications.

- Environmental Committee: Lynn Harrison reported that the committee is receiving research proposals. They have solicited proposals from states for environmental education fund, including IA, KS, MO, ND and OH. The Stewards Committee has chosen the new winners. The committee will be meeting with the Canadians on June 20.
- Swine ID: Dr. Paul Sundberg reported that the Task Force continues to work with NPPC and packers to form a plan for implementation. ID standards are set, but working on how to communicate and make sure the standards can be workable on the farm. The TF will meet in July and will be hearing from various vendors for database and tag manufacturers. Patrick Webb attended a meeting in San Francisco along with NPPC and packers to look at ways to work with Canada and Mexico on commonalities in swine ID.
- Pork Safety: John Adams reported that the Pork Safety Committee is dealing with revisions of the PQA manual.
- Nutrition: Mark Reding reported that there have been some challenges with the announcement of the new nutritional data and that more information will be forthcoming.

BUDGET REPORT

Lynn Harrison, Budget Chair, and Larry Kline, Vice-President of Finance and Business Development, gave the budget report:

- 2006 Beginning Reserves:
 - Undesignated Reserves of \$24.3 M

- Designated Reserves of \$5.3 M
- \$6M rollover earmarked for air emissions and Take Care transferred from undesignated to designated.

- Starting Reserves: \$11.3 M designated
 \$18.3 M undesignated
 \$29.6 M Total Reserves

- 2006 YTD Highlights:
 - Checkoff revenue \$0.9M ahead of budget
 - Interest income \$0.4M ahead of budget
 - Cash balance at \$38.2M
 - Expenses \$4.8M under budget due to timing differences.
 - Staff – 75 actual vs. budget of 79

- PTOWM Term Sheet Change: Steve Murphy explained that we are very close to a final agreement with NPPC on the purchase of PTOWM Trademark, however one more business issue was added to the “term sheet” which had been agreed to by all parties earlier in the year. NPPC’s concern was that if the Pork Board exercised its rights under the termination provision of the proposed agreement, NPPC may not have sufficient time to restructure or re-budget and would have been left in a very precarious position with budgets committed, programs underway, etc. Therefore, in an effort to give both organizations ample time to adjust to any termination, a one-year notification requirement was inserted into the agreement. Under this agreement, the Pork Board has the right to walk away from the purchase of PTOWM at anytime. While it seems quite unlikely that any board would want to walk away, nevertheless if for some reason they couldn’t make a payment, \$3M needs to be set aside today in order to guarantee that payment in the future. In order to prevent our budget from being hit too hard all at once, Barry Carpenter, USDA Administrator, has agreed to allow us to set aside \$1M a year beginning this year (2006) and in each of the next 2 years. Consequently, there will be \$1M transferred from undesignated reserves to designated reserves and earmarked for that final PTOWM payment. The final payment would be used should NPB have to walk away in the middle of the agreement, or can be used as the last payment. (Note: see further action on this issue later in these minutes).

- 2006 New Supplementals: Two requests were brought forth by the budget committee for full board input:
 - LifeKnowledge supplemental funding request for \$100,000. Mike Laughery explained that this program was designed to develop youth leadership and NPB is incorporating it into the PLA program. Additionally, it will be used for board leadership

training and it is hoped that states will also adopt it for their leadership programs.

MOTION: The budget committee moved to allocate \$100,000 in 2006 supplemental funds to the FFA LifeKnowledge program. No second needed.

Concern was expressed by several Board members that reserve funds were short and the funding for the supplemental requests should have been part of the current budget or requested much earlier so a more thoughtful plan could have been considered to address the issue and consider other options.

**AMENDED MOTION: Craig Christensen moved, second by Steve Weaver, that the board fund \$100,000 for the FFA Life Knowledge Program, but require that the funding come from the current 2006 budget, through a reallocation of other program dollars within that department.
AMENDMENT PASSES,
MOTION AS AMENDED PASSES**

**Nutrient Data Analysis: Demand Enhancement
Supplemental Funding proposal focusing on: Pork Now as Lean as Chicken for \$1.5M.**

Dallas Hockman explained the exciting and positive news about pork generated by the USDA sanctioned nutrient data study just completed. This information changes the status of pork, putting it equal to or slightly ahead of chicken in its nutrient profile. This request for funding will help with the information rollout and communication of the findings to the marketplace and also to help develop new partnerships.

MOTION: The budget committee recommended allocation of \$1.5M in 2006 reserve dollars to fund integrated marketing initiatives centered on communicating the results of the new pork nutritional profile database.

After much discussion:

AMENDMENT: Craig Christensen moved, second by Steve Weaver, that the board fund \$1.5M in integrated marketing initiatives (communication, information and education) centered on the results on the new pork nutritional profile database, but require that the funding come from the current 2006 budget, through a reallocation of other program dollars within that department.

**AMENDMENT PASSES,
MOTION AS AMENDED PASSES**

- **2007 Recommendations:**

**The Budget Committee recommended to the full Pork Board a checkoff revenue target of \$50.4 M for 2007
MOTION PASSED**

**The Budget Committee recommended maintaining undesignated reserves in 2007 at \$5.0M.
MOTION PASSED**

**The Budget Committee recommended a preliminary 2007 national spending target of \$43.3M.
MOTION PASSED**

**STRATEGIC
ISSUES**

Steve Murphy updated the board on several areas, including:

- Board Calendar: reviewed the 2007 calendar of events.
- July Board Meeting: update on events surrounding the July Board of Directors meeting in Philadelphia July 19-22.
- Legal Update: The Campaign for Family Farms met with producer leaders and staff in the NPB office in late May to discuss some of their continued grievances against the checkoff. While no formal agreements were reached, the open discussion and exchange of ideas and information was positive. USDA and the Dept. of Justice were pleased at the effort. Good things have come from the meeting. We educated them on how we operate and how our programs are funded. Additionally, we have made a few changes, including putting the Plan of Work up on our website. Ultimately, CFF withdrew its settlement request in the Pork Case. NPB and USDA agreed to allow the case to drop and the judge then dismissed the case with prejudice, which means that CFF cannot reopen the case. This ends all litigation against the pork checkoff that began in the W. District of Michigan following the referendum in 2000.
- Japanese MRL Update: Paul Sundberg explained that on May 29th, Japan changed their chemical residue standards. Previous to that date, their Maximum Residue Limit adhered more closely to what the United States did. Now Japan has adopted the CODEX International standards which are similar to, but still different from US FDA Standards. USMEF and Animal Health drug companies have worked together on dealing with this issue over the last 3 years. In recent

days, when the final Japanese MRL Reg's were published, letters have been sent to all US producers to raise awareness. Information has also been sent to all members of AASV. News releases and publications have been sent to packers as well as an NPPC conference call with PPIC, MEF, APEX. Sundberg, as the pork industry representative, accompanied FAS to meet with the Japanese. Meat is not the target - their primary concern is citrus fruit, potatoes, etc. The checkoff is working to coordinate a response should there be a violation. More importantly we are working with the industry to let all producers know the seriousness of this, that even one violation could put the entire US Pork export market in jeopardy, and that all producers must abide by the withdrawal times in the MRL.

- Swine Welfare Coalition Update: There will be a consumer media conference June 8 at Expo as well as a producer media conference on June 9. There will be beta testing this summer and a redraft in the 4th quarter of 2006. Training will begin in the first half of 07 with a lunch date of June, 2007. When producers are up for renewal on PQA III, they will recertify with the new program, PQA Plus.
- Branding "PQA Plus:" Nearly all producers are in favor of an integrated PQA/SWAP Program. Research was done with producers and PQA Plus was the preferred name of the integrated program. Murphy polled the board for their approval of the new name and there was consensus.
- Expo: Mike Laughery reviewed World Pork Expo activities and assignments. Board members are encouraged to work in the Hospitality Tent which is where food and refreshments will be served to producers. NPB will also have a booth in the Varied Industries Bldg where producers can get answers to their questions from the call center agents. National Pork checkoff will be serving food in the swine barn for both breakfast and lunch.
- Nutrition Data Release: Ceci Snyder explained that she has been working with USDA since the Fall of 2004 on updating the pork nutrient database. We have funded research at Purdue University. This new information is very positive for pork and will impact school lunch, health professionals, federal nutritional policy, the food pyramid, etc. Snyder noted that the announcement will be made later this month and should be very exciting news for the pork industry.

DECISION MAKING PROCESS/ ISSUES

Murphy spoke about the responsibility the board has in providing strategic direction and vision for the organization and the process used to come to key decisions. Four issues are to be decided on which will establish long-term strategic direction and carry potential "unintended consequences." Agri Business Group (ABG) has been consulted to provide a structured process for the board to use when making decisions. They defined a six-step process that helped guide the

group through the decision making process in order to reach a consensus on any issue that was as objective as possible. The process helped work through the pros and cons of each issue and to define the options as well as who and what might be impacted by their decision. The following issues were brought forward for discussion and action:

- Membership in Grow America: “Grow America” is a new agriculture foundation related to agricultural image issues. The goal of this organization is to foster the public’s understanding of modern agriculture and to focus on public trust. Danita Rodibaugh noted that it may be a good idea to become a member at the beginning phase in order to have a more positive influence in shaping the message early on. The board felt that since the delegate body directed the organization to take a more active and broader role in solving the image program, this project could move us forward in that regard.

MOTION: Mark Reding made a motion to join the Grow America Program at a cost of \$25,000. Seconded by John Adams.

MOTION PASSED

- 25 X 25 Endorsement and Membership: Allan Stokes, Environmental Director, gave an update on this issue. The goal is by the year 2025, 25% of our fuel sources would be from renewable biofuels, including corn, soybeans and switch grass. The impact on pork can be potentially good or bad. Pork producers have a vested interest in an affordable energy supply, however since feedstuffs are the raw material for the fuel, and since there is a federal mandate for a defined quantity of such fuel in the near future, it could leave the swine industry in a weak position, competing for vital feedstuffs and significantly increased cost which may make them unaffordable for producers as feed. The 25 X 25 steering committee is made up of former USDA officials and over 100 organizations who have endorsed the initiative. Stokes explained that in order to be a member and have a place at the table does not require funding or dues, but will require staff time. The group is supported by funding from 13 separate foundations. He explained that the upside of endorsing the program is a place at the table to influence the development of the energy policy. It would be good public perception and seen as environmentally friendly. However, if we are not able to influence the decision of this group, the lending of our name could be viewed as endorsing activities or policies that we would not necessarily favor. 25 X 25

could have a negative impact on feed prices and therefore would not look favorable to producers. More data will be forthcoming that could help make the decision, but will not be out for another three months. After much discussion, it was decided to defer the endorsement awaiting further information on the role and place that could be played by the Pork Board as a member of this group.

MOTION: Dennis Michael moved to defer the endorsement of 25x25 Membership until further information can be gathered to include the following action steps:

- **Explore the possibility of being included on the steering committee;**
- **Summarize the studies that are coming;**
- **Define the dollars available to study the options;**
- **Update at November Board meeting;**
- **Add to attitudinal survey**

Seconded by Tim Bierman.

MOTION PASSED

- Glenn Grimes Endowment: Jim Meimann gave background information on this proposal. The Endowment is in recognition for Glenn Grimes meritorious service to the industry. In addition, the Endowment would provide some assurance of support for livestock marketing into the future, at a time when resources are shrinking. Support from the Pork Board would be seen as sending positive signals to others in the livestock industry that this is important and deserves broad support. The University of Missouri, led by Professor Grimes, but ably supported by several first class economists, has a long and strong record of excellence in this area and has established itself as a partner with producers, packers, and the entire industry in providing quality livestock information reporting and analysis. There was extensive Board discussion on this subject and real appreciation for the long and valued role of Prof. Grimes and the University of Missouri. However, many questions were asked about the ultimate value in spending this large a sum of money at one University for one endowed chair, versus other ways in which those same dollars could be utilized to achieve the same end, either for greater value, or less cost. Concern was also expressed about the precedent setting nature of this proposal and how it could open the door for other universities to bring forward proposals in a variety of areas where they had been working with distinction for many years. This proposal was discussed at length during previous board meetings and was

rejected. A resolution was brought before the delegate body at the 2006 Forum and was referred to the board for action. Today's discussion resulted in the following motion:

MOTION: Dianne Bettin moved, that due to the precedent setting nature of such action as well as the pressure on funding, the National Pork Board decline support of the proposal to fund the Endowed Chair in Livestock Marketing at the University of Missouri, named for Glenn Grimes. However, the Board recognizes the importance of having a quality marketing and economic analysis capability and will closely monitor this issue. The National Pork Board deeply appreciates Professor Grimes' vital contribution to the US Pork Industry through his decades-long marketing and economic analysis for pork producers and the US Pork Industry. Seconded by Steve Weaver.

MOTION PASSED

- Decision Making Process Review: ABG staff members reviewed the decision making process with the board. Discussion focused on two areas:
 - What worked? What did not work? What could each of you have done differently to have made this process better? Reading the material ahead of time helps, but still doesn't answer all of our questions or ability to listen to opinions of others. Perhaps we could have some sort of grid with staff updates and answers to our questions beforehand, on the internet. Maybe a blog of some sort might work.

Steve Murphy reminded the board that the vision we all have is to build a world class board of directors, that it's a step by step growing process for Board and staff and to not get frustrated by the process.

ISSUES MANAGEMENT

Murphy reminded the board that they are establishing the vision and direction for the organization and will be establishing and prioritizing critical issues for 2007. In order to do that the board will be presented with data to help them make those decisions, as well as looking at the anticipatory issues management process. Program chairs will present their views of 2007 and what they believe the critical issues to be. Murphy reviewed the process which is centered on the following three issues:

- Employing an integrated approach
- Utilizing an alliance building process

- o Focusing on early issues identification and aggressive problem solving (AIM)

Anticipatory Issues Management (AIM): Charlie Arnot, CMA Consulting, explained that AIM is a method for discovering and planning for external forces which can affect decision making and impact the bottom line. This process is an extension of strategic management. He updated the board on the outcomes of the work of the issues management team and noted that it is crucial to identify issues early and to anticipate which issues we need to plan and prepare for. The objective of AIM is to reduce the impact and cost of emerging issues on the pork industry.

Arnot explained the life cycle of an issue as well as its relative cost and vulnerability comparison. The process works to monitor, scan, identify, prioritize and prioritize emerging issues and to implement effective strategies to reduce the likelihood of the triggering event occurring.

He updated the board on the work of the Informed Futurist Panel which met May 16th in Chicago and developed, discussed, debated and ranked 46 potential triggering events. The board was presented with issues and asked to rank them. The questions included issues relating to ethanol production, 2007 Farm Bill, Production Practices, CAFO's, worker safety, human rights, emerging diseases, sow housing, environmental issues, etc. The answers were ranked in priority order.

This exercise was followed by a discussion on the AIM process and the fact that anticipating future issues could be a gamble. There was recognition that it will be a balancing act but that there is always a risk factor in investing in anything worthwhile. The goal is to expand thinking beyond the world we normally live in and the challenge will come later when we narrow down to the three step process. The process will become more comfortable in time and practice as well as realizing that the bigger mistake can be made in not investing.

NOMINATING REPORT

The board nominating committee, consisting of Mark Reding, David Culbertson and Craig Christensen reported that, after polling board members, Wayne Peugh is interested in running for Pork Board President for 2006-2007, and two candidates will be running for the office of Vice President: Lynn Harrison and Dianne Bettin. Voting will take place at the July meeting. In accordance with the Pork Act, new Board members take office on July 1,

meaning that they can vote for officers at the July meeting, and retiring Board members cannot vote.

**LEADERSHIP
DEVELOPMENT**

The Board traveled to Farm Bureau for dinner and for a presentation from the staff of Agri Business Group who gave an overview of the new on-line Leadership Development program. The goal of the program is to continue to build a world class board consisting of engaged, strategic board members who drive the vision and direction for a world class organization, the National Pork Board. They reviewed the competency model, and the three layers of the program which include: Foundation, Strategy, and Glue. Members will go on-line to participate in a Myers-Briggs Type Indicator exercise that will determine personality traits to help them interact both individually and as a group for a more cohesive board. A timeline was presented for 2006 and 2007 that outlined additional training program components and development.

RECESS

The Board meeting was recessed at 8:30 p.m. until the following morning.

RECONVENE

The meeting was reconvened at 7:30 a.m. on June 7, 2006.

**PROGRAM
COMMITTEE
INPUT**

President Rodibaugh and Steve Murphy conducted a roundtable discussion with program committee representatives who brought forward what they feel are next years critical issues. Representatives included: Barb Determan, Max Schmidt, Steve Healy, Everett Forkner, Steve Schmeichel, Leon Sheets, Jim Niewold, George Pettus, Dawn Jarolimek and Dale Norton. This information was captured for later consideration in forming the 2007 critical issues.

**PTOWM
AGREEMENT**

The board reviewed and took action on the June 1, 2006 revised Pork The Other White Meat Asset Purchase Term Sheet to include a one-year notification requirement. Under this agreement, the Pork Board has the right to walk away from the purchase of PTOWM at anytime but would be required to give 365 days notice which would require that one annual payment of \$3M needs to be set aside in order to guarantee that payment. The document and its changes had been presented to the Pork Board by Steve Murphy on the previous day (see earlier minutes agenda item). Copies of the revised term sheet (attached to these minutes) were distributed and President Rodibaugh reviewed those changes with the group. There was no further discussion.

MOTION: Steve Weaver moved that the amended PTOWM asset purchase term sheet be approved as presented. Seconded by Tim Bierman.

MOTION PASSED

ELECTION MOTION

MOTION: John Adams moved to allow board members to vote absentee on the election of officers. Seconded by Steve Weaver.

MOTION PASSED

MISSION STATEMENT

Wayne Peugh chaired the Mission Statement Committee whose members also include: Lynn Harrison, Dianne Bettin, Carol Hein and John Adams. As part of the 2007 strategic planning process, the board has revisited its mission and vision. The Mission has not been re-evaluated in the last four years, and based on the rate of change since the first iteration, this was an important exercise. In determining the new statement, the group took into consideration what they wanted the final product to reflect and what the message should convey. The following statements were put forward for board discussion:

Mission: The National Pork Board harnesses the resources of all producers to capture opportunity, address challenges and satisfy customers.

Purpose: The National Pork Board contributes to the success of all pork producers by managing issues related to research, education and product promotion and by establishing U.S. Pork as the preferred protein worldwide.

Core Values: The National Pork Board earns the trust and support of its investors and customers by:

- Exceeding the expectations of its stakeholders.
- Providing the scientific research that allows pork production to be measured objectively and that maintains U.S. Pork as a safe, high-quality and high-value product.
- Educating the public about modern pork production
- Addressing consumer demands for socially responsible pork production.
- Adding measurable value to U.S. Pork
- Promotion teamwork within the pork industry.

MOTION: Steve Weaver moved to adopt the Mission Statement, Purpose and Core Values as presented by the Committee. Seconded by David Culbertson.

Discussion followed.

MOTION PASSED

BOARD ALLOWANCE Discussion was held on the proposed \$1000 board allowance. This policy was updated last November. However, there have been some changes since then, such as the new electronic Leadership Program, which all board members are encouraged to use. This will require more capability of your computer system to quickly download and display significant amounts of information. Cost to upgrade Board members technology to allow for optimal connectivity with Pork Board will be borne by the Board, aside from the \$1000 allowance, which is for a different purpose. It was proposed that when you have an issue for which you are requesting reimbursement, you discuss it with Jim Meimann, as each case is different. Ultimately, the Pork Board Budget Committee will determine guidelines in this area.

BUILDING UPDATE Included on the list of approved capital expenditures for 2006 was the remodeling of the buildings' four bathrooms, Conference Room A and the Boardroom. At this time we are putting the Boardroom remodel on hold until conference Room is finished in order to test the new media technology and determine if an expansion to the Board room is merited. RFP's will be sent out to contractors for work this summer.

2007 STRATEGIC PLAN PROCESS Steve Murphy overviewed the Plan of Work process and account abilities for the 2007 Plan. This is a disciplined process that drives fundamental decisions that shape what an organization is, what it does and why it does it, with a focus on the future. Murphy reviewed the process of defining and prioritizing critical issues. He defined a critical issue as one which represents the divide between expectations and reality and is at a turning point if not addressed. They are consistent with and supported by the mission and vision. Breakout groups worked to list the critical issues they believe the checkoff should allocate resources against in 2007. Each group had a spokesperson who reported back to the full board. The full list was then voted on and the issues prioritized to come up with the following Critical Issues:

- Positively impact customer's and consumer's purchase of pork
- The trust and image of the industry and its products.
- The development of human capital.

- The profitability and competitive advantage for US pork.
- The safeguard and expansion of international markets.

ADJOURN

President Rodibaugh adjourned the meeting at 5:30 p.m.

**The National Pork Board / NPPC
PTOWM Purchase Term Sheet
Amended June 1, 2006
(Attachment to minutes of 6/60 minutes – see Budget Report Section)**

The National Pork Board will purchase the *Pork, the Other White Meat* trademark and all accompanying designs associated with *Pork, the Other White Meat* from the National Pork Producers Council per the following terms:

1. The purchase price is \$34.597 million to be paid over 20 years with an interest rate of 6.75% resulting in an annual payment of \$3.0 million.
- ~~2.~~ The purchase will be an asset purchase agreement. (b) (5)

(b) (5)

3. The effective date of this agreement is July 1, 2006 with the first installment due on that date and subsequent annual installments paid on the anniversary date.
4. All provisions within the existing license agreement between the National Pork Board and the National Pork Producers Council will be suspended effective June 30, 2006. The three remaining years (2006, 2007 and 2008) and all provisions of the current license agreement will automatically be reinstated should the national pork checkoff rate fall below 40 cents per \$100 value. If the license agreement is reinstated, the NPB's equity in the PTOWM mark generated through NPB purchase payments will remain intact during the reinstated license period and applied to any newly negotiated purchase arrangement.

If the license agreement is reinstated, the NPB's equity in the PTOWM mark generated through NPB purchase payments will remain intact during the reinstated license period and the equity applied to any newly negotiated purchase arrangement.

5. During the "contract for deed" period, the NPB may not sell the PTOWM mark without prior approval from the NPPC. (See bold copy in point #2)
- ~~6.~~ The National Pork Board has the right to terminate this agreement at any time for any reason, but must provide the National Pork Producers Council a one year's notice to terminate. This termination notice will result in one final \$3 million payment to the NPPC. During the final annual payment period and during the termination notification period, the NPB will have full rights to and use of the PTOWM marks. At the end of the termination notification period, all rights of PTOWM marks will transfer back to the NPPC and NPPC will have no further recourse against the National Pork Board related to this agreement. (b) (5)

(b) (5)

(b) (5)

7. The National Pork Board will maintain the quality of the purchased property through appropriate use.
8. For this agreement to be final, it must first be approved by the full Board of Directors of the National Pork Board, the National Pork Producers Council and the Agricultural Marketing Services within the USDA.

update of vote

owned by industry

The National Pork Board / NPPC
PTOWM Purchase Business Term Sheet
Final September 20, 2006

The National Pork Board will purchase the *Pork, the Other White Meat* trademark and all accompanying designs associated with *Pork, the Other White Meat* from the National Pork Producers Council per the following terms:

1. The purchase price is \$34.597 million to be paid over 20 years with an interest rate of 6.75% resulting in an annual payment of \$3.0 million.
2. The purchase will be an asset purchase agreement.
3. The effective date of this agreement is July 1, 2006 with the first installment due on that date and subsequent annual installments paid on the anniversary date.
4. All provisions within the existing license agreement between the National Pork Board and the National Pork Producers Council will be suspended effective June 30, 2006. The three remaining years (2006, 2007 and 2008) and all provisions of the current license agreement will automatically be reinstated should the national pork checkoff rate fall below 40 cents per \$100 value or should Supreme Lobster prevail in its challenge of the trademark. If the license agreement is reinstated, the NPB's equity in the PTOWM mark generated through NPB purchase payments will remain intact during the reinstated license period and applied to any newly negotiated purchase arrangement.

If the license agreement is reinstated, the NPB's equity in the PTOWM mark generated through NPB purchase payments will remain intact during the reinstated license period and the equity applied to any newly negotiated purchase arrangement.

5. During the "contract for deed" period, the NPB may not sell the PTOWM mark without prior approval from the NPPC. (See bold copy in point #2)
6. The National Pork Board has the right to terminate this agreement at any time for any reason, but must provide the National Pork Producers Council a one year's notice to terminate. This termination notice will result in one final \$3 million payment to the NPPC. During the final annual payment period and during the termination notification period, the NPB will have full rights to and use of the PTOWM marks. At the end of the termination notification period, all rights of PTOWM marks will transfer back to the NPPC and NPPC will have no further recourse against the National Pork Board related to this agreement.
7. The National Pork Board will maintain the quality of the purchased property through appropriate use.
8. For this agreement to be final, it must first be approved by the full Board of Directors of the National Pork Board, the National Pork Producers Council and the Agricultural Marketing Services within the USDA.

Industry has to stay

5

MINUTES
NATIONAL PORK BOARD MEETING
July 20-22, 2006
Philadelphia, PA

**ORIENTATION
OF NEW MEMBERS**

New board members attended an afternoon of orientation on July 19th. Previously, the new members, including Randy Brown, Jeff Galle, Gene Nemecek and Alan Wilhoite completed a leadership course on line. Representatives of Agri-Business Group conducted the course and were on hand to review members' experiences with the new product. Randall Jones and Leigh Ann Love represented AMS at the meeting and Jones gave a presentation on USDA's oversight of the checkoff, the Act and Order, and new member responsibilities. Randy Brown was absent due to previously scheduled vacation plan.

**AD CAMPAIGN
UPDATE**

Jeff Hartz, Director of Marketing Communications, updated the board members on the Don't be Blah program and gave a measurement update on the effectiveness of the campaign. He explained that the keys to measuring brand equity are: Awareness, Image and Impact. Hartz gave an overview of the activities that support the program, including: public relations; advertising, both national and target markets; Retail; and, Foodservice. 2005 activity highlights indicated that pork grew 8% at full service restaurants and that pork was the fastest growing entrée at these restaurants in the 12 months ending June, 2005. Women drove 95% of that growth. He noted that there was a 400% increase in the pork website visits and in March, retail stores where promotions were held in the six target markets, saw a 31% volume increase. He also presented background information on the program evaluation, brand equity measures, awareness, image and impact.

Hartz gave an update on the 2006 campaign overview as well as activity status and results from several area promotions, including: March retail promotion, grill gal program, May retail program, media summary and the online site highlights. Hartz noted that every \$1 invested into the 2006 Don't Be Blah campaign in target markets returned at least \$1.31 to pork producers.

OPENING

The meeting of the National Pork Board was called to order on Thursday, July 20, 2006 by President Danita Rodibaugh at the Westin Hotel, Philadelphia, PA. Attending the meeting were the following Pork Board members: J. Adams, D. Bettin, T. Bierman, C. Christensen, D. Culbertson, L. Harrison, C. Hein, D. Michael, W. Peugh, M. Reding, D. Rodibaugh, B. Samson, S. Weaver and B.

Zimmerman. Also attending were the following NPB staff: S. Murphy, J. Meimann, L. Kline, M. Laughery, M. Wegner, P. Sundberg, D. Hockman, and L. Garner.

President Rodibaugh welcomed new board members Jeff Galle, Gene Nemechek and Alan Wilhoite. Randy Brown was absent

Guests included: USDA/AMS representatives Randall Jones and Leigh Ann Love; Kevin Born, Beth Meloy, Ken Martlage, and Kathleen Toney with ABG.

SWEARING-IN OF NEW BOARD

Randall Jones thanked the board for their commitment, time and effort to the pork industry. He welcomed the new board members and they were sworn in to carry out board responsibilities on behalf of the Secretary and the entire pork industry.

ELECTIONS

Nominating Committee members David Culbertson, Craig Christensen and Mark Reding reported that after conducting a polling survey with board members to discover their interest in running for the Pork Board President position, Wayne Peugh was the only candidate to declare his intentions.

After hearing no other nominations, Dennis Michael moved that a unanimous ballot be cast for Wayne Peugh as President of the National Pork Board. Seconded by Steve Weaver.

MOTION PASSED

The Nominating committee reported that both Lynn Harrison and Dianne Bettin were interested in running for Vice President.

After hearing no other nominations, Jeff Galle moved to accept the nominations of Dianne Bettin and Lynn Harrison. Seconded by Steve Weaver

MOTION PASSED

The ballots were distributed and votes cast. Jim Meimann and Larry Kline were appointed tellers and collected the ballots for tallying.

Lynn Harrison was elected Pork Board Vice President.

President Rodibaugh thanked both candidates for putting their names in for nomination.

John Adams moved to destroy the ballots. Seconded by Steve Weaver.

MOTION PASSED

CEO UPDATE

Steve Murphy updated the board on the following issues:

PTOWM Purchase Agreement: NPPC has accepted the legal terms that were negotiated for purchase of the Pork The Other White Meat licensing agreement. The next steps include a final review from USDA followed by a review by both boards and then a final disclosure period. The goal is to have final sign-off by both boards this summer. A bridge agreement was signed by both parties to suspend payments, without penalty, to give us time to finalize the agreement.

Pork Checkoff Legal Update: Originally, the dismissal was called without prejudice. However, the judge dismissed the case with prejudice, which means the issue is essentially dead.

Plan of Work: The Plan of Work meeting that took place in June brought focus to the issues and outcomes for the 2007 Plan of Work. The next meeting will take place in Des Moines in September and will work to balance the plan with available resources.

November Board Meeting: The next board meeting will take place in Des Moines on November 14-15. Four topics will be the focus of the meeting, including: Review and approval of the 2007 Operating Plan; unfinished June Meeting business, including the FMD issue; Follow-up on 25x25; next steps in leadership development.

Accounting Department Changes: Larry Kline, VP of Finance and Development reviewed some new changes in the accounting department, including:

- Hired a new controller whose responsibility will be financial reporting, revamping the accounting program, communications with USDA, working with state budgets and the IT integration.
- 20/20: Changes to the promotions side of accounting include the reduction of staff in that department. Promotion materials have been moved to an outside vendor, who will provide customer service and shipping. Board members should make orders through Lorraine Garner for all purchases that would fall under their board allowance. If they have other items to purchase for gifts, state promotions,

etc, they should use the on-line web site at: www.pork.org and click "Pork Store" in the right hand corner.

- FAST: Larry explained that the accounting team is working to become more service orientated. The new controller will be working on re-branding with this group.
- Supplemental Funding: Lynn Harrison, Chair of the Budget Committee, reported that we now have written guidelines for Supplemental Funding requests which will be e-mailed to the board.
- Conference Calls: two board conference calls have been scheduled for September 14th and October 12th. Further information will be forthcoming.

MINUTES APPROVAL Lynn Harrison moved to approve the minutes of the June 6-7, 2006 Board Meeting with the following amendments:

- To amend the president's report to clarify the second sentence to read: *"Board Business will focus on the Anticipatory Issues Management Process; Program Committee Roundtable; the kickoff of the Strategic Plan; and four strategic issues: Membership in Grow America, 25 X 25 Endorsement and Membership, Glenn Grimes Endowment, and Strategies related to FMD in Brazil.*
- To amend the supplemental motion on nutrient database funding to read: *AMENDMENT: Craig Christensen moved, second by Steve Weaver, that the board fund \$1.5M in integrated marketing initiatives (communication, information and education) centered on the results on the new pork nutritional profile database, but require that the funding come from the current 2006 budget, through a reallocation of other program dollars within that department.*

Seconded by Steve Weaver.

MINUTES APPROVED AS AMENDED

RECESS

The board recessed at 11:15 to lunch prepared by Celebrated Chef, Michael Giletto and for a tour of the Philadelphia area.

Board members also experienced a focus group on the Don't Be Blah Campaign that took place at J. Reckner Associates.

RE-CONVENE

President Rodibaugh reconvened the meeting at 8:30 a.m. Mike Walser, Retail Marketing Manager, introduced Jeff Gieges with

Acme Markets who shared information on the effects the Don't Be Blah marketing campaign has had on sales in their area. Gieges noted that their operation is the oldest food retailer in a four state area and have been in business for 115 years with 134 stores in the area. Their weekly meat sales average (b) (4) with fresh pork sales being (b) (4) of total meat sales. He noted that "quick and easy" is the fastest growing segment of the meat case. He especially noted that the Point of Sale materials he received from the Pork Board are very retail friendly and are appreciated.

A packer update was given by (b) (4) whose slaughter facilities kill (b) (4) the national total. He noted that the pork industry needs to work on the following areas: sales channels; exports, foodservice and retail in order to gain a bigger share of the market. He also suggested that making pork a destination and developing new products could also help move the needle on pork as well as new cut development. He commented that the animal welfare coalition is tremendous and having strong industry alliances is key. There are many markets that need attention, including Romania, Russia and Mexico.

Janice Newell Bissex, cookbook author, dietician and spokesperson gave a report to the board. Her goal is to help busy parents prepare quick and nutritious meals for their family. Her website, www.mealmakeovermoms.com offers suggestions for healthy recipes, including pork dishes. She noted that some of the most important elements today's consumers are looking for in their meal planning are:

- Ease of cooking
- Kid friendly
- Quick Recipes
- Education on how to cook pork

Ms. Bissex noted that print advertisements are good, but to include a quick and simple recipe goes the extra mile in assuring that cooks will take pork home with them from the market. She indicated that educating food writers and dieticians and giving them the tools to pass down to their clients is another good way to encourage the consumption of pork. Using bacon to enhance the flavor of meals is a good way to incorporate more pork into the menu. The pork industry needs to understand the challenges of young parents and the lack of time and expertise in the kitchen. She suggested that in-house cooking classes at local supermarkets is becoming more and more popular and would be an excellent way to spread the pork message.

CeCi Snyder, Assistant Vice President of Consumer Marketing, gave an update of the recent USDA research showing that six of the most common cuts of pork are 16% leaner and 27% lower in saturated fat than 15 years ago. Snyder also reported the following events to promote the new data:

- 31 million impressions and counting
- Top consumer media coverage
- RD Network interviews in four markets
- Hispanic coverage
- Trade and ag coverage

RECESS

The board recessed at 11:30 to tour the local Italian market to see how pork is being marketed and used in the target market area.

RECONVENE

President Rodibaugh reconvened the meeting and called upon Ole Nielsen, ON Marketing, Jim Marsh, Atalanta Corp., and Rene Olsen, Majesty, Inc., to update the board on Importer issues and their tie-in to our programs. They reviewed the Importer Association, their membership and structure and explained that Importers as a group pay checkoff based on a formula. As a “state” they are ranked four or five in checkoff remittance of approximately \$4.2M. The importers provided more information about their respective company’s as well as their specific backgrounds. They indicated that the bird flue has put tremendous pressure on price and supply of chicken and poultry.

ADJOURN

President Rodibaugh adjourned the meeting at 4:30 p.m.

Minutes
Board Conference Call
September 14, 2006
12:00 Noon Central Time

CALL TO ORDER: President Wayne Peugh called the meeting to order at Noon on Thursday, September 14, 2006.

ROLL CALL Pork Board members present on the call included: J. Adams, D. Bettin, T. Bierman, R. Brown, J. Galle, L. Harrison, C. Hein, D. Michael, G. Nemechek, W. Peugh, D. Rodibaugh, B. Samson, S. Weaver, A. Wilhoite, and B. Zimmerman. Also attending were NPB staff members: S. Murphy, L. Kline, M. Wegner, M. Laughery, J. Johnson, and L. Garner.

Guests on the call included: Emily DeBord, USDA/AMS and several representatives of ABG including: Ken Martledge, Beth Meloy and Kathy Toney

STAFF ANNOUNCEMENT Steve Murphy introduced the new Vice President of Marketing for the Demand Enhancement department, Joy Johnson. Murphy gave a brief overview of her business background and welcomed her to the Pork Board. Johnson stated that, as a consultant with Osborn and Barr, she had previously worked with our staff on various projects in the communications, state relations and Sci-Tech areas. She looks forward to the new challenge and appreciates the opportunity to work with the board and staff.

2007 SPENDING TARGET Vice President and Budget Chair, Lynn Harrison presented the budget committee's motion for the 2007 spending target. This issue needs board action to enable the Plan of Work members to complete their work on September 19 and 20th. The revised budget numbers were forward to the board in an e-mail.

Motion by Lynn Harrison on behalf of the Budget Committee to approve a Spending Level of \$48.8M for calendar year 2007.

MOTION PASSED

PLAN OF WORK Murphy reviewed the upcoming Plan of Work process that will be held in Des Moines September 19-20. This group of producers will be charged with prioritizing the expenditure of pork checkoff

resources. As a result of higher actual versus budgeted 2006 revenues, plus forecasted 2006 spending \$1.7M under budget, the monies we have to work with is expected to be about the same as the 2006 budget. The proposal eliminated very few old programs and the combination effect means that the 2007 programming proposal contains \$12.4M more in ideas than there are dollars. Also, as a result of our zero based budgeting approach, significant new thinking has been brought forward for consideration.

A different format will be used this year to accommodate this challenge and will include both a Strawman Plan and an Opportunities list. Elements of each will move back and forth between the two resulting in a consensus balanced plan. In order to help with the decision process, he suggested using the principle of “whatever has the greatest impact for the profitability of the industry” and that could be the guide to help weigh in across program areas.

Day one will be a high level overview and then open discussions, with day two focusing on the voting process. Only producers will be allowed to vote.

Wayne Peugh urged board members to come prepared and to remember that rather than participating as members of a particular program area, they are attending as representatives of 70,000 pork producers.

TECHNOLOGY SUPPORT

Mike Laughery, VP Producer and Industry Relations, reviewed the Technology Support Policy. As background, Laughery noted that the previous \$1000 stipend (per term) for clothing, magazine subscriptions and other such expenditures, remains intact and is separate from the new Technology Policy. This Technology Policy includes the following items:

- NPB will contribute \$1000 per board member, per term, toward the purchase of a computer, or to offset any upgrades necessary (including hardware or software); or
- For collateral equipment to enhance the system to fully achieve the speed and functionality required by the Board.
- For 100% of the cost to install high speed internet capability (cable, SDL, satellite, etc.)
- For the cost of internet access up to \$40 per month. (This will be reimbursed upon receipt of an expense form and itemized invoice statement from the provider).

- Prior authorization is required from the CEO for the appropriate computer option that best fits their work requirement.

A motion was made by John Adams to approve the Technology Support Policy as presented, retroactive as of November, 2005. Seconded by Dianne Bettin.

MOTION PASSED

It was also suggested that this policy be included in the board orientation program.

PTOWM PURCHASE

Steve Murphy announced that yesterday we received official notification that USDA has reviewed and approved all legal aspects of the purchase of the Pork the Other White Meat trademark. He noted that there were some minor adjustments that should not affect the business terms. The documents have been sent to NPPC for their review, after which both parties will take official action and a closing process will, hopefully, take place by the end of September.

NOVEMBER BOARD MEETING

Murphy reviewed plans for the November board meeting Des Moines. The meeting will focus on a high level overview of the 2007 budget as well as addressing organizational issues, leadership training, 25x25, FMD, and instruction on the on-line expense form and travel IT.

ADJOURNED

At 1:00 p.m. Dennis Michael motioned to adjourn the meeting. Seconded by Steve Weaver.

MOTION PASSED

Minutes
Board Conference Call
September 20, 2006 - 12:00 Noon Central Time

CALL TO ORDER: President Wayne Peugh called the meeting to order at Noon on Wednesday, September 20, 2006.

ROLL CALL Pork Board members present included: J. Adams, D. Bettin, T. Bierman, R. Brown, J. Galle, L. Harrison, D. Michael, G. Nemechek, W. Peugh, D. Rodibaugh, B. Samson, S. Weaver, A. Wilhoite, and B. Zimmerman. Carol Hein was absent. Also attending were NPB staff members: S. Murphy, J. Meimann, L. Kline, M. Wegner, M. Laughery, J. Johnson, and L. Garner.

PTOWM PURCHASE Steve Murphy reviewed the approved term sheet for the purchase of the Pork the Other White Meat trademark. He noted that the OGC had made some minor adjustments in some legal technical language, but it did not affect the terms. USDA has approved all documents. The documents have also been approved by NPPC as drafted. Final documents are being prepared to conclude the sale. They should be ready to sign and finalize the deal after a 30 day discovery process.

A Motion was made by Steve Weaver to approve the business term sheet dated September 20, 2006 for the purchase of the Pork The Other White Meat trademark as well as to give approval to Steve Murphy, as CEO, to sign off on the final documents on behalf of the board. Seconded by Danita Rodibaugh.

MOTION PASSED

TECHNOLOGY SUPPORT Larry Kline, VP Finance & Business Development, reviewed the Technology Support Policy reimbursement process. He noted that board members simply need to submit an expense form with attached invoices for any technology support purchases or monthly fees incurred within the policy guidelines.

POW REVIEW The board gave a brief critique of the Plan of Work meeting that adjourned earlier that day. They noted that the Strawman process was a very organized and easy way to present the information. They suggested that more time limits should be put on participant's comments and that a timer should be used to address this next year. It was also suggested that a follow up evaluation be sent to participants.

ADJOURNED **At 12:35 p.m. Dennis Michael motioned to adjourn the meeting. Seconded by Jeff Galle.**

MOTION PASSED

MINUTES
NATIONAL PORK BOARD MEETING
November 14-15, 2006
Des Moines, IA

OPENING

The meeting of the National Pork Board was called to order on Tuesday, November 14, 2006 by President Wayne Peugh. Attending the meeting were the following Pork Board members: J. Adams, D. Bettin, T. Bierman, R. Brown, J. Galle, L. Harrison, C. Hein, D. Michael, G. Nemechek, W. Peugh, D. Rodibaugh, B. Samson, S. Weaver, A. Wilhoite and B. Zimmerman. Also attending were the following NPB staff: S. Murphy, J. Meimann, L. Kline, M. Laughery, M. Wegner, P. Sundberg, J. Johnson, and L. Garner.

Guests included: USDA/AMS representative Emily DeBord, Dale Miller with *National Hog Farmer Magazine* and Kevin Born, Beth Maloy and Ken Martlage with ABG. Special guest was Erica Der, National FFA representative, who was here to job shadow Steve Murphy.

APPROVAL OF MINUTES

A motion was made by Jeff Galle to approve the following minutes that were previously sent to the board for review:

- **July 20-22, 2006 Board Meeting**
- **September 14, 2006 Conference Call**
- **September 20, 2006 Conference Call**

Seconded by Steve Weaver.

MOTION PASSED

PRESIDENT'S REPORT

Board standing committee chairpersons for 2007 were announced and the 2007 committee assignments were brought forth for approval.

MOTION: Steve Weaver moved to approve the 2007 committee assignments as presented. Seconded by Tim Bierman.

MOTION PASSED

Committee Reports:

- Randy Brown reported that the Environmental Committee is developing a tool kit to help producers address community and neighbor relations. This request came from responses to the environmental management survey. It should be available in early 2007. The Committee is also putting together a series of information materials to address odor issues. The environmental committees of both the Pork Board and NPPC will be meeting together the week of November 20th in WDC.

- Tim Bierman reported that the Animal Welfare Committee met in Chicago in October where they voted to fund two new research proposals: tail docking and euthanasia of neonatal pigs. They also set priorities for next year which include sow gestation and production practices. A new 28 hour transport law for truck transportation of pigs has been approved and will be monitored by the Department of Transportation.
- Danita Rodibaugh reported that she attended the Grow America summit and felt it to be very beneficial. Results from a survey helped determine what the message points need to be and were consistent with what the Soybean Association and Minnesota Pork Producers' survey indicated as well.
- Bruce Samson reported that the Animal Science Committee recently selected 25 students in swine related sciences to receive scholarships. In addition, the Pork Quality Solutions team research project is coming along with an advisory group meeting coming up. They are also going to consider USDA's initiative to establish a pork quality grading system.

Samson also noted that a meeting to discuss the implications for the U.S. pork industry as it relates to distillers grains, will be held on November 20 in Des Moines. The meeting will provide a clear look at the current challenges and opportunities facing pork producers considering distillers grains. It will also provide producers with information that addresses economic issues relating to product quality and consistency, fee costs, transportation, industry involvement and corn supply.

- Alan Wilhoite and Gene Nemechek reported on the work of the Pork Safety Committee who recently met in Chicago. The committee funded 5 proposals for a total of \$320,000 on a variety of issues, including: on farm salmonella reduction and rapid pathogen detection. The committee also addressed the risk assessment for in-point cooking temperatures - possibility reducing it to 145 from 160.
- Gene Nemechek reported that the Swine Health Committee recently visited a farmer in Las Vegas who feeds table scraps from area hotels to his hogs. The farmer is trying to do a good job of recycling, but the image portrayed by the poor conditions of the farm is disturbing. The neighbors are in very close proximity. He truly believes he is doing a service to the community. The purpose of the committee's visit was to view the subject of waste feeding - which would be a big risk for introduction of foreign animal disease into the U.S..
- Dennis Michael noted that the Pork Center of Excellence met last month to review its director, David Meisinger. The bigger issue was one of the continuing funding of the Center as well as its

future and fundraising efforts. David was given the task of coming up with a plan to address these issues. Michael noted that other commodity organizations are looking at doing this as well and he stressed the importance of giving credit to the university to ensure their continued support.

- Carol Hein gave an update on the Niche Marketing Committee who is set to meet soon. They recently had a conference call regarding budget issues. Their summer meeting focused on the new website.

RESEARCH PROPOSALS

Dr. Pam Zaabel, Director of Swine Health Information and Research, responded to questions on four requests for PRRS Research Proposals greater than \$100,000, needing board approval. The Committee reviewed 15 proposals and is recommending that four be funded.

MOTION: Steve Weaver motioned to approve funding of the following PRRS research projects from the 2006 budget:

- **Rational Design of a New Generation of PRRSV Differential (Market) Vaccines: \$150,000**
- **Development of a New Generation of Antisense Antiviral Drug against PRRSV: \$143,545**
- **Immunogenicity and potency of PRRS MLV vaccines with and without IFN-alpha suppressing capacity: \$118,064**
- **Mechanisms of Failed Protection Against PRRS in Sow Herds: \$266,225**

Seconded by Alan Wilhoite

MOTION PASSED

AUDIT REPORT

Dennis Michael, Chair of the Audit Committee introduced Larry Kline, VP of Finance, to give the Committee Report.

Motion brought forward by the Audit Committee to approve the 43 State audits for 2005 and to move the National Pork board annual audit to April for a cost savings.

MOTION PASSED

ADMIN REPORT

Lynn Harrison, Administrative Committee Chair, gave the Administrative Committee Report.

Motion brought forward by the Administrative Committee to approve the administrative reviews for LA, WY, ND, NC, AR and AL.

MOTION PASSED

Motion brought forward by the Administrative Committee to approve the 2007 proposed reviews: CA, AZ, NY, MD, NE, IN and KS.

MOTION PASSED

BUDGET

Lynn Harrison, Budget Chair, and Larry Kline, Vice President of Finance reviewed the 2006 Income Statement vs Budget.

2006 Financial Forecast:

Revenue:	\$ 59.2
Expenses:	\$ 62.8
Surplus (Deficit)	\$ (3.6)

Reserves:

Designated:	\$ 6.1
Undesignated:	\$ 13.8
Total:	\$ 19.9

Statement of Income – Forecast

	<u>2006</u>	<u>2007</u>
Revenue	\$ 58,951	\$ 54,762

2007 Capital Expenditures total: \$543,000 (includes software, hardware and office furniture).

DATABASE SOLUTIONS

Lynn Harrison, Budget chair, and Larry Kline, Vice-President of Finance and Business Development, gave an update on the Pork Production and Financial Standards Database (PFS). In the mid 90's a chart of accounts and a database of pork financial and production information was developed. In 2003, the board stopped all funding of the project due to delayed development, a changing market, cost, functionality and usability issues. Since then, it has lain dormant and the database has not been used. In 2006, AgriSolutions, Inc. inquired about purchasing the software for use in developing a new database. No one else had expressed any interest in the system. In spite of substantial initial investment in PFS, it would take significant additional investment for the Board to get it up and going. Therefore, a plan was developed to license the technology based on the following terms:

- \$15,000 upfront fee
- \$5,000 per year maintenance fee
- 8% royalty
- Minimum annual requirements to maintain exclusivity
- Final product will be offered free for one year to all pork producers.

Lynn Harrison moved to approve the proposed licensing agreement for the Pork Standards Database to AgriSolutions, Inc. Seconded by Jeff Galle.

MOTION PASSED

2007 PLAN AND BUDGET

Lynn Harrison introduced Steve Murphy, CEO, who presented the Strategic Plan and Budget for 2007. He gave an overview of how the process evolved and that the critical issues were established by the Board at the June meeting. The Plan of Work Committee established and prioritized the desired outcomes at their meeting in late June. Staff then worked to establish the tactics which determine how the outcomes will be achieved and at what cost.

In September, the Plan of Work met to rationalize the plan with available resources. The duty of the board today is to take final, official action on the plan and budget which will then be sent to USDA/AMS for their approval.

Murphy reviewed the 5 critical issues that were identified including:

- Positively impact customer's and consumer's purchase of pork
- The trust and image of the industry and its products
- The development of human capital
- The profitability and competitive advantage for US Pork
- The safeguard and expansion of international markets

MOTION: Motion brought forward by the Budget Committee to approve the 2007 Strategic Plan and Budget including:

\$53.7M	checkoff revenue
\$ 1.1M	investment income
\$54.8M	2007 total revenue
(11.0)M	return to state
\$43.8M	revenue for national spending
\$ 5.0M	use of unrestricted reserves
\$48.8M	2007 national checkoff spending plus \$0.5M CAPEX

MOTION PASSED

PASLWOCO: funding for TX (\$20,000), ND (\$1800) and AR (\$20,000) has been requested. Texas originally requested additional PASLWOCO funds that would have included breeding stock. After discussion, the board concluded that this would open an area that would be hard to define and manage. The Texas request for additional dollars for breeding stock was denied.

MOTION: Motion brought forward by the Budget Committee to approve the 2007 PASLWOCO funding to include TX at \$9750; ND at \$1800; and, AR at \$20,000.

MOTION PASSED

State Budgets: All 43 states completed their budget on line and are in good shape for approval.

MOTION: Motion brought forward from the Budget Committee to approve the 43, 2007 State Pork Association Plans and Budgets that have been submitted and reviewed.

MOTION PASSED

ISSUES BRIEFING

Steve Murphy updated the board on several areas, including:

- AIM and the Pew Foundation. The Pew Foundation is funding the "National Commission on Industrial Farming and Agriculture Policy." The Foundation is preparing to write a report on how industrial farming has had a negative affect on rural economy. This commission raises major concerns for animal agriculture and was discovered through the Board's Anticipatory Issues

Management (AIM) effort in April, 2006. This is not just pork, but all of Agriculture. A coalition across agriculture, the Animal Ag Alliance, has formed to inject science into the debate and find other Ag groups who share similar needs in order to share the cost.

- PQA Plus: PQA Plus was created to address Animal Welfare issues within the already established PQA program. The program criteria was to include affordable, credible and workable solutions for all segments of the chain. The PQA Plus program is due to be rolled out in June of 2007.
- Air Emissions Update: The National Pork Board has committed \$6M to the National Air Emissions Study (NAEMS). The egg and dairy industries have also committed to funding the air emissions study in their respective industries. A suit was filed with USDA by the Campaign for Family Farms to block payment of the funds to the Ag Air Research Council to do the study and a USDA Administrative Law Judge agreed to put a hold on the payment. The ALJ ruled that the research dollars were linked to the consent agreement and that they were an inappropriate use of checkoff funds – a position with which the Pork Board strongly disagrees. USDA does as well. It has requested, and been granted, an extension to appeal the ALJ decision, and will by the end of December, believing there is a high likelihood of success. There is also the possibility that once USDA agrees to appeal the ruling, that the funds could be freed up to send to AARC and then on to Purdue University to conduct the actual research. In the meantime, the project is suspended and all expenditures frozen.
- Japanese MRL Update: Dr. Paul Sundberg updated the board on the Japanese MRL issue. He explained two different plans of action.

Plan A, a preventative plan, is to increase awareness, offer information and recommendations. Plan B is the reactive plan which includes a credible response within 4 days of the notice of a violation. The AASV has issued a position statement which is a guide for vets and producers and includes recommendations to meet Japanese MRL requirements of U.S. pork. A product withdrawal database is available on our website: www.pork.org. Everything has been time- stamped to make sure everyone has the latest information.

Plan B is the reactive plan which includes a credible response within four days of the notice of a violation. Plan B includes responsibilities and action items agreed upon by all stakeholders for our communications as well as for the others (USDA-FAS, veterinarians, packers, animal health product companies and USMEF) in the event of an MRL violation.

- Demand Enhancement Update: Joy Johnson, Vice President, Demand Enhancement, updated the board on a team strategy framework formulated to address the need for a common objective or goal for the Demand Enhancement Department. She noted that the primary business goal of the Pork Checkoff is to advance and protect the opportunities for long-term profitability of U.S. pork producers. The ultimate goal of the DE program is to make pork an indispensable part of American's everyday meals while their

business objective is to increase pork's share of meal occasions. She explained DE marketing objectives as well as tactical plans and adjustments based on the 2007 Plan of Work. Johnson also noted goals in the category management area and meat case including new advertising features, retailer benefits and pork positioning.

- NPB Employee Performance Evaluation Process: Jill Criss, Director of Human Resources gave an overview of the Employee Performance Evaluation Process. She noted that it is an ongoing, positive, two-way communication process between the supervisor and employee. Its purpose is to communicate organizational cultural points of emphasis; to re-establish employee alignment with and commitment to organizational expectations and to remove performance barriers. The evaluation components include performance planning, ongoing performance communication, data gathering, observation and documentation and performance appraisal meetings in September and October. Criss also noted a greater emphasis on leadership rather than "management."
- January Board Meeting: Steve Murphy gave a brief overview of the board meeting that will take place January 10-12 in Tucson. The board will be meeting in conjunction with the 21st Century Pork Club. Pork Board meeting will take place on the 12th starting at 7:00 a.m. and adjourning at 11:00 a.m. Leadership development will be the main focus of the meeting.

NEXT STEPS

Steve Murphy gave a presentation on the organization, the 2007 Plan Implementation and 2008 Plan of Work. Discussion objectives focused on the future direction of the organization; a basis of knowledge; and a consensus opinion on the organizational vision and next steps. Murphy talked about the challenges that the organization faced in 2000, including the failed referendum, the settlement agreement, reorganization, and CEO search in 2001.

Murphy noted that a vision was created that centered on two central challenges: Earning back producer support for the checkoff; and, creating a National Pork Board whose success would be defined by relevance and sustained through its resilience. The keys to strategic agility would include a positive attitude, focus, flexibility and being proactive.

The journey started with a reconnect initiative which included key strategies to establish NPB as a service organization. Moving to a value based strategy in the way we communicated to producers, starting in the IT department. The call center, branding checkoff, communicational philosophy shift and producer participation in the plan and budget were areas that helped make that reconnect work.

The second part of the vision was to create a National Pork Board that establishes relevance. With Nautilus, we explored the future to determine the issues the industry would face and the type of organization that could best take these issues on. To lay the groundwork for exploration, the area of change was addressed; a mission and purpose were established; a plan was designed around issues and outcomes; strategic partnerships and alliances were

established; and, anticipatory issues management and leadership development were put into place.

Murphy introduced the next steps in the process, which include: cross-functional planning with committees and team implementation around issues. The latter will use issue champions and cross functional teams to coordinate program implementation. The cross functional team coordinator will facilitate inter-departmental communication and be the on-floor captain to collaborate closely with the VP to insure appropriate resources are brought to bear against outcomes. This new approach will work to advance and protect the opportunities for long-term profitability of US pork producers; insure resources are correctly aligned with the desired outcomes that have been put before us; and, adjust to ever changing issues to remain relevant. Murphy noted that many businesses use this champion concept to manage projects or product lines.

Step two of the process will incorporate cross functional planning with NPB program committees versus the limitations that occur with current planning strategy. The new format will include an all committee day which will include members of all the committees meeting as a group to review issues and outcomes and encourage creative solutions. Program committees will meet separately to define tactics and assign representation at critical issue breakouts. Tactics will be defined and the group will review and prioritize the tactics.

A motion was made by Dennis Michael to adopt the new committee day proposal. Seconded by John Adams

MOTION PASSED

**DECISION
MAKING
PROCESS**

Larry Kline updated the board on the decision making process outlining the roles that both staff and board members use to review questions, create dialogue and reach a consensus. This process will be used in all meetings when important, sometimes controversial topics are put before the board that may have far reaching affects.

**25 X 25
INITIATIVE**

Allan Stokes, Environmental Director, and Steve Weaver reminded producers that the goal of this initiative is that by the year 2025, 25% of our fuel sources would be from renewable biofuels, including corn, soybeans and switch grass. The questions brought before the board are:

- 1) should the board officially “endorse” 25 x 25?
- 2) If NPB “endorses,” is there potential for NPB to get a seat on 25 x 25 steering committee and be a driver of its strategy?

This initiative would relate to the 2007 Plan of work Critical Issue #4 (International competitiveness and profitability of the industry). The decision would have domestic and global implications; is not precedent setting; and has no budgetary effects. A review of the economic and image impact as well as ways to influence 25 x 25 direction was discussed. It was noted that several reports examining the overall impact of the initiative have been compiled and are available for review.

A motion was made by John Adams that National Pork Board continues to monitor and not officially endorse the 25 x 25 initiative at this time. And to:

- **Withhold endorsement of the 25x25 initiative until the NPPC's market study is released, then make a collaborative decision with the NPPC as to appropriate approach**
- **Continue to monitor 25x25 activities and developments**
- **Continue to engage in dialogue with 25x25 leadership and work towards having the initiative understand and address the concerns and needs of pork producers.**
- **Continue to keep the board of directors updated on this issue.**

Seconded by Randy Brown

MOTION PASSED

EXPENSE FORM The board meeting was recessed at 4:30 p.m. to allow board members time for training on the new electronic expense form program.

**RECONVENE
FLY ITA** The meeting was reconvened at 7:00 a.m. on November 15th, 2006. Training on the FLY ITA electronic booking system was provided for board members.

**LEADERSHIP
TRAINING** Board members attended Leadership Training which focused on: roles and responsibilities; coaching and self-assessment results; and, next steps.

FMD Patrick Webb, Director of Swine Health Programs, gave a brief background on FMD (Food and Mouth Disease). FMD is a highly contagious disease that affects cloven hoofed animals. It is not a human health threat. It spreads by aerosol, and by direct or indirect contact. It can cause severe production losses. The risk of an FMD introduction to the U.S. would come from waste feeding, illegal imports of meat and meat scraps, contaminated animal products or deliberate introduction. The economic effects of FMD would be devastating. The US is not where it needs to be in disease preparedness. Lack of a mandatory Premises ID system affects our ability to do better disease surveillance.

The question brought to the board is whether or not to support USDA's GIEFA Action Plan. This is formulated as a hemispheric plan to help producers from South American eradicate FMD and explore opportunities for developing a checkoff program.

The GIEFA Action Plan calls for cattle vaccination in endemic areas with estimated costs of \$200M over 10 years. The estimated US contribution would be \$50M.

Discussion was held on the pros and cons of supporting USDA's FMD efforts. Will supporting the effort contribute to creating Brazil as a major competitor in world markets? What will be the effect of Brazil's being allowed to ship to high value markets? Brazil is a big country with lots of places to put pigs – lots of soybeans; close to Argentina (#2 corn exporter); inexpensive labor; commercial pork sector is modern, so no technology disadvantage. What is the potential

impact of an FMD free Brazil? Economic impact on the customer side is major. Would our efforts be better used in border surveillance? What is to say that the FMD threat wouldn't come from a country other than Brazil? Do we, as taxpayers, want our dollars to go to another country to potentially put us out of business?

There are many questions that need answers. Are they waiting for US dollars to help them out? Need to find out what other US pork organizations are thinking so we can have a united front. Bring interested representatives from South American countries to visit the National Pork Board for a multi-day depth review of how a good checkoff program is run? There is not a timetable. Take some time to review the risk assessment that USDA did as well as to gather the surveillance information.

Dianne Bettin motioned to table the FMD issue until the January meeting in Tucson. Seconded by Lynn Harrison.

MOTION PASSED

ADJOURN

President Peugh adjourned the meeting at 12:30 p.m.

MINUTES
NATIONAL PORK BOARD MEETING
January 11-12, 2007
Tucson, AZ

OPENING

The meeting of the National Pork Board was called to order on January 12, 2007 by President Wayne Peugh. Attending the meeting were the following Pork Board members: J. Adams, D. Bettin, T. Bierman, R. Brown, J. Galle, L. Harrison, C. Hein, G. Nemechek, W. Peugh, D. Rodibaugh, B. Samson, S. Weaver, A. Wilhoite and B. Zimmerman. D. Michael was absent. Also attending were the following NPB staff: S. Murphy, J. Meimann, L. Kline, M. Laughery, M. Wegner, P. Sundberg, J. Johnson, and L. Garner.

Guests included: USDA/AMS representative Emily DeBord; and, Kevin Born and Ken Martlage with ABG.

APPROVAL OF MINUTES

A motion was made by Lynn Harrison to approve the November 14-15, 2006 minutes that were previously sent to the board for review. Seconded by Steve Weaver.

MOTION PASSED

COMMITTEE REPORTS

The following committee reports were made:

Environmental Committee: Randy Brown reported that 24 proposals were received and will be considered for funding at the February 6/7 meeting. He also noted that the electronic database is ready. He reported on a 25x25 meeting with livestock representatives that took place in WDC. They will meet again to review plans on January 24. Two members of the steering committee are in pork production. It is good news that they are now considering livestock in their plans.

Randy also gave a brief update on a situation in Ohio where disturbing pictures were taken at a hog farm and released to the press. Members of Ohio pork producers have written letters to the editors.

Animal Science: Bruce Samson reported that the committee met on November 30th to discuss priorities for 2007 and accomplishments from 2006. Reports on the progression of the Genome project were also given at that meeting as well as the sow longevity literature review and pork quality consumers quality benchmark project.

Nutrition Committee: Dianne Bettin reported that a conference call was held regarding the weight loss study and red meat.

Animal Welfare: Tim Bierman reported that information from the beta test is completed and some of the language has been revised. Very little changes were made, but the issue that was addressed was air quality. A PQA advisory training will take place in January 2007. Gene Nemecek noted that some North Carolina producers are very impressed with the PQA Plus because it is so concise.

Pork Safety: Gene Nemecek reported that three new Take Care brochures have recently become available as well as a fact sheet on euthanasia and an issues bulletin that addresses the safety of U.S. Pork and foodborne pathogens.

Demand Enhancement: John Adams reported on a trip to New York City he took for DE in December. The convention was for food editors and included Food Network and Southern Living Magazine. He noted that NPB displayed a pork carcass that indicated different cuts of pork and where they come from. It was very popular with attendees.

Nutrition Committee: Danita Rodibaugh reported that the new pork nutritional information indicates more retention of muscle with weight loss than previously thought. Danita also reported on the Grow America project. She noted that they now have formed a solid base and are looking forward to taking the program nation-wide to promote our safe solid food supply to the country.

21st CENTURY PORK CLUB

Steve Murphy led discussion on review of the meeting with the 21st Century Pork Club and future meetings with other industry entities. Are they worthwhile? Is there value in participating in these types of meetings in the future? Members indicated that it was important for the board and senior staff to interact and make themselves visible to other industry groups and that input from them is important as well. The general consensus was to support continued opportunities like this and Steve will continue to look for important constituencies to meet with in the future.

2007 PLAN OF WORK

Murphy noted that the 2007 Plan of Work and Budget has been approved by AMS with no changes. The Plan and thank you letters will be sent to all of the participants. A kickoff meeting with staff will take place in January, and Wayne will be there representing the board. At that time, we will also review last years' accomplishments and position the 2007 goals and objectives. Murphy noted that

board members have an open invitation to attend staff monthly meetings.

All but three state pork association budgets have been approved and Pork Act Delegate nominees are now on the Secretary's desk awaiting final appointments.

ISSUES BRIEFING

ROI Study: Jim Meimann reported on the results of the ROI study that was done by RTI to assess how successfully the Pork Checkoff Program is meeting its economic goals. All indications are positive and there is good initial data coming back. The study will go through a peer review process which we hope to have ready for Forum in March.

2007 Board Calendar: Steve Murphy reviewed the 2007 Board Calendar which included the following dates:

- February 28 – March 3: Board Meeting in conjunction with Pork Forum
- April 24: Board Conference Call
- June 5: Board Conference Call (WPX is optional for Board members – no meeting at that time)
- July 18-20: Board Meeting in St. Louis
- September 5-7: All Committee Planning – Omaha, NE
- October 9: Board Conf. Call
- November 13-14: Board Meeting in Des Moines

Year End Financial Forecast: Larry Kline gave a brief overview of the Year End Financials. He noted that the annual financial audit will not be available until April. An overview of the 2006 budget includes:

\$52.3M in revenue; \$48.8M in national spending; \$7.0M deficit; ending undesignated reserves at \$11.4M; designated reserves at \$6.1M. He reported that the forecast did its job to get more accurate spending target for 2006.

Preliminary 2006
\$57.5 M Revenue
Interest Income \$1850M
Misc \$1200M
\$60.550M Total Revenue

Spending \$50.75M
State Distributions: \$11.4M
Deficit (\$1600)
Undesignated \$18389
PTOWM transfer (1000M)

2007 Budget:

54.8M revenue
48.8M National Spending
deficit (5000M)
ending undesignated reserve \$7789M
Designated 6064M

CROSS FUNCTIONAL TEAM UPDATE

Murphy gave an update on the progress of the new cross functional team which is based on the concept that no issues are one dimensional and that we must work interdepartmentally to achieve success. He noted that the 2007 Plan will be implemented through coordination between VP's and the critical issues champions. Bi weekly meetings will take place with the two groups. Tactical teams have been established and support team participation has been defined. Web-based tools will be utilized to track progress. All employees will receive the same bonus based on 2% for each of the five Critical Issues that are successfully completed.

FORUM 2007

Murphy gave background information on the process used to formulate this years' forum theme: "Accountability, Trust and Social Responsibility – Defining Success in 21st Century U.S. Pork Production." He did an analysis of the breakdown of trust and the four steps on how to achieve public trust. He also explained the impact this will have on the 2007 Pork Industry forum including:

- Introducing the challenge of trust and the trust building concept to the delegates
- Creating debate around the issue of accountability and ask delegates to take a stand on the question
- Introduce the first tool in the toolbox – PQA Plus - as our next step towards professionalism
- Share plans for the next 12 months, and deliverables for forum 2008.

Jim Meimann reviewed the agenda and highlights of Forum. He noted that the Board committee meetings will take place on Wednesday afternoon, with the full board meeting at 1:00. On Thursday morning, Committee representatives will report to the board and a lunch with PLA will follow. Producer Update sessions will be held on Thursday afternoon. This year, the Pork Act Delegate Session will be in the afternoons on Friday and Saturday.

FEED GRAIN & ETHANOL ISSUE

Dr. Paul Sundberg addressed the National Pork Board's Plan regarding the feed grain and ethanol co-product issue. As background, Dr. Sundberg noted that a national DDGs

meeting was held in November where information was presented and is now available on our website. The Animal Science Committee met to evaluate research and educational priorities and to compile information in the NPB co-product summary which was provided to state pork organizations and to the board.

Research priorities focus on the following issues:

- Ethanol vs Feed Cost
- Biological efficiencies for production systems
- Ethanol co-products issues
- Educational priorities

Our next steps include serving as the industry clearing house for co-product information. A coalition meeting will be held January 31. Objectives of the meeting include: reviewing priorities for research and education; developing a stakeholder consortium; and, quantifying initial stakeholder funding and timelines for program initiation. Consortium attendees include: Renewable Fuels Association, NPPC, National Corn Growers, United Egg, National Chicken Council, National Feed and Grain, American Feed Industry Association, Pioneer, United Soybean Board, Land O'Lakes, Elanco, Monsanto, BioFuture, Akey Feeds and Cargill. The consortium structure will encompass two parts: Program Structure and Organizational Structure.

Questions brought forth from the board included funding. Murphy indicated that we are not yet in the position to present our financial needs as we first need to see where the challenges and opportunities exist.

PRODUCER SURVEY

Mike Wegner handed out a CD that details the latest information from the 2006 Producer Benchmark Survey. The survey indicated that checkoff support continues to rise and the majority of responders say the checkoff is achieving goals. Responders also noted that the biggest challenges facing producers today include hog health, making a profit, the environment and high feed costs.

ANTICIPATORY ISSUES

Steve Murphy updated the board on several issues on the horizon, including:

- Environmental health perspectives. Paul Sundberg explained that the University of Iowa put together a workshop to look at the role of CAFO's in infectious diseases. We were not invited. Scientific reviews of the individual papers will be published in a journal. We have written letters to the editor and are asking

experts in each of the areas to send us their responses so we will have some scientific base for our responses.

- National Commission on Industrial Farm Animal Production. The Johns Hopkins Bloomberg School of Public Health (PEW Charitable Trusts) are working to identify, define and develop plans to mitigate social, economic, environmental, public health and animal welfare issues associated with CAFO's and modern farm animal production methods. The Issues Management Team has handed this off to the Animal Ag Alliance in order to coordinate the effort but to enable us to still have a hand in the information. We have given them suggestions for topics. Public hearings are scheduled for February – November, 2007. The first hearing will take place in Arkansas and will focus on the poultry industry.
- World Cancer Research Foundation. A negative report is scheduled to come out in November, 2007 on the issue of red meat and processed meats possibly increasing the risk for cancer. They will also suggest that cooking protein at high temperatures (and grilling) could probably cause colon and stomach cancer. Anti meat groups have a stronger influence today and will see this as an opportunity to spread the message. The World Cancer Research Foundation recommendations are more likely to be adopted by US policy makers. The Issue Management Team's next steps include:
 - a scientific roundtable on the complex issues with AMI, NCBA and Canadian meat groups
 - assemble the science on meat's role in colon cancer
 - develop a North American communication plan
 - produce a summary paper of conflicting science
 - identify reputable spokespeople on our behalf
 - prepare for immediate and long-term effects on the industry.
- Informed Futurist Panel II. The next meeting of the Informed Futurist Panel is scheduled for February 12-13 in Dallas. They will explore the issue of trust, case studies of the cattle industry and BSE as well as the lumber industry and the environment. The group will also test concepts for Pork Forum, including accepting accountability, defining responsibilities and the positives of professionalism vs the negatives of industrialization.

**SWINE ID
UPDATE**

Dr. Sundberg gave an update on the swine premise ID registration coordination program. He noted that the NAIS (National Animal Identification System) is a voluntary state and federal industry partnership designed to protect producers' premises and livelihood and to reduce hardships caused by an animal disease outbreak as well as protect market access. The program is designed to locate the source of a disease outbreak within 48 hours.

The goal of Phase 1 is to have 16,000 new premises registered. Phase 2 goal is 20,000 new premises registered. We will hire three regional contractors to promote premises registration through state associations and state animal health officials. Patrick Webb will provide oversight and management of the contractors. This was in collaboration with NPPC who did the advocacy work for us. Our role is to carry out the program.

ADJOURN

The meeting was adjourned at 11:00.

MINUTES
NATIONAL PORK BOARD CONFERENCE CALL
January 24, 2007
6:30 p.m. (CT)

OPENING

The meeting of the National Pork Board was called to order on January 24, 2007 by President Wayne Peugh. Attending the meeting via conference call were the following Pork Board members: J. Adams, D. Bettin, T. Bierman, R. Brown, J. Galle, L. Harrison, C. Hein, D. Michael, G. Nemechek, W. Peugh, D. Rodibaugh, B. Samson, S. Weaver, A. Wilhoite and B. Zimmerman. Lynn Harrison and Tim Bierman were absent. Also on the call were the following NPB staff: S. Murphy, J. Meimann, L. Kline, M. Laughery, M. Wegner, P. Sundberg, J. Johnson, and L. Garner. Guests included: Don Butler, NC.

**SMITHFIELD
ANNOUNCEMENT**

Wayne Peugh introduced Don Butler, representing Smithfield Foods, who read a news release that will be made public on January 25th. The news release announced: that Smithfield is beginning the process of phasing out individual gestation stalls at all of its company owned sow farms and replacing them with pens – or group housing-over the next 10 years. Smithfield also will work with its contract growers regarding system conversion.

Smithfield's announcement will have an impact on many areas in the hog industry. Board members had many questions and much discussion took place. Smithfield explained that this was purely a business decision in response to their customers.

PQA Plus should not be affected, as the program already encompasses the philosophy that deals with what is best for the pig – not the type of system used.

In response, the National Pork Board is issuing a statement which will explain that: The Pork Board builds its animal care and well-being programs on the foundation: What is best for the pig? The board also relies on the best scientific research available, and the best scientific research now available indicates there are several types of production systems that can be good for pigs. Regardless of the system, what really matters is the individual care given to each pig.

The National Pork Board will have a statement on the www.pork.org website that will also include fact sheets and research results.

MINUTES
NATIONAL PORK BOARD MEETING
February 28 – March 1, 2007
Anaheim, CA

OPENING

The meeting of the National Pork Board was called to order at 12:18 p.m. on February 28, 2007 by President Wayne Peugh. Attending the meeting were the following Pork Board members: J. Adams, D. Bettin, T. Bierman, R. Brown, J. Galle, L. Harrison, C. Hein, G. Nemechek, W. Peugh, D. Rodibaugh, B. Samson, S. Weaver, A. Wilhoite and B. Zimmerman. D. Michael was absent. Also attending were the following NPB staff: S. Murphy, J. Meimann, L. Kline, M. Laughery, M. Wegner, P. Sundberg, J. Johnson.

Guests included: USDA/AMS representative Emily DeBord; Kevin Born, Ken Martlage, Kathy Toney, Jack Vandevender with ABG; and, Rod Smith, *Feedstuffs Magazine*.

APPROVAL OF MINUTES

A motion was made by Jeff Galle to approve the minutes of both the January 10-12, 2007 meeting and the January 24, 2007 Conference Call with the following amendment to the conference call minutes: Lynn Harrison was not on the call. Seconded by Alan Wilhoite.

MOTION PASSED

AGENDA APPROVAL

The agenda was presented and approved by consensus.

PRESIDENT'S REPORT

Wayne Peugh gave his report on the following topics:
21st Century Pork De-briefing: The meeting in Tucson went well and it was important to be able to meet with members of the 21st Century Pork Club and to continue to include them in our committees and leadership roles.

Leadership Development Working Group Report: A conference call was held with Jeff Galle, Gene Nemechek and Steve Murphy to review board leadership training. It was decided to move the training away from the board meetings so as not to conflict with other regular board business and to be able to focus more on the training. This could be done at World Pork Expo time in Des Moines and could include one full day of training. The concept is in the beginning stages of development as this would be an additional time commitment for board members.

State Legislator's Conference: Danita Rodibaugh reported on the conference that is designed not as a policy setting meeting, but as an exchange of information on key subject areas. In attendance were all state legislative chairs and some subcommittee chairs. This is a great opportunity for pork to share our ideas.

Committee Reports:

Center for Food Integrity: Danita Rodibaugh reported on the Center for Food Integrity, which resulted from the merger of Grow America with Best Food Nation. According to Rodibaugh, many have pledged to sign on and work with this new group. CMA will be the coordinator for the new group.

DE: Carol Hein reported that research is being done on what consumers are eating and the cooking equipment they are using. She also reported that the new markets include: Atlanta, Cleveland, Houston and Chicago.

Animal Welfare: Steve Weaver reported that a Bill in California will ban crates (farrow and sow). They will allow sows to be moved into the crates for the 7 days prior to farrowing.

Environment: Randy Brown reported that funding in the amount of \$25,000 was granted on research for buffers, air emissions, phosphorous, etc. The committee approved the concept to expand the Stewards Program to convey positive environmental message and to try to do more with this program.

RAC Meeting: Wayne Peugh updated the board on the Retail Action Committee meeting that was held in conjunction with the PPIC to address common industry issues and how the whole chain can work together to deliver the appropriate messages.

Swine Health: Gene Nemecek reported that 24 proposals were received of which seven were funded in the amount of \$250,000 including a UC Davis project and an FMD survey. Surveillance issues, PRRS, and sub therapeutic issues were also discussed at this meeting.

Producer Services: Jeff Galle noted that this committee reviewed priorities and will present a more comprehensive report at the meeting tomorrow, along with State Relations and Communications.

Animal Science: Bruce Samson reported that they have been looking at labor shortages and how the industry can address those issues.

Ethanol co products. Feed. Hot topic. Supplemental funding. Look for matching funds to add to our \$400,000. Need \$1.2M. With PRRS, goes back to genome and sequencing. Resistance and susceptibility needs to be reviewed. Match our 150 and Swine 150 and USDA 300K and total 600K.

Niche Marketing: Steve Weaver noted that 60 producers met in Ohio for a workshop. Sleeper issue. For producer and for Foodservice and Retail. Two sided. Split loyalties. Potential for a little money to do that.

25 x 25. Randy Brown reported that the January meeting was disappointing and hopefully, the next meeting will be better. He is not sure they are interested in our ideas.

Gene Nemechek: Steve Murphy attended the joint meeting of several science committees and explained how budget and POW work. They said: "How can we get more money". Now they understand. Will now come to POW and get more lively discussion and action in those meetings in future. Healthy discussion by Committee. Great questions. Great sharing of information. System keeps changing a bit, so need to continue to communicate with all committees about how it works.

Beginning with 2008 plans, it will be BOD that makes all final budget decisions. Not the program committee's job, it's the Board's job under the Act and Order. Other committee work is important as advice. Now the Sept Board and Committee days will be very helpful, but not final. We want various committees to work cross functionally to address issues, problems to solve and opportunities to seize. Common front being presented to rest of industry, cross functionality very important.

ADMINISTRATIVE COMMITTEE

Lynn Harrison gave a report from the Administrative Committee. and the following information was presented:

- Wyoming has a new state contact: Kristine Parish
- Nebraska has had a new state executive after the 2005 review.
- Kansas has a new state executive who will need orientation.
- Utah – split in cost needed by June 1, or will withhold funds.
- North Carolina is in good shape.
- Georgia, South Carolina and Idaho all have new policy manuals.
- AZ, CA, NY, MD will be reviewed in 2007.
- Indiana has a new executive director and will need a review this year.
- South Dakota will get a new state executive and we will do a visit after three months.

Direct Documentation: This new program is being introduced to states this week at the state contacts breakfast. Eligible states must have less than \$100,000 in annual checkoff

income. National Pork Board will do all accounting for them of checkoff funds and they will be excused from needing an administrative review and 5 year audits. The audit will be included in the annual Pork Board financial audit. This is an optional program and only bookkeeping will be involved, not policy. All decisions related to program direction will be made by the state boards.

BUDGET COMMITTEE REPORT

Larry Kline, VP Finance and Business Development, reviewed financials. He also reported that the annual audit report has been moved to April to reduce our fee and will be available in May. He reported revenue of \$ 60.7M; budget reforecast of \$51.4M; RTS of \$11.4M; Deficit of \$728K; Beginning Resources of \$18.4M; PTOWM transfer of \$1.0M; Designated reserve ending balance of \$6.1M.

AARC

Funding of \$5.8M has been wired to AARC, with \$5M then transferred to Purdue to be placed in escrow for pork research and \$.8M to remain in an interest bearing “pork account” at AARC to cover administrative expenses. The two year project starts in late spring. Larry Kline will represent pork on the new AARC Finance Committee. The new committee will review progress of the project, ensure no co-mingling of funds, handle fiduciary protection of funds and appropriate cash management, review all finances, and engage an auditor. This committee will meet prior to each AARC board meeting.

ROI REPORT

Steve Murphy gave an update on the Return on Investment Study (ROI) which is a form evaluation of the effectiveness of Pork Checkoff that is required by Congress and is done every five years. The study was done by the Research Triangle Institute of North Carolina (RTI). A call for proposals was sent to approximately 40 scientists and two serious proposals (one from RTI) were received. RTI was chosen in order for NPB to diversify sources of important evaluations, even though Texas A&M did an excellent job six years ago.

RTI researched estimated econometric models of:

- US pork demand
- Export pork demand
- Import demand for Canadian pigs.
- Domestic hog supply
- Pork supply
- Live hog demand

Benefit-cost ratio measured of:

- Production research
- Marketing chain research
- Domestic demand promotion and
- Foreign market development

Outcomes of the study included: Generic pork promotions have a positive impact on pork demand; pork checkoff promotions have been effective; overall benefit-cost ratio shows a 1% increase in checkoff expenditures results in 13.8 times benefit to producers; individual programs range from 7.1X for domestic promotion to 56.2X for post-farm research; can say with very high degree of confidence that producers gain at least \$2 of benefit for each \$1 invested in checkoff programs. Results agree generally with results from evaluations of other checkoff programs. They were reviewed by two peer reviewers.

We will summarize the results in the Pork Checkoff Report as well as doing a press release in trade magazines and to use this research to help quantify important aspects of our Decision Support Tool. The report will be submitted to AMS to fulfill our obligations.

**2006 YEAR END
UN-AUDITED**

Dianne Bettin and Larry Kline gave a presentation of the 2006 un-audited year end financials. Everything is in order. No management letter will be included with the final audit.

**SCORECARD
PERFORMANCE**

Larry Kline presented information on the Performance Scorecard which is a key National Pork Board tool supporting four functions: Reporting our performance to others; coordinating cross-functional implementation of the strategic plan; enhancing communications, both within and between departments; and, assisting us in managing our plan to a successful conclusion. Larry explained how the scorecard works, and how to view the data. The Scorecard will be available to the board at <https://scorecard.pork.org>.

**ISSUES
MANAGEMENT**

Agri Business Group led the board in a leadership activity related to the issue of Trust. This discussion was centered on the book, "The Five Dysfunctions of a Team" that board members read in preparation of this session. There was good discussion and review of the key issues in leadership related to the book and the issue of trust.

The board was divided into groups with addressing a different industry issue and reporting back to the whole group. Issues included:

Smithfield Stall Strategy and its Impact on the U.S. Pork Industry: Discussion focused on the areas of our role and responsibilities, motivation, and how it will impact our customers' acceptance of PQA Plus. This issue may change the competitive landscape as well as productivity and an increase in the production cost of weaned pigs. Change is constant and we can, and will, adapt. There is more than one "right way" to do things.

PQA Plus Implementation and Producer Adoption: Discussion was held on how it will benefit the industry, how the audit system works, the fear of change and the impact to consumers and producers as well as the comparison of the previous PQA versus the new PQA Plus program. The new program should not be seen as a burden, or a market requirement or need to do one more thing. This should be a trust building activity with the consumer.

Alan Wilhoite made a motion for the Board to adopt the following position on PQA Plus to demonstrate the credibility of the entire chain to the consumer: "The National Pork Board urges all pork producers to demonstrate their commitment to producing a safe, high-quality pork product and to the care of their animals by full participation in the PQA Plus Program." Seconded by Tim Bierman.

MOTION PASSED

U.S. Pork Industry Rising Feed Grain Costs: Much discussion and questions were raised on how to respond to stakeholders and the best way to use our resources. We need a higher goal, not DDG's alone, but all co-products, all substitute feed ingredients to give flexibility, and decrease dependence on corn or DDG's. Collaboration needed with corn, soy and other industries to be more efficient. Need tools to test real-time nutrient values and a refinement of co-products feeding recommendations. Develop software and technology for least-cost rations formulations, and make broadly available to producers for maximum efficiency. What is the affect on quality and carcass with different feeding regimens and the cost and effectiveness of alternative feed ingredients? With

new technology, DDG's may be obsolete in five years. Technology will continue to make big advancements. Need to look long term.

Some states will likely put some dollars in to match. We will also look for collaboration with chicken and eggs. USDA may also have some funds available for this work as well. The \$400,000 supplemental would come from reserves to address this critical issue. We are building a coalition on not only money, but on dialogue and information sharing and the need to collaborate with others who have a stake in the industry.

MOTION: On behalf of the Budget Committee, Dianne Bettin moved to approve supplemental funding of \$400,000 for Nutritional Efficiency Research and Educational Programming in 2007.

MOTION PASSED

FORUM

Jim Meimann gave a brief overview of the Pork Forum activities and Delegate Session. He reviewed the agenda, update session topics, logistics, nominating and resolutions.

Mike Wegner briefed the board on the theme of this year's Forum, "Accountability, Trust and Social Responsibility – Defining Pork Production in the 21st Century."

NOMINATING

Jim Meimann reviewed issues regarding the Nominating Committee process. A committee was formed to review the current process to make adjustments, if needed. Members of the committee are Gene Nemecek and Dave Culbertson, and will be chaired by Steve Weaver. Ken Martlage of ABG and Jim Meimann will also serve on the committee. The committee will give a report to the board on the April conference call and another update at the July meeting.

ADJOURN

The Meeting was adjourned at 8:15 p.m.

RE-CONVENE

President Wayne Peugh called the meeting to order at 7:00 a.m. on March 1, 2007.

COMMITTEE REPORTS

Steve Murphy explained that Program Committee Chairs would be providing accountability reports to the board. He explained that the board has full fiduciary responsibility, but relies heavily on program committees for advice, input,

recommendations, and guidance of program direction and execution.

The following committee chairs/representatives gave reports and answered questions on 2006 critical issues and achievement of goals as well as plans for 2007:

- Everitt Forkner, Animal Science
- Dale Norton, Animal Welfare
- David Reinecker, Demand Enhancement
- Mark Reding, Nutrition
- Bruce Sampson, Niche
- George Pettus: Environmental
- Hugh Dorminy, Trade
- Leon Sheets, Producer Services
- Jim Niewold, Swine Health
- Barb Determan, Pork Safety
- Dawn Jarolimek, Producer and State Relations

Mark Reding: **Nutrition Commitee**
Purdue weight loss study.

Nutrient Study: Big one. Handsome results. Fresh Pork as lean or leaner than chicken. Very big news. Well recieved. Shocked some. Took world by storm. Number of consumer impressions more than we expected. Very cost effecitve. 258% of goal. USDA designed it from top to bottom to keep maximum credibility. NO one has quesitoned the results. Many good stories. USAToday big story. The new pork, The Other Lite Meat. Very favorable. Good Housekeeping very favorable. SHAPE magazine. Food Network and Cooking Light. GH yes.

150,000 phase II weight loss reseach. Co-funded 500 with Egg Board.
\$67000 for USDA Nutrition database.

Not be able to finish lin cuts analyssis in 2007 (only ground pork and 4 new cuts)
Late 2007 a very potentially damaging report coming out from World Cancer Institute that we are trying to plan for that addressess all red meats. No funds to deal with this. Short on funds in many areas.

Niche: Bruce Samson

Ads directing chefs to nichepork.org website to make connections. 146% increase in visits. Chefs and retailers had means to connect with producers to find niche marketers. Big companies are listing their cuts on this site now (e.g., PSF).

Chefs an retailer had access to research and attitudes and demand for niche. Has helped key audiences find producers.

35,000 downloads with ability to link to new resources.

125 producers attended Michigan and Iowa Pork congress to learn about niche pork. Also Ohio nearly 200 producer groups were invited to view retailer web cast via online nichepork.org. NichePork e-newsletter. Many major players were involved in this and brings great credibility.

61% offer niche pork products. Becoming very important to public.

Information on what niche terminology means was made available on nichepork.org for producer and processors, chefs, retailers and consumers.

This is a sleeper, and provides great service to producers, retailers, chefs, and many other channel segments, in a growing area of retail interest and concern. We need to stay involved and engaged in this endeavor.

George Pettis: **Environment committee;**

Giving young people tools to get going. Hard to measure payback. But necessary and vital. Really making a difference. Very busy committee. Good stuff.

Meet with NPPC Environ Comm.

Meet with Canadian Pork Council, not be repetitive with research or duplicative.

Made matching grants to 6 states. To provide state specific environmental information.

Environmental Stewards award. 4 recipients.

Information tool on odor control.

Collaborating with USPCE on several projects.

Committee has been prudent in spending it money. Didn't fill one staff position. Allan traveled less.

Alternative feedstuffs and Alternative energy sources. Worker safety and health. TF being put together.

Hugh Dorminy: **TRADE Committee**

How important are exports to prosperity of industry?

Shipping meat to Japan a lot harder than shipping it locally. Riskier, but need extra revenue to pay for added risk. Generates extra revenue to the whole chain. Variety meats. Sell overseas for lots of money that would be discarded in US. Without exports we're limited to population growth and demand growth. Both are tough and slow. Thus exports are vital to prosperity of the industry.

NPB, NPPC, and USMEF all play key roles in this export trade. Increase partnering efforts and work together. It's been difficult. 5 years ago relations were not good. But,

all have same customers and our need to work together is critical. Things are very much better and collaborative. Strong leaders at the top with each org. USMEF in-country staff doing a good job. Very professional, very competent. Good results

What do we want to be known for?

How do we protect what we have? BSE on beef has helped to give us market share. We don't want to give back the huge growth we've seen. India, will be evaluating the opportunities in what will be the largest country in the world in a few years.

Nearly have double exports in last few years. Huge impact on producer profitability.

Korea: great potential.

EU: Philosophical differences make this a big problem.

World Corn price impact? US is big exporter. We set price. We still have cost advantage. Will continue as long as we are price setters on corn. Looks like it will continue for awhile. EU and Chinese don't have ethanol as an issue. They see us as having a competitive advantage with cheap feed. They see this as leveling the playing field and we soon will have the same outlook for marketing and costs. Exports of corn continue to run ahead of projections as global buyers seek to fill their needs when corn is available, at any price.

Producer Services Committee report. Was Producer Education committee, but changed name to reflect a broader mission to producers?

Producer Certification program. Transfer and deployment of technology.

Green. PQA program. Also Youth PQA, TQA and SWAP.

PIG: Released 2006 at WPX. 19,481 hits. 22 fact sheets. Documented work through 267 partners. Entire Pork Industry Handbook available on-line through PIG.

643 producers at seminars. High customer satisfaction.

Need courses in Spanish. Much translation being done. Now toggle system to flip from Spanish to English.

Communications Tools: Standardize input from industry. Can compile data over time to be available to capture on a real-time basis for use in other ways.

Curriculum: One of the selling points of this area. Nice set of materials. Many uses. 48,662 courses delivered. 4320 manager series used.

Spanish Translation. Very popular. More is requested. Want more materials. Hard to get this information to entry level work force. The like the toggle system, because it allows the second language users to compare to the first language.

Swine Health: Jim Niewold:

Jim Niewold. Pam and Patrick on board for one year and doing a great job. Really takes over the load, doing good work. Can't really give the amount of return on many projects.

Increase the number of registered swine premises by 21 to 41% by developing and hosting outreach event for producers than supported premises registration.

Increased capability to provide outreach and education on premises. Worked with NPPC to convince USDA to let commodities do the work. Producers know producers and are best able to sell the program.

Swine disease surveillance system

Began implementing a comprehensive and effective swine disease. Do a business plan with USDA. Define objectives, short and long term. Work with USDA's National surveillance unit of Ft. Collins. If we were to have a Foreign Animal Disease outbreak, our prices would drop precipitously and we would need this plan to get us back on our feet ASAP.

Circovirus research. Develop tools to improve swine disease and vaccine studies through 12 research projects totaling \$670,000

Developed a producer's guide to managing Porcine Circovirus Associated Disease and distributed 6600 copies to producers.

Researching PRRSV vaccination persistent infection and elimination through 18 PRRS research projects totaling \$1.6M.

Expedited the availability of AASV's PRRS Risk Assessment to producers as a biosecurity tool by providing \$75,000 in funding.

Funded PCVAD research with an additional \$200,000 from USDA.

Educating producers and veterinarians on the recognition, diagnosis and response to an introduction of classical swine fever, through the development of a 3-D video.

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Producer and staff involvement is vital in these programs. They are complicated and someone must keep the focus on what the industry needs, and don't let others distract us from keeping moving outward our goals. They can also prevent a loss of funding and or focus from continuing to head toward the goal.

Go to www.prrs.org website and see much information and tell producers how to implement, to find summaries and see what kinds of projects we are working on are do work, as well as those that may not be working as well. Trying to get good information out to the field where it can be used daily by producers.

Pork Safety: Barb Determan

Good to bring this information to the Board. Committees can get very insular and not share the good work as well as they need to. And visa versa.

Did much research. Half targeted and half competitive.

Moving the domestic needle.

Lower temperature. Get it done, but need risk assessment. Can't find salmonella to test it to do risk assessment. Must do it at lower temp's but can't find problems

PQA Plus update. Partners and alliances throughout the chain. Got CDC money. Good thing. Avian Influenza project a portion of which we can use. We spent their \$ and got our results.

Take Care accepted widely. 50% of marketed hogs under the program and recognized by USDA. Helped us with image greatly.

Prepare of potential AI outbreak. We're ready. Don't need to fight about how it will affect pork image.

Many disparate issues end up back on Pork Safety's table. Much cross departmental and cross industry activities to address.

Long Range strategy for exports. Japanese MRL's We did an aggressive collaborative effort to inform producers and veterinarians regarding changes to the Japanese MRL (Minimal Residues Limits).

Producer and State Relations Committee: Dawn Jarolimek.

Formalize process and improve both the number of responses and timeliness.

Results

Created from Communications and Sci0-Tech staffs a floating team depending on expertise needed.

Subscribed to media monitoring services.

Conduct crisis drill for state organizations

Results

Communicators, educators trained in May

Pork Checkoff report inserts. Great job to talk to producers on a state level.

Four 4-page newsletters mailed

Media relations: maintained unbuckled ag and non-ad media. Desk-side visits very important. 3 per group was goals achieved.

Annual report sent to all producers.

Pork Leader. Want to see it go to e-mail. But, many producers are scared. Think that email address will be given out too widely and misused. Or many don't use computer.

Pork.org, changed name to make easier for producers to use.

Electronic newsletters for science committees, packer processor, educator, veterinarians.

Radio/audio feeds: 3 stories per week

Annual producer survey: grew 3 points on support of the checkoff. Very big. Positive change. Quick Facts handbook updates. Many OMS participants use this. Very important. Tool. Valuable resource.

Consumer information. Reaching them with modern pork production. Use max and Orien. Good trusted tool.

Environmental stewards programs. Back home, many concerns about pork production and the environment. This is so positive and care and it shows and tells the story to others.

OMS: Huge and VERY important

KTS at state level. Very important to bring national to the state. 4 activities in the top 12 states. Each state has at least one activity. Impressive that someone from National will come to North Dakota.

Work with Purebred producers. Important relationship. Experience our checkoff in action: Racing. State meetings and trade shows. Very important. OMS: 628 speeches delivered. Best program delivered. Youth activities. Related to over 20,000 young people. PLA: Very big and important. 22 will have completed the program this year. State Leaders Conference did not get accomplished this year. Database management: vital for communications. Not shared with anyone.

Wayne Peugh thanked the chairs for their expertise and direction they provided to the programs and committee work.

John Adams on behalf of the Audit Committee made a Motion to approve the Committee reports as presented.

Motion Adopted.

ADJOURN

The meeting was adjourned at 11:30 a.m.

MINUTES
NATIONAL PORK BOARD CONFERENCE CALL
March 14, 2007
5:00 p.m. (CT)

OPENING

The meeting of the National Pork Board was called to order at 5:00 p.m. on March 14, 2007 by President Wayne Peugh. Attending the meeting via conference call were the following Pork Board members: J. Adams, D. Bettin, R. Brown, J. Galle, L. Harrison, C. Hein, D. Michael, G. Nemechek, W. Peugh, D. Rodibaugh, B. Samson, S. Weaver, A. Wilhoite and B. Zimmerman. Tim Bierman was absent. Also on the call were the following NPB staff: S. Murphy, J. Meimann and L. Garner. Guests included: Emily DeBord, USDA/AMS representative; and, Randy York, commercial realtor-broker.

**JOINT NPB/NPPC
OFFICER MEETING
OVERVIEW**

Wayne Peugh gave an overview of a joint NPPC/NPB officer meeting that was held at the National Pork Board office on Monday, March 12. Attendees included: Wayne Peugh, Lynn Harrison, Steve Murphy, and Jim Meimann from the National Pork Board; and, Jill Appell, Bryan Black, Don Butler (by phone) and Neil Dierks from NPPC. Also in attendance was Randy York, NPB's realty broker-advisor and Mike Brown, realty broker for the NPPC.

Negotiations between NPPC (landlord) and NPB (tenant) on a new building office lease had been ongoing the past four months but significant differences remained. The objective of the joint meeting was to temporarily suspend the lease negotiations and to establish direct communication between producer and staff leadership of the two organizations.

NPB shared its long-term facility plans. Since the process had taken so long, and there was a wide gulf between what NPPC felt the office lease should be and what NPB felt was a fair market value lease, NPB had been forced to look at other office options. In the process it found that its needs had changed over time. NPB determined that it only needed 60% of current space and that the current space configuration was not conducive to creating a team philosophy. It also found that there were other facilities that matched well its needs in physical layout and for less overall dollars. Since the current lease is "triple net" freedom from the full responsibility for repairs and updating were also a factor in any future office lease decision. NPB is currently paying for all maintenance and repairs (including heating, cooling, roof, lawn care,

janitorial, and security) as well as any remodeling of the NPPC building, under the triple net lease.

NPPC then shared its objectives for this building and for its overall current and future space needs. Then, through a collaborative discussion, the two leadership groups worked to uncover areas that provided an opportunity to work together to accomplish the long term goals of both organizations.

The principles that guide both NPPC's and NPB's business affairs, and the terms of the 2001 Separation Agreement were reviewed. The Separation Agreement included ending NPPC's general contractor role with Checkoff and outlining a new business structure for the Pork Board. It recognized that there might be a continuing need for business agreements between NPB and NPPC and defined the principles under which business could be conducted. A key point of the principle was the concept of "Fair Market Value", which was specifically in regard to NPB's lease of the NPPC office building. AMS provides oversight for all NPB business deals, ensuring that any lease proposal must represent fair market value, including components like the length of term, assumed liabilities, etc., and not just the rate.

Murphy addressed NPB's long term facility needs and alternative solutions, including:

- The need for a multi-use office/conference center configuration*
- The need for a team atmosphere, which the current building inhibits due to its layout.*
- The current office has 40% more space than is needed.*
- Building to Own would have substantial strategic and financial advantages.*
- The current "triple net" + tax lease structure does not work because of the age of the NPPC building and the cost of repair and replacement of structure and systems.*
- The NPB needs a temporary (18-30 month) office solution in order to implement its long term solution.*
- The current office location is one option to consider as a temporary solution, keeping in mind that Fair Market Value will be a requirement for even a short term lease.*

Open discussion between the officers was held with an understanding that openness in sharing each others plans would allow reality to surface and misperceptions to be dispelled. This gave both parties an opportunity to align their intentions and lay the

groundwork for NPPC to put together a proposal which NPB would review and compare to other options.

NPPC indicated they would like NPB to consider their proposal and stay in the facility and that no matter the outcome, the two organizations should not let this interfere with their relationship and that each organization needs the right to make its own best business decision.

FACILITY OPTIONS SHORT AND LONG -

After the report on the joint NPB/NPPC Building lease meeting, Murphy presented to the National Pork Board Directors a side by side comparison of three options for temporary office space for NPB (18-24 months). The options took into consideration the annual lease, management, utilities, janitorial, maintenance, relocation costs, moving costs, warehouse, etc.

Pork Board discussion touched on the potential negative intangible aspects of a move which included: staff morale, loss of productivity due to the move, and producer reaction. Board members were most concerned with preserving NPB's relationship with NPPC. Peugh and Harrison assured them that the NPPC officers were very clear in their statements that this was a business decision and would not affect our future relationship and that each organization has to do what is right for itself.

Other discussion areas included: the cost of off-site rental of larger meeting space; the option to stay in the current building and sub-lease a portion of it; the potential loss of historical and cultural aspects.

Murphy discussed the possibilities of a long term option which could either be to buy an existing building or build to own, which would make good business sense. There would be a tremendous opportunity for producers to design and plan a new structure that would serve the industry in new and exciting ways.

After much discussion, Murphy recommended that the best option would be the Meredith property as a short term option (18-24 month). **By consensus, the board agreed to give authority to Peugh and Murphy to make the final decision on the office lease and that they remain open to any new options until the deadline, which is close of business on Friday, March 16th. No announcement is to be made until that point.**

COMMUNICATION PLAN Board members discussed the plan to communicate this decision to the industry in the spirit of cooperation with NPPC and within the bounds of USDA approval.

Board members expressed their trust and confidence in the officers and CEO that the relationship with NPPC and producers would be maintained.

Peugh and Murphy expressed their thanks to the board for their openness to take different points of view and ask difficult but very good questions.

ADJOURN

President Peugh adjourned the meeting at 7:50 p.m.

MINUTES
NATIONAL PORK BOARD CONFERENCE CALL
April 24, 2007
Noon (CT)

OPENING

The meeting of the National Pork Board was called to order at Noon on April 24, 2007 by President Wayne Peugh. Attending the meeting via conference call were the following Pork Board members: J. Adams, D. Bettin, R. Brown, J. Galle, L. Harrison, C. Hein, D. Michael, G. Nemechek, W. Peugh, D. Rodibaugh, B. Samson, S. Weaver, A. Wilhoite and B. Zimmerman. Also on the call were the following NPB staff: S. Murphy, J. Meimann, Mike Wegner, Larry Kline and L. Garner. Guests included: Emily DeBord, USDA/AMS representative.

ECONOMICS REPORT

Steve Meyer, Paragon Economics, gave an economics report. He noted that hog prices remain stronger than was anticipated at the time the board's 2007 budget was prepared. In addition, he reported that slaughter during late February and March was much higher than had been anticipated. The combination of higher prices and higher numbers has been good for revenues, contributing to continued monthly surpluses that will grow through the summer months.

Meyer indicated there is a probable risk in increased hog supplies as circovirus losses are mitigated by increasing use of effective vaccines. The probability of increased hog supplies is reasonably high but the magnitude is not known.

Meyer noted that YTD surplus is \$1.7M and the current projection for April revenues would add another \$.4M. His annual forecast is \$57M to \$59M compared to a budget of \$53.7M.

Meyer expects monthly Pork Board revenue to be at least 8-10% higher than the levels he forecasted; thus generating additional surpluses relative to the \$57M to \$59M forecast. He noted that the two main reasons for these deviations are: 1) producers have not increased production in response to profitable times as he had expected, and 2) meat demand has been significantly higher this year. Strong beef demand and lower chicken production are major contributing factors, but it appears that pork demand may be stronger in its own right as well.

BUDGET COMMITTEE

Larry Kline reported that the 2006 audit field work has been completed and the reports are being prepared during the next few weeks. He presented the 2007 1st quarter financial results

compared to the 2007 budget. The key points from the YTD 2007 results were that revenue was above forecast by \$1.7M and expenses were \$3.8M below forecast. Revenues are ahead of budget due to continued high swine prices and expenses are below projection due to timing differences.

**NUTRITION
EFFICIENCY
RESEARCH
COALITION**

Larry Kline reported on the National Pork Board plan to address nutritional efficiency and educational programming. He noted that research priorities include: tools and technology to better evaluate and determine corn and co-products quality, consistency and variation; refinement of co-product feeding recommendations for swine; analyze and determine implications for pork quality and carcass yield; research to improve co-product flow-ability and processing characteristics; evaluation of alternative ingredients and ration building technologies; and to develop comprehensive research programming to improve biological and nutritional efficiencies for all pork production systems.

Educational priorities include: developing tools to assist producers with value determination; developing real-time decision making and informational support; and, developing and disseminating feeding recommendations and nutritional information for locally available products as well as competing and emerging products. The consortiums objective is to leverage \$400,000 with additional funds from State Pork Associations, Renewal Fuels Association, Distillers Technology Council, National Corn Growers, poultry and egg associations, feed manufacturing associations, USDA, and the private sector.

Kline noted that the following states have contributed a total of \$213,000: IA, IL, NC, KS, UT, MO, NE, MS, and AZ. Other funding includes \$60,000 from Illinois Corn Growers and \$300,000 from the state of IL and IL Corn Growers for a grant to develop a truck-side analytical tool. Other entities are under review for additional funding. Total funding to date is: \$963,500. Next steps will include commitments from other state associations and private sectors, having the research priorities finalized and RFP's released and reviewed by the consortium team, and discussions with USDA.

**BOARD
ORIENTATION**

Steve Murphy reviewed plans for the new board member orientation that will take place in the Des Moines office starting at noon on June 6 and concluding at noon on June 7th. Highlights of the meeting will be an overview of the National Pork Board; USDA Oversight review; Leadership Training; VP and Critical Issue Champion Meeting; training on the Fly ITA and Expense Report

processes; and a chance to work at the World Pork Expo Checkoff areas.

JULY BOARD MEETING

Murphy reviewed the agenda for the July Board Meeting that will take place in St. Louis July 17-20. The meeting will begin on the 17th with an evening reception at the hotel. On the 18th, the board will have a business meeting and elect officers for 2007-2008. Dinner will be on the Hill at Zia's. Thursday's meetings will focus on Anticipatory Issues Management and Critical Issues and Outcomes and will include committee chairs. On Friday, the board will meet until 2:00 and will focus on prioritizing the 2008 critical issues and establishing desired outcomes.

POLLING

Wayne Peugh stated that members of the polling committee, which include Danita Rodibaugh and John Adams, will be making phone calls to all board members in late May to discuss individual intentions to run for office now or in the future.

FACILITY PLANNING

Steve Murphy presented a strategic framework for the long range planning of the National Pork Board facility. The objective is to establish a facility that strengthens the organization's ability to deliver on its mission and one that is designed to serve the needs of the US pork industry for the next 25 to 30 years. The first issue was to determine where the facility should be located. A broad audience should be involved in order to determine the future needs of the building and to define the structure. Board members were polled on their individual opinions on whether or not to keep the building here or move to another city. After some discussion, it was determined that an economic comparison of different cities should be prepared for a fair and honest analysis and to first determine our needs before deciding on the structure and location.

Wayne summarized the board's thoughts:

- Need to be diligent in our assessment of our facility needs
- Staff issues if we should locate to another state
- Economic comparisons of other cities, should we move
- Need to lay out reasons we need a different facility if our current location is not meeting our needs.

Currently our lease will expire in February of 2009. Murphy noted that, if we choose to do so, we can sign a six month extension to our lease, but it must be done before the September deadline. He will send e-mails and set up a conference call to report the progress of the market analysis. An update will be given at the

July meeting. In the meantime, comments and suggestions should be communicated to Wayne or Steve.

STAFF MEETINGS

Gene Nemechek, Bruce Samson and Lynn Harrison have all had an opportunity to attend the “all-staff” meetings in Des Moines. They reported that it was a day well spent and encouraged other members to attend when their schedule permits.

NOMINATING

At the meeting in March, a task force was put together to review the current Nominating process. Steve Weaver, Chair of the Task Force reported that he has reviewed information Jim Meimann sent to him and is working to put together a report that will be presented at the July meeting.

CALIFORNIA ISSUES

Steve Weaver, CA, gave an update on an issue in Modesto, California where a hog producer fed his pigs dog food that contained melamine. This is the same pet food that was found to have killed dogs and cats and has been taken off the shelves. There has been testing done on tissue samples, but there are no results yet and slaughter houses have been canceling orders. This issue also involves several other states, including: NC, SC, NY, OH and UT.

Weaver also reported on a measure in California that would put restrictions on gestating sow housing.

ANIMAL WELFARE MEETING

NPPC’s Animal Welfare meeting will take place in Dallas June 25-26. Dr. Paul Sundberg, Steve Murphy and Wayne Peugh will attend. Topics will include: sow housing and PQA Plus.

PSEUDORABIES OUTBREAK

Lynn Harrison reported on a second outbreak of Pseudorabies in Wisconsin. The farm involved is Amish and the boar tested negative. The infected farms are 15 miles apart.

ADJOURN

President Peugh adjourned the meeting at 1:25 p.m.

MINUTES
NATIONAL PORK BOARD MEETING
July 18-20, 2007
St. Louis, MO

OPENING

The meeting of the National Pork Board was called to order at 7:30 a.m. on July 18, 2007 by President Wayne Peugh.

ROLL CALL

Attending the meeting were the following Pork Board members: J. Adams, D. Bettin, T. Bierman, R. Brown, E. Forkner, J. Galle, L. Harrison, C. Hein, D. Michael, H. Moore, G. Nemechek, W. Peugh, D. Rodibaugh, B. Samson, S. Weaver, A. Wilhoite and B. Zimmerman. Also attending were the following NPB staff: S. Murphy, J. Meimann, L. Kline, M. Laughery, M. Wegner, P. Sundberg, J. Johnson, L. Garner and USDA/AMS representative Emily DeBord.

Guests included: Kevin Born, Ken Martlage, Kathy Toney, and Jack Vandevender with ABG and Deanna Roelffs with Osborne and Barr.

NEW MEMBERS

President Wayne Peugh welcomed new members Everett Forkner and Henry Moore as well as reappointed incumbent members, Tim Bierman, Bruce Samson and Steve Weaver.

SWEARING-IN

Emily DeBord welcomed the new board members and swore them in to carry out board responsibilities on behalf of the Secretary and the entire pork industry.

AGENDA APPROVAL

A motion was made by Lynn Harrison to approve the agenda. Seconded by Steve Weaver.

MOTION PASSED

APPROVAL OF MINUTES

A motion was made by Steve Weaver to approve the minutes of the February 28 – March 1 Board Meeting, and the March 14 and April 24th conference calls. Seconded by Gene Nemechek.

MOTION PASSED

ELECTION BUSINESS

Dianne Bettin explained to the board that, because of her busy schedule, she would not be running for Vice President and would be withdrawing her name.

President Peugh called for any candidates running for office to present themselves to the board for short introductions and to make a few comments. Candidates for Vice President, Tim Bierman and Steve Weaver, both addressed the board.

PRESIDENT'S REPORT

Nominating Committee Task Force: Steve Weaver reported on the work of this newly formed Task Force that was formed to examine ways that the Nominating Committee could be restructured to seat PBNC members

who really understand the demands and responsibilities of a Pork Board Member. The Task Force will also determine the optimal way the Nominating Committee should serve the checkoff's need for progressive leadership on the Pork Board. Members of the Task Force include: Steve Weaver, Dave Culbertson, Gene Nemechek, and Ken Martlage. The Task Force had its first meeting on July 18th and had great discussion on where the current PBNC process and where changes can be made to utilize the committee more effectively. They looked at how to get the committee involved earlier in the process to make their work more strategic. The task force recommendations include:

- Training the Nominating Committee to better acclimate them to the work of the Pork Board utilizing the new Leadership Module and attending the Board Orientation session in June.
- Committee members attend the Plan of Work Unified Committee Meeting in September to help identify future leaders.
- Raise this committee to the same status as some of our other committees.
- Have the committee take a more active, professional role throughout the year.
- Nominating Committee should take a bigger role in recruiting.
- Look to sources of candidates through the program committees and state associations as well as our youth leadership.

Some discussion also focused on the need to communicate with state executives and contacts as we want to make sure producers who are being utilized in their state leadership rotations do not overlap with national committees and leadership roles.

There was Board consensus that the Task Force was addressing the right questions and developing appropriate responses and should continue to develop and implement this process.

USMEF Strategic Planning Meeting: Danita Rodibaugh disseminated materials from USMEF that gave information about how they look at a market and where to focus their funds. The material also included 2008 budgeting information. National Pork Board has contributed \$4M in programmatic dollars that are matched by market access program (MAP) funding from USDA. Some of the other topics covered at the USMEF meeting included: the global plan; stakeholders outside the US and their expectations of USMEF; focusing on maximizing all of our opportunities and resources; and, better communication. She indicated there will be a re-structuring of MEF to reflect a flatter management style.

Another topic that was discussed with the board was the question of board travel outside the U.S and if we feel we should spend those \$'s to experience foreign markets. The topic was tabled until a later date.

NPPC Resolution: Tim Bierman read a resolution from NPPC that stated: **“The NPPC Board of Directors encourages the National Pork Board to collaborate with NPPC to examine options, plan strategic actions and execute programming designed to position the US Pork Industry as a leader in Swine Animal Welfare Issues.”**

The issue was discussed. Language will be added to include a description of the checkoff’s role in this process which needs to be clearly defined.

Tim Bierman made a motion to acknowledge the NPPC resolution, to define the appropriate Pork Board role in this endeavor, and then to move forward in implementing the concepts.

Alan Wilhoite seconded.

MOTION CARRIED.

We will define more clearly in a news release.

USDA Update: Emily DeBord updated the board on several issues.

- Pork Survey. AMS is preparing to conduct a survey sometime in 2008 to determine whether producers want a referendum. This is a result of the Settlement Agreement. AMS will issue a notice in the Federal Register and time will be set aside for comments to the rules. That notice is now waiting for approval in the OGC office. Discussion was held on the survey. FAS should establish a timeline – but also need time to reconcile issues that might come up in the petition process. Producers will need to provide proof that they are a producer.
- EKCO/Philanthropy Group case. USDA is looking at options in terms of a defense. If OIG declines, National Pork Board will need to seek outside counsel.
- Nutritional Advertising: Recently the dairy board has been advised to cease their weight loss promotions due to a lack of sound science backing their claims. DeBord gave a reminder of how important it is to have sound science and lots of significant documentation. AMS must approve all advertisements and must meet the guidelines.
- PARTS. All government agencies are undergoing an evaluation of their programs with a new Programs Assessment Ratings Tool. AMS is working to obtain data from all checkoff boards to review program purposes, design and results.
- Information collection. AMS is working with all checkoff boards to review and update any form used to collect information from more than 10 people.
- Korean visit. Several member of the Korean checkoff institute visited with AMS in June to discuss the US checkoff system. They are modeling their program after the US model.

- Delegate Nominations. AMS has been trying to improve the appointment process for delegates. If states could have their elections earlier in the spring, we could increase the speed of the system. It's very hard to have enough time to appoint replacements.
- Other: DeBord noted that it is important the USDA/AMS approve everything we are doing and to be careful when we choose to join as members of another organization. Checkoff dollars can't go to government influence or policy decision.

Proposed 2008 Board Calendar and Foreign Travel: Steve Murphy provided an overview of proposed meeting dates and other events. Discussion was held on a possible trip outside the US in 2008. Board members discussed the need to bring exposure to foreign opportunities and trade issues, and that producer profits depend a great deal on exports. Producers look to the board to make decisions to direct checkoff dollars to exports. They also felt that, along with the educational part, the camaraderie and relationship building is very beneficial.

Committee Reports:

- John Adams: no committee report. He noted that he enjoyed his time on the board and has watched it mature. Good leadership and new capable board members.
- Henry Moore: POW very educational. Sustain and increase domestic consumption. Exports and domestic demand.
- Randy Brown: Environmental Committee met with US Pork Center of Excellence. Funded 11 projects totaling \$308,000. Environmental Stewards have been named. PQA Plus is a real accomplishment this year.
- Bruce Samson: Operation Mainstreet has been a very big success. Lots of research proposals. Concerned about leadership development and scholarships. Niche Marketing: need to do more research to determine how big the market is. It's a trendy concept right now. Working on definition of terms. Chefs are a key element as they like pork that has a name and face on it.
- Dennis Michael: Foodservice action committee met in Dallas and they are refocusing. Biggest accomplishment last year was PQA Plus. Not ready to give up gestation stalls yet; giving up the fight too fast...look at that through the issues management program.
- Brian Zimmerman: Greatest accomplishment in last year was PQA Plus; it's a great program compared to where we were at previously. Exports are keeping us in business.
- Steve Weaver: Greatest accomplishment in last year has been the maturation of the board and the quality and output of work such as PQA Plus and Operation Main Street.

- Jeff Galle: He attended the culinary professionals meeting this spring and it was an excellent, unique experience. Traffic was very heavy and the NPB booth was swamped. We have an excellent reputation with this group and had very positive contact with them. They wanted our information and recognize our product and organization. Greatest accomplishment was the Scoreboard and re-attending the new board orientation.
- Gene Nemecek: The Swine Health committee funded 11 project proposals totaling \$760,000. Call for papers for PCVAD research. They visited a packaging facility which was very informative. They are very concerned about getting vaccines and explained the restrictions, requirements and licensing. Also had updates on emerging diseases including African Swine Fever in Republic of Georgia and PRRS in China. Gene also mentioned that he had a conversation with someone who was getting NPB confused with NPPC and the ethanol issue. Greatest accomplishment has been Operation Mainstreet – although it would be beneficial to get the program more into the cities and not just the rural areas. OMS 2.0 is coming the end of August that will be more for urban audiences.
- Emily DeBord: She noted that she felt the board worked well together. She indicated that the bigger size of some boards limit them from getting to know each other. She appreciates the fact that our board discusses the issues and works together.
- Lynn Harrison: He indicated that his township is trying to get a moratorium passed because of health issues and that he answered questions for two hours at a recent meeting. Pork Board's greatest accomplishments this year were the new board leadership and orientation and the air emissions studies that have started. He also attended a meeting with Wal-Mart and Sam's club along with the DE committee. They are working on a promotion plan with big possibilities if all goes well.
- Wayne Peugh talked about his experience at a Culinary Professionals meeting where a speaker from a West Coast family food establishment took aim at pork producers with mistruths and lies. The man indicated that the only pork worth eating was Nieman's and that all others were laden with hormones. Wayne called him out on specifics – and he admitted he had no proof or evidence and knew of no hormone use. Wayne reported that he received a round of applause from the audience.
- Everett Forkner: He noted that the new board orientation was a very good product. He would like to see more work done on pork quality issues and new product development.

- Carol Hein felt the biggest accomplishments were AIM and the steps we have taken to work with NPPC.
- Dianne Bettin: They have a new state pork producer office. Biggest accomplishment was the nutrition data.
- Tim Bierman: Biggest accomplishments were the work we've done to strengthen our relationship with NPPC, having the building agreement signed and PQA Plus. The Animal Welfare committee finished the audit points for PQA and put together the sow housing form. The committee met in Dallas and funded two proposals. They also had a meeting in San Antonio with research and extension specialists and producers to develop the strategic research plans for sow housing, transportation and euthanasia. Tim said it was not time to give up on gestation stalls as more research is needed.
- Alan Wilhoite: The Pork Safety Committee had a joint meeting with swine health. Twenty one proposals have been received. Risk Management will be done by end of July. Accomplishments have been exports, PQA Plus and OMS.
- Danita Rodibaugh: The nutrition committee will merge with pork safety as a lot of work their work overlaps and goals are the same. Danita reported on the Purdue weight loss study implications. The Compensation Committee met and covered issues related to CEO benefits and performance as well as the entire staff salary, benefit and bonus programs.

AUDIT COMMITTEE REPORT

Dennis Michael, chair of the Audit Committee, reported that the audit of the YE2006 was completed by RMS McGladrey Pulin and that there were no adjustments necessary. He noted that NPB saved dollars by changing the time line for the audit.

Dennis Michael, on behalf of the NPB audit committee, moved that the board of directors accept the McGladry Pulin audit of the NPB financial statements for YE2006.

MOTION PASSED

Michael reported that the NPB has received 43 state audits/financial reports for 2006. Five states have significant reserves that are over the allowable limit, the NPB staff will work with these states to develop plans to reduce the reserves during the remainder of 2007 and 2008. In addition 7 states have minor internal control issues that will be addressed.

Dennis Michael, on behalf of the NPB audit committee, moved that the board of directors accept the audits of the 43 State Pork Associations as approved by the NPB VP of Finance.

MOTION PASSED

Direct Documentation Plan: A report on the newly proposed Direct Documentation Plan was presented. The key points of the plan are:

- To minimize the workload and burden of managing the financial responsibility of pork associations below \$30K in checkoff revenue;
- Shift responsibility of having an administrative review and a year end audit from the state to the NPB.
- The fiduciary responsibility and control over the checkoff funds remain with the state
- Policies have been put into place to ensure that all proper internal controls remain effective and efficient at the state and NPB.

The following states have signed up for the program: NV, WA, OR, AZ, NH, and ME.

A joint motion was made on behalf of both the Audit and Administrative Committees to recommend that the board of directors approve the Direct Documentation Program.

MOTION PASSED

BUDGET REPORT

Dianne Bettin, Budget Chair, and Larry Kline gave a report from the budget committee. Checkoff revenue is approximately \$3M ahead of year-to-date budget as of June 30, 2007. Interest income is currently \$.3M higher than budget due to a conservative budget and continued strong interest rates. The additional interest has offset the \$.4M approved for the Nutrition Efficiency Supplemental.

Supplemental Funding: Joy Johnson, VP of Demand Enhancement, updated the board on a supplemental funding request. As background, the National Pork Board is preparing to respond when the World Cancer Research fund report is released. It is entitled: "Food, Nutrition and the Prevention of Cancer" to be released on November 1 and 2, 2007. We expect the report to state a "probable" or "convincing" correlation between beef and pork intake and cancer. To that end, consumer research and crisis communication preparation has begun. A coalition of groups, including AMI and NCBA, are working together on this issue. National Pork Board has prepared a strategy to safeguard our interests and Weber Shandwick's crisis team in Chicago is assisting our internal taskforce. The supplemental request includes: coalition planning, NPB consumer research, media and health professional outreach, media monitoring and long term research planning. The request is for \$285,000.

Dianne Bettin, on behalf of the Budget Committee, moved that the Pork Board approve supplemental funding totaling \$285,000 for *Pork and Cancer: Defending the Image of a Healthful Food* in response to the World Cancer Research Funds Report that is scheduled for release in the fall of 2007.

MOTION PASSED

ADMINISTRATIVE REPORT

Lynn Harrison, Chair of the Administrative Committee, reported on various state issues.

- WY: has a new state contact and some internal issues. Little has changed from where they were four years ago despite many efforts to work with them. They have been given a deadline of September 15th to bring them into compliance; otherwise the committee will consider withholding funds.
- NE: They have a new state executive who has just been thru orientation. Everything is well on track. The committee recommends that all final administrative review reports be reviewed and signed by the state president.
- ID: Currently reviewing policy handbook. Idaho board needs to adopt recommendations. Nicole Boettger of NPB staff will work with the state exec.

2005 Review:

- UT: They have agreed to all recommendations. They will start using time sheets to split expenses to checkoff and non-checkoff. The committee recommends approval of the final administrative review report.

2006 Reviews:

- NC: Final report received and all recommendations implemented. Recommend approval.
- AL: Final report received all recommendations implemented. Excellent example of doing things right. Recommend approval.
- GA: They have our recommendations. Will submit their final documents in September. Recommend monitoring adoption of new handbook.
- SC: new state exec. They are in the process of responding to the report and implementing changes. They will present a final draft of the policy manual at their board meeting in November. Committee recommends monitoring and supporting them to adopt the new handbook.

2007 Administrative Reviews:

- NY and MD completed their reviews in June 2007.
- AZ and CA reviews are scheduled for July 2007
- IN has a new state exec and their review will be scheduled
- SD has new state exec and orientation in 3rd quarter of 07.

- KS has new state exec to be scheduled for later 2007.

Lynn Harrison, on behalf of the NPB Administrative Committee, moved that WyPPC address and respond to these issues by September 15, 2007 or funds will be withheld. In addition, consideration should be given to whether the Direct Documentation program would work for WyPPC if qualified and is interested.

MOTION PASSED

Lynn Harrison, on behalf of the NPB Administrative Committee, moved to require that all final Administrative Review Reports be reviewed and signed by State Association Presidents.

MOTION PASSED

Lynn Harrison, on behalf of the NPB Administrative Committee, moved to approve the final Administrative Review Reports of UT, NC and AL.

MOTION PASSED

LEGAL ISSUES UPDATE

Jim Meimann gave an update on several legal issues:

- Supreme Lobster (Salmon, The Other Red Meat): Supreme Lobster filed for registration in 2005 of the slogan, “Salmon, The Other Red Meat.” NPB filed an opposition with the U.S. Patent and Trademark Office. Supreme Lobster did not withdraw the registration; therefore we are working with our lawyers to defend our trademark “The Other White Meat”. NPB is committed to a full defense, as much is riding on this case, including the actual purchase from NPPC. In addition, we cannot open the door to even one infringer, lest it dilute the value we have created over 20 years. It appears that the Supreme Lobster forces are dug in and could push this challenge to the end, thus we must be prepared to do what it takes, even though difficult and expensive, to defend TOWM fully. Additional funding may be requested of the Board, as we did not budget this year for such a case being pursued fully through the Trademark Trial and Appeal System.
- The Philanthropy Group/EKCO (TPG/EKCO): NPB terminated our relationship with this grant writing and external funds development organization in July of 2005 due to dissatisfaction with their work and their unwillingness to meet our needs, specifically in the area of grant writing.

NPB had a master contract with TPG/EKCO with a 30 day termination clause and those terms prevailed over all other documents. They are disputing the 30 day termination due to a Statement of Work they had that included a 180- day “out.” This is creating some confusion and now they are claiming injury to their business. USDA has the case in their hands and is looking at our options in terms of defending. They have submitted to the Office of General Counsel to see if USDA will defend. If not, NPB may have to seek outside counsel.

LONG-TERM FACILITY

Steve Murphy gave an update on long-term facility planning. He explained that because this is a sensitive issue and there is a difference of opinion that exists regarding how best to proceed; the facility needs analysis has been put on hold. He feels the board should be unified in the plan to proceed and presented several options for board consideration, including:

- Moving forward with the “facility needs analysis” then follow the direction of the feedback we receive
- Postpone work on the issue until we are nearer the end of the current lease...September 2009 with extension
- Make it a producer driven process and create a board working group

After board discussion, Wayne Peugh appointed himself, Weaver, Michael and Nemechek to a working group who would further evaluate NPB long term facility needs and meet with NPPC to review options and determine the proper course based on fair market value.

ISSUES UPDATES

The following Issues were put forth for board approval:

Research Proposals: Paul Sundberg, VP Science and Technology, presented for Board approval, since they are greater than \$100,000, the following two PRRS Research Proposals:

- Scott Dee, Univ. of MN for \$125,196 – efficacy for reducing the risk of PRRSV and Mycoplasma hyopneumoniae spread between farms; and,
- Luis Enjuanes Centro Nacional de Biotecnologia (CNB), CSIC for \$133,000 – Induction of cross-protective immunity without exposure to live PRRSV.

A motion was made by Steve Weaver to approve the two PRRS research proposals. Seconded by Alan Wilhoite

MOTION PASSED

Foreign Animal Disease (FAD) investigation in plant discussion: Dr. Sundberg presented options for the board to consider in recommending to USDA the course of action to take during a

foreign animal disease investigation at a packing plant or other first point of concentration.

Option 1 is to adhere to science and to close the plant until definitive FAS test results are reported by the USDA.

Option 2 is to preserve the markets by keeping the plant open and the FAS investigation confidential until definitive test results are reported by the USDA.

Steve Weaver moved, seconded by Dennis Michael:

- 1. The board directs staff to review the recent foreign animal disease investigation in Austin, MN with the USDA.**
- 2. The National Pork Board supports the use of sound science focused on protecting the industry from the spread of foreign animal disease when addressing any suspected foreign animal disease incursion in the U.S.**

MOTION PASSED

OFO/EAP LICENSE

Steve Murphy presented information relating to the current status of On Farm Odor/Environmental Assurance Program (OFO/EAP) license agreement with NPPC. NPB developed the program, but was not in a position to implement it. In November of 2000, the NPB negotiated a license agreement with NPPC for OFO/EAP implementation. NPPC in turn sublicensed to EMS, now known as Validus. To support the effort, EMS contracted with American's Clean Water Foundation (ACWF) to receive EPA grant money to support the program which became known as OFAER. Royalty payments to NPB were to begin in the 6th year of the license, based on assessments being performed.

In January 2006 NPB received a letter from Validus explaining that they had to suspend OFO/EAP assessments because of issues concerning accounting and securities discrepancies with ACWF related to OFAER grant money through EPA. Therefore, Validus was forced to suspend royalty payments to NPB. That is the status today.

On June 18, Allan Guebert published a column critical of NPPC and Validus suggesting improprieties in their relationship with ACWF and suggesting the license agreement between NPB and NPPC was not in producer's best interests. After discussions with Steve Murphy and Jim Meimann, Guebert has promised to publish a follow up article which will clear up the previously reported misinformation.

Even though this is an "arms length agreement" with the NPPC and all required approvals were received, the NPB has requested a legal review to clarify the NPB's liability and options that we should consider to protect the checkoff. A backgrounder

document and talking points were provided to the board. Board officers will review options and report back to the full board at a later date.

LEADERSHIP DEVELOPMENT The Board engaged in a leadership development activity led by The ABG Group on “The Decision Making Process – When Thinking and Feeling Preferences (MBTI) are in Conflict” and “Re-evaluating Board of Director Role and Board Member Duties”.

OFFICER ELECTIONS Polling Committee members Danita Rodibaugh and John Adams reported that they had polled all Board members for interest in being an NPB officer. For 2007/08, Lynn Harrison was the only candidate interested in running for Pork Board President.

Steve Weaver made a motion that a unanimous ballot be cast for Lynn Harrison to be elected as President of the National Pork Board. Seconded by Jeff Galle.

The Polling Committee reported that both Tim Bierman and Steve Weaver were interested in running for Vice President. Ballots were distributed and votes were cast. Polling committee members collected the ballots for tallying.

Steve Weaver was elected Pork Board Vice President.

Dennis Michael made a motion to destroy the ballots. Seconded by Randy Brown.

MOTION PASSED – Ballots destroyed.

Steve Murphy recognized Wayne Peugh’s service to the board as outgoing president and presented him with a gift from staff. Lynn Harrison presented Wayne with a gift from his fellow board members.

**PAST PRESIDENT
AS EX-OFFICIO**

There was discussion regarding a situation where a board president’s term expires simultaneously with his/her presidency and the potential loss to the Board of the past president’s experience and knowledge. The Board makes an investment in its president. Can it gain fuller advantage of that investment by having the immediate past president continue to serve as an ex-officio, non-voting advisor to the Board. This provides easy access for the new president to tap into the experience and wisdom of their predecessor who has been managing issues for the last year, some of which will be on-going. It also provides continuity to the Board and the unique experience of someone who has been there, done that.

MOTION: Steve Weaver made a motion that any immediate past president of the National Pork Board whose board term has expired, continue to serve on the board as an ex-officio, non-voting advisor until their successor president is replaced. Seconded by Brian Zimmerman.

MOTION PASSED

ADJOURN

The meeting was adjourned for the day at 5:30 p.m.

RECONVENE

President Peugh reconvened at 6:30 a.m. on Thursday, July 19.

ROI RESULTS

Jim Meimann, VP of Governance and Operations, presented information on the recently completed Return on Investment Study that was conducted by economists at RTI International of Research Triangle, NC and North Carolina State University. The study focuses on the performance of checkoff programs between 1999 and 2005 and is required every five years by the USDA as part of its oversight of the NPB and Pork Checkoff programs.

Conclusions include:

- Generic pork promotions have a positive impact on pork demand
- Pork Checkoff promotions have been effective
- Overall Benefit-cost ratio shows a 1% increase in checkoff expenditures resulting in 13.8 times benefit to producers
- Individual programs range from 7.1X for domestic promotion to 56.2X for post-farm research.

It now goes to USDA for their review.

PQA PLUS

Mike Laughery, VP Producer Outreach, gave an update on the implementation progress of the PQA Plus program. Currently we have 71 Trainers, 234 advisors and 241 producer certifications. The goal is to have 5,000 producers educated in 2007. Hatfield Quality Meats is the first packer to require certification and assessments. The Animal Welfare committee is working on who will conduct the audits and how they will report the information as well as how non-compliance will be handled and the process for re-auditing.

Challenges to workability and affordability will be: Upstream support; lack of producer adoption; and, infrastructure issues.

NUTRITIONAL EFFICIENCY

Larry Kline updated the board on the participation and implementation plan for the nutritional efficiency and educational consortium. He reported that there has been a strong team effort put forth for this consortium. The board approved funding of

\$400,000 for the project. In addition funds are pledged from: state pork associations, Renewable Fuels Association, National Corn Growers Assn, feed manufacturing associations, poultry and egg associations, USDA and the private sector. Total funding to date is \$1,119,000 and a target set at \$1.2M.

41 proposals (\$2.7M) received and forwarded to the oversight committee. The review meeting is scheduled for July 25th. Next steps will be to continue soliciting partners and to launch the web site along with development of a new database and educational tools.

INTRO TO 2008 POW

Dianne Bettin, chair of the budget committee, welcomed committee chairs to the Plan of Work process. She explained that based on feedback from the 2007 process, some changes have been made for the 2008 POW schedule. Committees need to be included in the process. There is a real passion for the issues and a growing competitiveness for funds. We need to put the dollars where they are needed and where they can do the most good. We changed the schedule to better address some of these issues.

- The Board will meet in July to establish critical issues and desired outcomes with input from committees and the Anticipatory Issues Management process (including the Informed Futurist Panel);
- September 5-7 the all-committee day will develop the tactical plan;
- Sept 8 through October 8 staff will cost-out the tactics
- October 8 - November 1, VP's will develop a "Strawman" and an "Opportunity List" based on the Board spending target;
- November 1 – November 13, Board will review the plan
- November 13/14, Board will adjust the Plan and give final approval of the 2008 plan and budget

Bettin reviewed the planning and budgeting philosophy: Each new year is zero based and we plan before we budget. The Plan is constructed and implemented around critical issues and desired outcomes. Funding should be prioritized for tactics, not programs. Priorities should be given to tactics that have the greatest potential impact on the desired outcome. A collaborative work style is the key to earning consensus for the final plan.

AIM

Steve Murphy gave background and strategic overview on Anticipatory Issues Management. This process was created in January of 2006 in response to the NPB's Critical Issue of "Early Identification And Management of Issues". Examples of issues that were brought to light using this process are the World Cancer Research Fund, Environmental Health Perspectives papers and, National Commission on Industrial Farm Animal Production. Murphy explained how the issues management process works at

NPB. The issues management team detects signals of change or trends outside our industry that may be important to our industry. Monitoring of those issues is done by a third party company (CARMA) who monitors 258 publications for 240 issues.

The Informed Futurist panel identifies the impact of an issue and its likelihood of occurring. They develop a scenario, prioritize the issue and create strategies. These strategies are then brought to the attention of the Board which integrates them into the Plan of Work.

Roxie Beck from CMA gave a report on the new SITE system which is a web-based intelligence system that gathers, organizes and reports customized information to stakeholders.

Charlie Arnot from CMA reviewed several emerging key issues and had the board prioritize them and compared their order of importance to the same list the Informed Futurists developed. The board list in ranking order was:

1. Gestation Sow Housing
2. International Trade
3. Ethanol
4. Health Issues: Pork Consumption
5. Antibiotics
6. Bio-energy
7. Animal Law
8. Immigration
9. Externalization of costs

COMMITTEE INPUT

Dianne Bettin welcomed program committee representatives who participated in a roundtable discussion and provided input for the 2008 plan and desired outcomes. The objective of the discussion was to strengthen communications and understanding between the board and the program committees. The representatives were asked to share their point of view regarding the soundness of the existing critical issues and to suggest modifications. Those who provided reports were:

Dawn Jarolimek: Producer and State Relations

Jim Niewold: Swine Health

Leon Sheets: Producer Services

Dale Norton: Animal Welfare

George Pettus: Environment

Danita Rodibaugh: Trade

Carol Mueller: Niche

Craig Christensen: DE

Mark Reding: Nutrition

Steve Healy: Animal Science

Liza Alton: Pork Safety

The open discussions provided a better understanding of the broad scope of the issues facing the industry and revealed opportunities that exist through committee teamwork.

USMEF REPORT

Phil Seng, CEO of USMEF, joined the board via cell phone from the US Meat Extravaganza in Japan and provided an update on exports. Exports to Japan were up 10% in 2007. Seng noted that Japan is being challenged to involve more young people in raising hogs as older producers are retiring. Japan has more branded pork than in the US, therefore there is a lot more competition within the Japanese pork industry.

Exports into the Mexican market are down 27% due to the high price of corn and hog liquidation issues. Demand is not going down and slaughter is up 10% in Mexico. There was tremendous growth there a few years ago.

In China, there are rumors regarding potential export opportunities for US pork. Pork prices there have gone up 30-40%. Plants have been delisted for Salmonella.

Seng noted that the two most important things we can do at home to grow our export opportunities are commitment and quality. PQA Plus, Pork Quality and Traceability and food safety programs are excellent.

Seng also noted that the relationship between USMEF and the pork industry is the best it's ever been.

ADJOURN

President Peugh adjourned the meeting at 5:30 p.m.

RECONVENE

The meeting was reconvened at 6:30 a.m. on Friday, July 20.

DEMAND ENHANCEMENT

Steve Murphy presented information on unifying an organization around a common goal. He noted that a common, overarching objective is to advance and protect the opportunities for the long-term profitability of US pork producers. Departmental goals must correlate to that objective. A common marketing goal correlates to the over-arching organizational objective: producer profitability is enhanced by increased domestic pork expenditures and that \$.31 of every dollar spent for pork comes back to the farm. This goal serves as a common scoreboard – every DE sector is geared to change consumer behavior by positively affecting taste and preferences.

Joy Johnson, VP Demand Enhancement, gave an update on the realignment of that department. With the common goal being to increase domestic expenditures for pork - the fundamental target is 300 million US consumers. It is important to not only be effective with consumers, but also with retailers, foodservice,

culinary experts, etc. We can affect consumers taste and preferences if we understand what they are willing to buy. We also have to understand the needs and wants of the channel customers (retail and foodservice). She noted that the keys to marketing success are: 1) to understand, value and respond to consumers tastes and preferences; 2) establish collaborative relationships with pork's channel partners; and 3) to persuade the food chain to develop and market new pork products.

Johnson spoke about realigning the DE department to establish better teamwork and integration of internal marketing efforts and to build stronger relationships with each segment of the food chain. Two new strategic marketing positions have been developed using existing resources. Jeff Hartz has been named Brand Strategy Director and John Green as Strategic Marketing Director.

Jeff Hartz, Brand Strategy Director, gave an update on 2006 target market advertising results and a promotion evaluation. As background Hartz explained that the brand campaign was designed to change the way people think of pork, as a category – which leads to loyal customers. It takes years to change long held consumer opinions and perceptions, but the long-term prize is an extremely lucrative one - equity. The way to measure brand equity is with awareness, image and impact. Hartz noted that studies were done to determine total revenues for pork and attitudes toward pork. Conclusions brought forth in the studies indicate that results were in line with expectations. There were indications that momentum was gaining ground as the campaign continued, but that results were not uniform across all cities. These results created an opportunity to optimize the program by moving dollars from less efficient markets to markets that have greater potential to provide a return on our investment. Therefore, two new markets, St. Louis and Houston, will be added to our current targets which include Atlanta, Chicago, Dallas and Philadelphia. The Sacramento and Denver area target markets will be discontinued.

TRUST/IMAGE UPDATE

Mike Wegner, VP of Communications, gave a presentation on image and trust. Customers have told us that by establishing trust, we can create a foundation for improving our image. Negative customer perceptions are, for the most part, the result of the industrialization of the US pork industry. Industry response has been that “we’re the same producers we’ve always been.” We believe **professionalism** is the strategy that will “trump” industrialization. Wegner noted that a committee has been formed to develop a code of conduct. Members include: Mark Legan, Rod Hamilton, Don Butler, Todd Stickley, Larry Liepold and Heidi Vittetoe. They will meet to draft together a statement

that will be brought before producers at Forum to see if this is might help them with their overall image. We are trying to build confidence. When the model is in place, we have the ability to do a believable image program.

PLAN OF WORK 2008

Dianne Bettin presented the board with the list of invitees to the September Unified Committee meeting. She asked board members to review and approve the list. After some discussion, the board amended the list and the following motion was made.

Dianne Bettin moved to adopt the list of at-large invitees to the Plan of Work meeting excluding the following: Layne, Brandherm, Poppawell, Boar Stud Representative and Dale Murphy and adding Todd Stickley and Mark Legan. Seconded by Alan Wilhoite.

MOTION PASSED

CRITICAL ISSUES

Steve Murphy noted that the challenge to the board as we determine the 2008 Critical Issues will be on how to focus the plan so there are sufficient resources to make a difference and broad enough to satisfy stakeholders. The Critical Issues (CI) should be consistent with and supported by the mission and vision statements. Desired Outcomes (DO) should be associated with the CI's and should be specific and measurable to the extent possible.

The board continued discussion and defined and prioritized the 2008 Critical Issues as follows:

- 1. The profitability and competitive advantage of US Pork**
- 2. The safeguard and expansion of international markets**
- 3. Domestic pork expenditures**
- 4. The trust and image of the industry and its products**
- 5. The development of human capital**

After determining the Critical Issues, the board worked to establish the first draft of the 2008 desired outcomes.

ADJOURN

President Peugh adjourned the meeting at Noon.

**National Pork Producers Council/National Pork Board
JOINT BOARD MEETING
AUGUST 28-29, 2007
CHICAGO, IL**

Tuesday, August 28, 2007

In attendance:

National Pork Board

Lynn Harrison, Pres
Steve Weaver, VP
Wayne Peugh, Immediate Past President
Allan Wilhoite
Bruce Samson
Everitt Forkner
Henry Moore
Roy Henry
Gene Nemechek
Randy Brown
Dianne Bettin
Brian Zimmerman
Tim Bierman
Dennis Michael
Jeff Galle

Emily DeBord, USDA, AMS

National Pork Producers Council

Jill Appell: President
Bryan Black: President Elect
Doug Wolfe
Bob Dykhuis
Sam Carney
Rick Rehmeier
Randy Spronk
RC Hunt
Kathy Chinn
Terry Vanlaningham
Quentin Bottorf

Not in attendance:

NPPC: Don Butler, Joy Phillipi, Todd Neff, Larry Liepold.

Staff in attendance:

Pork Board – Steve Murphy, Jim Meimann

NPPC: Neil Dierks, Pat McGonegle, Dallas Hockman

Welcome and Introductions – Lynn Harrison and Jill Appell

Meeting called to order at 1:00PM. Introductions around the room. Seating partners Introduced one another to learn more about one another and build relationships.

Opening Comments: Jill Appell:

Hard to find dates that meshed: tried for several months. Bryan and Lynn coordinated the effort for the 2 Boards. Glad we're finally getting it done, as it is good for the industry to share information by the 2 largest pork groups working on behalf of the nation's pork producers. Good for knowledge of what each Board is doing and building the relationship.

Farm bill Update: Sam Carney

Food Stamps and nutrition programs are getting more than half of Farm Bill funds. Many players in the Farm Bill debate and all are being heard. Some key elements of the House version of the Farm Bill include:

- No Competition Issues
- M-Cool fixed. 4 label options that will satisfy most circumstances and not be onerous.
 - In US on or before Jan 1, 2008 would be US origin.
 - Processed products to be labeled with a list of counties from which derived
 - Allows producers to use normal business record for verification.
 - This is going to happen in a year plus. So, now the goal is to tweak it to make it better, since it will happen.
- Conservation and Energy
- Trade Access
- No Animal welfare.

Bryan Black: Ethanol

Many pork producers are also grain farmers, so it's a 2 edged sword. Record corn acreage and total corn production in 2007. 124 ethanol plants today producing 6.5 B gals. 83 new plants planned to produce 6.4 B gals production. 12.4 B gals total with current and new ethanol plants.

NPPC part of coalition with other livestock groups to monitor this issue. Increased mandate a problem, putting great demand on corn market. NPPC still asking "what-if" questions about the supply of corn and its impact on pork.

House “climate change” bill being considered. One provision relates to emissions. NC has a unique example. Utilities are under the gun as well. Capture methane and pass it back to the grid. Could portend the future.

With current 10% blend. Would take 140 B gals. If ethanol on every gallon. We’re way below that now. Next are flex-fuel vehicles. With each state mandating a blend, could help drive toward 85% blend. But, some new plant construction is on hold, awaiting clearer signals in ethanol demand.

Environment: Randy Spronk

Air quality: Doug Wolfe and Randy Spronk went to National Air Emissions Research Monitoring Study (NAEMS) farm yesterday, under Purdue management. Very impressive research. Unique to see all latest technology and the sophistication of the research methodology and technology. 20 sites originally in the NAEMS PLAN for Dairy, Swine and Poultry. Very complex research. They are testing equipment and establishing protocols. It’s taking time and patience to get it all working correctly, but its up and going.

NAEMS Study demonstrates how the two organizations can work together to get big things accomplished that each could not do alone. NAEMS first discussed in spring of 2002. If not for this project, there would be regulations on pork farms not be based on any science.

Clean Air Act: Particulate matter. Cathy Chinn’s daughter in law, Chris will testify at Sen. Barbara Boxer’s hearing on CERCLA, representing livestock agriculture in the near future.

Odor Emissions: Comments are due to EPA by end Oct.

CAFO Rules. Out of EPA. Sent to OMB. Big voluminous document. Environmentalists are going to challenge. Many other areas of concern that could affect the ability to continue to farm and raise livestock. Hearings upcoming.

Trade issues: Jill Appell

Nick Giordano. Big asset to US pork industry. Known by all in WDC and respected.

Carbodox: Canada, our 3rd largest export market, calls it health risk. US not have problem with Carbodox. We test for Carbodox residues in liver. Canada bans all import of pork fed Carbodox. NPPC met with Canadians. Canada told this issue will damage trade with US. Message sent to Canadian Govt. A study ongoing to give us more information on Carbodox, but study slow and results not in. FDA reg’s have made this study slow, but finally Canada agreed that they would test for Carbodox. If we have any violations we would notify Canada. It’s all been agreed and bought us some time to get

study results in. If fed to label, virtually no chance that any residue would be found. Follow the rules and all will be fine. Both sides have given in on this issue. It could be a confounding factor with M-COOL and other trade issues. US Govt has done a good job of assisting in trying to find resolution on this issue. Thanks to Paul Sundberg for technical assistance.

4 Free Trade Agreements (FTA's) being considered.

Panama and Peru FTA's. Good chance of being approved. Smaller, but important. Peru add 3 cents per pig. Add 20 cents for Panama.

Columbia FTA: \$1.53 added/pig. Not likely to be brought up this year.

S. Korea FTA. Very big numbers from Dermot Hayes. \$10.00 per pig added. S.Korea will be a better market than Japan. More pork eaters. FTA would be just amazing for our exports. No tariff after 5 years on frozen and after 10 years on chilled product from time of implementation. Many are concerned about what it does to our competitiveness.

China: Ractopomine is issue, but really more about Melamine and respect and politics. But other related issues. There is a real issue with Blue ear, likely a form of PRRS. Big pig-health issue PRRS.

Taiwan: Many Taiwanese issues by pork producers. More govt involvement in dictating regulation on production. Taiwan on way to establishing MRL on Ractopomine.

Mexico on the verge of another dumping case. More and more non-tariff trade issues seem to be arising daily, without scientific evidence of health issues. Very Big concern.

Premises ID: Area where NPPC and NPB work well together on trade. NPPC went to Congress to help get the 3 new staff members to do Prem ID registration under grant to NPB which will also help implement M-COOL.

Emily DeBord – USDA, AMS

Emily reviewed the purpose of the Pork Act which establishes the scope and operating rules for the Pork Board. Pork Act is only changed via legislative action. The Pork Order is the muscle - the basic framework and changed via rulemaking. USDA regulations are smaller changes, can be done internally by USDA.

AMS ensures that Pork Board complies with Act and Order. AMS reviews all budgets, communications, etc; provides legal counsel thru OGC; ensures that all ads follow FTC and USDA guidelines; prohibits false and disparaging ads against other commodities. All claims must be based on science.

AMS responds to inquires about the checkoff; coordinates FOIA responses with Pork Board. Coordinates referendums through FSA; manages Delegate Body and Pork Board Appointments; attends all Pork Board meetings; assists with compliance in collecting checkoff assessment. Pork Board is responsible for monitoring State Assn's, including checkoff compliance. Pork Board must be ready for an OGC audit at any time.

Pork Board must maintain arms length relations and operate independently from all other organizations, especially those that influence public policy.

Pork Board selects its officers, designs its committee structure and align programs with Board Strategic Plan. Pork Board Member's decisions cannot have personal benefit – each must disclose any actual or perceived conflict of interest.

Checkoff Survey: As part of the Settlement Agreement of 2001, a survey was agreed to. It is not required by Act and Order. Rules of Survey will be published for comment soon. USDA aims to conduct survey during April 2008, a 4 week period. Only producers who want a referendum will vote. USDA decision will be open for 60 day public comments this fall.

Will be specific eligibility requirements. Must bring in proof of having paid the assessment. Must be eligible before a certain date. Can't go out and sell pigs after the dates announced and make yourself eligible. USDA pays cost of survey. NPB would pay cost of referendum if one were held. FSA would send a bill for the cost of the referendum. USDA not hearing many complaints about the checkoff.

15% must say yes in the Survey. 15% from NASS numbers, plus importers from Customs. How determine # of producers? Can't reveal. Will be published in Federal Register. 30 day comment period. How will it be advertised? Pork Board can't do anything with regard to talking about the Survey, so it doesn't appear that NPB is influencing anything. USDA will put out all information; Pork Board none.

NPB budget process – Lynn Harrison

Lynn reviewed the budget and plan of work process, how input is gathered from all relevant sources: AIM, IFP, Committees, decision support tool, surveys and data gathering, scanning and monitoring, program accountability reports.

Pork Board determines Critical Issues and Desired Outcomes. Lynn reviewed the 5 Critical Issues developed by the Board, and the Desired Outcomes which flow from them. The Plan of Work process has morphed into an All-Committee Day which will develop tactics to execute programs. Dollars will be assigned to each tactic and brought to the Board for its November meeting. The Board will pare down funding requests for tactics and will give consideration to the priority and weighting given at the All-Committee Day.

How NPB tracks projects - Dianne Bettin

Dianne reported on the “Strategic Operating Plan Scorecard” system which the Pork Board has developed to track projects, budgets, timelines, etc. It is a tool for Board and Staff to use, for keeping updated on all projects and programs at any time, and to help with communications. The Scorecard is structured around issues and outcome and presented in real-time. As a progress report, it will quickly enable one to assess implementation progress, down to the tactic.

The Scorecard will assist us in NPB’s commitment to cross functionality across dept’s. It will be used extensively by the VP’s and Critical Issue Champion’s to minimize redundancy and leverage inter-departmental synergy.

Will help deliver transparency and allow all Board and staff to give input and comment on the plan’s progress. It will allow us to identify problems early. It is a tool for forecasting and help with budgeting. It can be used as an accountability report to USDA and the NPB Audit Committee. This should also allow for more accurate forecasting, and allow NPB to more effectively utilize funds when needed.

Anticipatory Issues Management (AIM)- Gene Nemechek

Gene reported on the NPB’s process to scan and monitor for issues on the horizon that could spell trouble for pork producers in the future. How can we look ahead and see where we need to be in 5 years? It takes a long view and high gaze, rather than being so focused on the issues of today. It is a long term strategic intelligence process.

Began in January 2006 in response to the #2 Critical Issue: “The early identification and management of Issues”. AIM objectives: To act early on vital issues before they are at the triggering event and at a crisis public positioning. To deal early with the issue may cost a bit more early to ensure that it is dealt with early, but in the long run, the cost will be much less, and our ability to manage the issue will also be much greater than when it goes public.

World Cancer Research Fund is a good example of finding an issue early and having time to get ready to deal with the issue intelligently. Another such early identification is the challenge in Environmental Health Perspectives.

An initiative currently underway that came through this program is the response to the National Commission on Industrial Farm Animal Production. This PEW Commission is heavily weighted with members opposing animal agriculture. Pork Board was the only group picking it up early. By doing so we were able to get several other species groups involved and form the Animal Ag Alliance, so that now there are more than pork producers addressing the issue.

Other issues being monitored today that may portend problems of tomorrow for pork producers include:

- NGO's push to have EPA power to regulate emissions of CO2 and greenhouse gasses.
- CAFO's seen a potentially threatening to community health, diseases and antibiotic resistance.
- Children's health used as a baseline as more vulnerable segment
- UK food labeling listing high, medium and low in certain nutrients
- Linking competitive advantage and corporate social responsibility by activists and media
- Sow housing issue
- Antibiotic use in animals and calls for phase out
- Organic Farming environmental impact study in UK.
- Food safety issues with imported foods/ingredients
- Emigration reform
- "One health" movement tying human and animal health closer together (one health initiative task force)

Wednesday, August 29, 2007

7:30AM Meeting called to order.

How NPPC Board functions: Jill Appell.

- 5 standing Committees: State Relations, Food Policy, Marketing, Budget, Environment, Others as needed
- Quarterly investor publication.
- Some producers do not know the difference between NPPC and NPB and checkoff does not make them a member of NPPC, nor does contribution to state PAC or State membership. NPPC working hard to clear up confusion.
- Member involvement: NPPC expects to see more contract growers assuming leadership positions over the years as they see how vital they are to the industry. Also, employees of larger organization are being targeted as they are a pool of potential leaders. Must work through state assn's to identify leaders and find ways to partner up with National to get the support needed from the State side. IA, MN and IN are examples of how this has been effective.

Pork Board functions: Lynn Harrison:

Lynn Harrison described how the Pork Board functions and described some new initiatives in which the NPB is engaged.

- NPB meets 4- 5 face to face times per year. Also at the Plan of Work. Board members on from 1 to 4 other program committees. Board has given committees more power and accountability to Board. Committee chairs come to Board meetings 2X per year to report to Board.

- Board engaged in leadership training to become as effective as possible. Raise the bar to become a World Class Board decision making and program execution organization. NPB is investing in doing it right to be most effective to serve our stakeholders.
- Niche market committee serving a new need. Many small producers, but also some larger ones are involved. Attempting to serve all producers.
- Pork Checkoff magazine. A way to get information to all investors.
- 4 standing Board committees: Budget, Audit, Administrative and Compensation.
- Administrative Committee, fiduciary duty to states. States operate according to Act and Order and under AMS guidelines.
- NPB Administrative Review. RC Hunt noted that the NC review was a very good process and they were impressed with the 4-5 recommendations coming from this. He encouraged all states to do this, as they want all things to be as they should be, to never want to be out of compliance.
- Direct Documentation Program: NPB taken on new role in last 6 years on how to help SPPA's. This is coming in 2008, will relieve smaller states of burden of bookkeeping and offer them assistance and comfort. Relieve them of audit and some compliance requirements.
- NPB Compensation Committee is a good way to evaluate CEO performance, as well as staff compensation. Past president, current pres. VP so there is continuity, plus one outside individual. Expanded job to include compensation for CEO and also salary pool for all staff and benefits, new staff must be approved, benefits package, etc.
- Collaborative research with outside entities including taste and preference study. Also with USB on Allergenicity and Net Energy.
- NPB continues to have a goal to work with others on funding and relationships, as with USB.
- Collaboration on projects, it's the Pork Board's preferred way of doing business to maximize value of dollars. Meeting with NPPC is a good example. Great way to keep all players involved and communicating. NPB must know its role and keep it separate and not cross line the checkoff/non-checkoff line. But, it is vital to best serving America's pork producers. Must continue to seek ways to collaborate and communicate. Must look at what's best for the industry. USDA is watching and can help us from getting into trouble. NPB can't take a stand, but can listen and get informed about issues. How to work together on an issue like animal welfare.

There was an active discussion session between members from both Boards and AMS's Emily DeBord to try to understand more precisely the guidelines for the use or non-use of checkoff dollars for issues management. Just how involved can the Pork Board be in some of the key issues, such as animal welfare, facing the US pork industry today? This is a battle, not about animal care, but about the very existence of the US pork industry.

Can NPB more actively involved? It must represent all producers. Both NPPC and NPB put in funds to reposition pork in the minds of the public. However, if part of it involves legislation, the funds must be kept separate. Can NPB take a political stance on an issue like animal welfare that could destroy our industry? Emily counseled that NPB can do research and do education programs such as PQA. NPB can be part of research and education. NPB can talk about care and well-being of the animal, regardless of housing system. NPB can promote to the public; it can promote eating meat and promote the product. But, NPB can't take a political stance. AMS is looking for the "based on research" position, so it's backed by science.

Can we have a joint project with NPPC and NPB, with a division of work and roles, to address broad industry issues? The answer is yes, so long as it follows the USDA guidelines. AMS will entertain any suggestion or proposal. They can always say no.

The Professional Model: Gene Nemechek.

Nemechek reviewed the concept. As the US pork industry changes from an agrarian to an industrial model, the public's perceptions of it also change. US pork is no longer primarily raised by small diversified farmers, but through more modern science based systems that employ methods to care for the animal and maximize its productivity. This is a "professional" approach to pork production. In many other industries the public takes comfort in dealing with a professional, as in a doctor, lawyer, accountant, dentist, dietician, etc. NPB believes that the time is now to begin to educate the public to the reality that US pork producers are professionals that know their business and follow a code of conduct. They abide by ethical principles that guide their actions and ensure proper care of the animal, proper treatment of those areas attendant to that production system, and provide a safe and wholesome product to the public. This is called the "Professional Model".

This concept of a professional model was introduced at Pork Forum, 2007 and well received by producers. The next steps will be reviewed in Omaha in front of 200 Pork Board Committee members. It will be a broad overarching proposal that deals with the broader issue of "trust". A Code of conduct, a professional model, to be vetted at Omaha and then reviewed by producers at Forum. Some concepts in the preamble of Code of Conduct include:

1. Food Safety
2. Animal Welfare: must be produced in an ethical manner
3. Environment: Our obligation to safeguard natural resources
4. Public health. Our practices protect public health
5. Worker Safety: Consistent with ethical standards
6. Community: Producers work to build a better community

The trust model is about character. It's what producers do every day. We need to have the public ready to respond to the negative allegations and to say, NO, pork producers

do it right, they are professionals and have built trust. We in agriculture are today's hunters and gatherers, and we do it well, and if we didn't do it right, you would not have the quality and variety you do today.

We are faced with greater external threats than ever before. All issues have 3 phases, discovery, development and deployment. Major pork organizations shouldn't have separate critical issues from one another. They should work together on discovery, development, but in deployment must be separate.

NPB cannot influence public policy. Emily DeBord commented that in this program, there must be the perception of separation and the de facto separate actions related to public policy.

Facility Issue:

Wayne Peugh stated that the current office facility is #1 place NPB wants to be for foreseeable future, if NPB can get what it needs, but NPB is not inflexible and can make lots of things work. However, the deal must be at Fair Market Value. AMS demands that and made it very clear. Anything else will be sent back by AMS.

NPPC has employed Mike Brown to do some work on value of the property, options on space, reconditioning and upgrading parts of the facility, etc. NPB may also need to move ahead with some analysis for meeting deadlines, but not want to duplicate, so will wait to see what Mike does.

Bryan Black commented that the NPPC Budget Committee wants NPB to be occupant of building. NPPC did hire Mike Brown to coordinate an inspection of roof and HVAC and have an engineer look at how bldg could be used, multiple tenants, and get an appraisal of its value. Not all that work is done. Roof done and other parts as well. Brown will be reporting to NPB.

Rick Rehmeier commented that NPPC must consult with Board if it wants to sell and NPB has to decide if it wants to buy. At the Sept 20 Board meeting NPPC will consider.

Roy Henry stated that he thinks it makes sense for NPPC to consider selling it to NPB and for NPB to consider buying the building. The question is how to determine value. He suggested obtaining 3 appraisals, take the best one, get AMS OK and do it. RC Hunt agreed in concept to Roy's suggestion

Wayne Peugh suggested that our industry contains many independent thinkers and sometimes logic doesn't prevail. We must allow enough time to make this work, so we aren't pressed to the wall in making a smart decision and getting the necessary buy-in.

There was consensus that that the 2 producer working groups on the facility issue continue to talk, to define value, to explore options based on Fair Market Value. There was a feeling that some viable options seemed possible that would meet the needs of both organizations.

Discussion on Animal Care – Tim Bierman, Bob Dykhuis

Tim Bierman gave an overview of the PQA Plus program, including a timeline and graphic.

- Jan 2006 technical implementation Plan complete
- March 2007 train advisors
- WPX 2007 launch PQA plus
- 2008-2009 Pool of assessed sites reaches “critical level” and implementation can be measured

Aug. 23 status:

- 73 trainers
- 378 Advisors
- 947 individuals certified
- Goal 5000 producer educated in 2007

(b) (4): first packer to require producers of both certification and site assessment. Other packers have agreed to this, but haven't done so yet. **(b) (4)** alone has asked each producer to be certified. NPB has talked with each major packer and gone through program. Other than **(b) (4)** they have not yet decided if they will demand site assessment yet. Still considering that.

Audit program: 3rd party audit is the additional requirement of this program. Verification of the program and mirrors the assessment, however, it audits the program, not the producer. Will begin once a critical mass of assessments is in the pool. Part of this came from a coalition of which both NPB and NPPC were a part. Delegates also approved this at Forum.

Animal Welfare committee is working on how they will report the information and how non-compliances will be handled. A plan must be developed to address and correct all non-compliances and a timeline. If no plan to correct, then could lose certified status.

Programs of collaboration between NPPC and NPB

There are a number of programs on which NPPC and NPB collaborate, while maintaining proper separation in compliance with the Pork Act. Those programs include, in some form:

- Environmental Stewards
- AARC
- Swine ID Implementation TF

- USDA cooperative agreement to support premises ID registration
- Committees: Environment, Animal Welfare, Swine Health
- USDA-ARS research budget review
- NPPC, NPB, MEF yearly update meetings
 - discuss research and information needs to support in 2008
- Farm Bill Technical Information
 - Environment, welfare, health, production technical information and background papers provided when requested
- PQA Plus: NPB Animal Welfare Committee

Bob Dykhuis commented on dealing with issues short term versus long term. Long term: How to reposition industry so we are considered good guys. There are bigger issues than a few disease issues. PQA Plus is vital part of short term and medium solution and helps address farm bill situation. Review research priorities as well.

Bryan Burg was commissioned by NPPC to evaluate the short term economic impact of a radical change in production systems in the US (such as loss of gestation stalls), versus a longer range phase-in over several years, giving the industry time to adjust as facilities wear out. Short term could be very expensive (from \$3B to \$8B) and have significant ramifications to the industry, while long term phase-in of such a program would be potentially much less onerous. Slower transition much better and reduces overall costs.

Validus: Doing some Beta testing on assessment, what will we find out there? Looking at a few barns. Release published about engaging producers. Must understand producers' inclinations better to be better to make good responses.

CO petition to phase out gestation stalls in 4 years. Most urgent from a state perspective. HSUS gave ultimatum: work with us on the initiative, or we come after you on state legislation. Tough to fight after loss in AZ. Can't get the support you need. But, HSUS doesn't want to fight a major expensive battle if not needed.

The real issue here is bigger than pork, it's the whole barnyard. We must hang together or we will surely hang separately.

Trust model: Do we want to put this on a label that this is provided by animal friendly producers. We don't have the numbers to win over time. Too many things working against us. The more that can be done up stream, the more able we will be to stem the flood on this. If we didn't have PQA Plus, we'd really be up against it.

No short term fix on this. Will be a long term repositioning of the US pork industry, with much time and effort and collaboration between all partners. Do you want to put a label

on the package? May solve a problem with 5% and create a problem with another 95%, so is it really a solution?

6 states are already doing "image" campaigns. Not sharing with one another. Are they being effective? How should this be coordinated with National Pork Board?

Should we have a joint TF by both Boards to address Image? Before moving forward need some guiding principles and code of conduct on which to base the campaign. Do we need a PR firm to help us understand what the options are?

What kind of individual accountability do we have? It starts here. Producer by producer it must be done. Assessment by assessment, farm by farm we must do it right and have good ethical standards.

Adjourn: 11:15 am

MINUTES
NATIONAL PORK BOARD MEETING
October 9, 2007
Conference Call

Call In Number: 1-800-531-3250

Conference ID: 7479566#

OPENING

The meeting of the National Pork Board was called to order at noon on October 9, 2007 by President Lynn Harrison.

AGENDA Review

The agenda had been distributed by email on 09.27.07 to all Board members.

Roll Call

Steve Murphy called the roll. Attending the meeting were Pork Board members: D. Bettin, T. Bierman, R. Brown, E. Forkner, J. Galle, L. Harrison, R. Henry, D. Michael, H. Moore, G. Nemechek, W. Peugh, B. Samson, S. Weaver, and B. Zimmerman. Absent: A. Wilhoite.

Also attending were NPB staff: S. Murphy, J. Meimann, L. Kline, M. Laughery, M. Wegner, P. Sundberg, J. Johnson, and USDA/AMS representative Emily DeBord.

**Supreme Lobster Lawsuit -
Supplemental Funding**

Jim Meimann

Meimann gave brief background on the Supreme Lobster Trademark Infringement Case. In 2006, the National Pork Checkoff Board purchased the valuable trademark (Mark) Pork the Other White Meat (TOWM), on which virtually all pork advertising has been based since the beginning of the checkoff in 1987. However, as this Mark is increasingly well known it is facing more persistent and determined infringement attempts from a wide variety of sources. These must be defended or the Mark could be lost and/or its value reduced.

The Supreme Lobster case is important as a loss could affect the outcome of every other TOWM infringement challenge. NPB is doing specialized market research focused on TOWM in the market. In addition, NPB has

engaged expert witnesses and depositions are being taken.

After the discovery phase ends around November 1, the testimony phase begins. During this phase, witnesses are examined and cross-examined by both sides; testimony is recorded and reviewed, etc.

Meimann stated that NPB has spent \$185,000 to date and that based on legal counsel's estimate, NPB could spend \$250,000 more than budgeted for 2007 to continue the process. NPB has an excellent chance of winning and has every intention of doing so. Meimann requested that the Budget Committee approve supplemental funding of \$250,000 for 2007.

Budget Chair Dianne Bettin, on behalf of the Budget Committee, moved that to the Board of Directors approve the Supplemental Funding request of \$250,000. No second required.

Motion Adopted.

Establish 2008 Pork Checkoff Spending - Dianne Bettin

Larry Kline reviewed the financial projections for 2007, reserve balance, revenue forecast prepared by Dr. Steve Meyer and the proposed spending target for 2008. Bettin reviewed the work of the Budget Committee. Based on the tactics identified at the Omaha Unified Committee meeting, spending for an uncut list of program opportunities in 2008 would total \$73 million.

This breaks out as:

2008 Proposed Program Initiatives	\$59 mm
2008 NPB Fixed Expenses	\$14 mm

Bettin moved, on behalf of the Budget Committee to establish the 2008 spending limit of \$51 million. No second required.

Motion adopted.

This is approximately a \$2 million increase over the original 2007 budget. As a result, \$22 million in opportunities will be carved out of the proposed 2008 plan. The next step is for the VP's to prepare a "Strawman" proposal to balance the budget with available dollars. Data that will be used by the VP's to build the Strawman will include feedback from the Omaha meeting, results of the NPB producer survey last November, and input from the Board, state leadership and others on plan priorities. The will be coupled with an "Opportunity" proposal which includes the \$22 million in programs not included in the Strawman. The Strawman will be the starting point for the board discussion at the November 13/14 meeting. The Board will have the opportunity to shift programs between the Strawman and the "Opportunity" plans, in order to arrive at the final 2008 Plan of Work and Budget.

Office Facility Task Force

Wayne Peugh

Wayne gave an update on progress in resolving the office facilities / building lease issues. Wayne has discussed the Pork Board proposal with Jill Appell, NPPC President. Ms. Appell will take the checkoff proposal to the NPPC Facility TF and Board upon her return from an overseas trade mission. The NPB proposal was to "evergreen" the current building lease arrangement. The current lease was worked out in April 2007 after much solid discussion between both organizations, and approved by USDA. NPB is quite comfortable with it, as it is fair to both groups. It would contain a provision that provides an independent 3rd party appraisal every 2-3 years on which the lease would be updated. The lease would also contain a provision that either party could, at any time, for any reason, give notice of its intention to terminate the lease. This would trigger a 2 year notice period, which would be proper time for each party to either find new space, or a new tenant. Absent a notice of termination, the lease would continue on with automatic renewals.

January Board Meeting

Steve Murphy

Murphy stated that it was quite difficult to find dates that work for a Board meeting in January, with State Annual meetings, Nominating Committee, and preparation for Pork Forum. The plan as of now is to join the Pork Leadership Academy at a portion of its program in California on January 7, 8, 9, and 10, 2008. Board members should block those dates on their calendar. Further details will follow as the meeting gets closer.

Meeting Adjourned at 12:55 p.m.

MINUTES
NATIONAL PORK BOARD MEETING
November 13/14, 2007
Des Moines, IA

OPENING

The meeting of the National Pork Board was called to order at 8:00 a.m. on November 13, 2007 by President Lynn Harrison.

ROLL CALL

Attending the meeting were the following Pork Board members: D. Bettin, T. Bierman, R. Brown, E. Forkner, J. Galle, L. Harrison, R. Henry, D. Michael, H. Moore, G. Nemechek, W. Peugh, B. Samson, S. Weaver, A. Wilhoite and B. Zimmerman. Also attending were the following NPB staff: S. Murphy, J. Meimann, L. Kline, M. Laughery, M. Wegner, P. Sundberg, J. Johnson, L. Garner and USDA/AMS representatives Emily DeBord and Jennifer Porter.

Guests included: Dale Miller, *National Hog Farmer Magazine*, and Gary Machan from Tyson's Food who is also a member of the Compensation Committee.

NEW MEMBER

President Lynn Harrison welcomed new member Roy Henry who was appointed by the Secretary of Agriculture to fill the unexpired term of Carol Hein, who resigned.

Emily DeBord welcomed Mr. Henry and swore him in to carry out board responsibilities on behalf of the Secretary of Agriculture and the entire pork industry.

APPROVAL OF MINUTES

A motion was made by Steve Weaver to approve the following minutes, as distributed: July 18-20, 2007 St. Louis Meeting; August 28-29, 2007 Joint Meeting with NPPC; October 9, 2007 Conference Call. Seconded by Jeff Galle.

MOTION PASSED

PRESIDENT'S REPORT

Standing Committee Chairpersons:
Bruce Samson made a motion to approve the following standing committee chairpersons:

- **Budget: Tim Bierman, Chair**
- **Audit: Dennis Michael, Chair**
- **Administrative: Steve Weaver, Chair**
- **Compensation: Lynn Harrison, Chair**

Seconded by Randy Brown.

MOTION PASSED

2008 Standing Committee Appointments:

Gene Nemechek made a motion to approve the following timetable for appointment of Pork Board Members to the 4 Board standing committees:

- **August 15 (or first Board meeting after appointment of new members): Board President will appoint Board Members to serve on Program Committees, as well as Nominating and Resolutions, based on their “Committee Interests Responses”. The President will fill-in appointments to Standing Committees (Budget, Audit, Admin), depending on who is elected as an officer and who is newly appointed to the Board.**
- **January 1: make changes to the three standing committees (Budget, Audit, Admin)**

Seconded by Jeff Galle.

MOTION PASSED

AARC Science Advisory Committee Appointment:

Randy Brown made a motion to approve the National Pork Board’s environment committee’s recommendation to appoint Dr. Robert Burns to the AARC Science Advisory Committee. Seconded by Gene Nemechek.

MOTION PASSED

2008 and 2009 Board Calendar. Steve Murphy reviewed the board calendars for 2008 and 2009. Based on recommendations from board members, some minor adjustments were made to the previously set 2008 calendar. A copy of the calendar was included in the packets.

January 2008 Board Meeting in California: Steve Weaver gave an update of the agenda that is planned for the January 6-9 board meeting in Sacramento, CA. In addition to the business meetings, there will be a tour of the University of California Davis research farm and tours of the Hilmar Cheese Company and the John and June Bailey Farm.

Facility Working Group Report: Wayne Peugh, who chairs the working group, reported on the status of the NPPC Proposed Lease Extension Amendment. NPB has agreed on an ongoing lease with NPPC, which was approved by their board late last week. The NPB communications department will draft a joint press release that will be approved by AMS

before being announced. A copy of the Lease Extension was included in the board packets.

A motion was made by Alan Wilhoite to approve the Lease Extension Amendment (a copy is attached to these minutes). The current lease will remain as is, with the exception of term and lease rate, which will be replaced by this amendment. Seconded by Dianne Bettin. MOTION PASSED

Committee Qualifications/Conflict of Interest/Committee Appointment Process: Wayne Peugh reported on the work done by Danita Rodibaugh and John Adams on the conflict of issue concerns regarding NPB committee members. They formed a working group to address these concerns and have brought forward a proposal for a process to appoint NPB committee members. A copy of the recommendations were included in the board packets. Dr. Paul Sundberg expressed his concerns with some of the language as it relates to “checkoff paying” committee members and their voting rights. He felt, it could potentially reduce the effectiveness of some of his committees, as there are many members who do not raise hogs or pay checkoff.

Also discussed was the addition of language to ensure that all board members would be able to approve any committee changes before they are made.

After discussion, the proposal was amended and the following motion was made:

Motion made by Dennis Michael to accept the amended proposal which is attached to these minutes. This policy will be implemented with the next cycle of committee appointments. Seconded by Henry Moore.

MOTION PASSED

Compensation Committee Report: Lynn Harrison reported that the Compensation Committee met in October to review the CEO’s 2007 performance; to set CEO goals and objectives for 2008; to determine how the organization’s employee bonus plan will be implemented in 2008; and, to have a discussion related to the NPB’s operating philosophy and management approach. The committee decided that the 2008 organizational bonus plan will be 10% of salary. Half of the bonus will be based on organizational goals and half on departmental or personal goals as determined by the department VP’s.

The issue of communications between staff and board members was discussed. A proposal was brought forward by the Compensation Committee regarding how to deal with organizational complaints by staff members:

Lynn Harrison made the following motion:

If a member of the NPB board of directors receives information about a matter of organizational concern from any NPB staff member, the board member is obligated to take the following actions:

- 1. Contact the NPB CEO or Director of HR and communicate the details of the concern.**
- 2. A meeting will be organized at the earliest possible opportunity. Those participating in the meeting will include the CEO, the HR director, the board member, the staff person with the concern, and any other staff member related to the matter.**
- 3. At the meeting, the concern will be resolved fairly and completely.**

Seconded by Alan Wilhoite.

Discussion followed.

MOTION PASSED

Compensation Committee additions:

Lynn Harrison noted that he would like to add an additional non-board businessman to the Compensation Committee.

Wayne Peugh made a motion to add Randy McMahon of the Balzer Manufacturing Company to the Compensation Committee. Seconded by Jeff Galle.

MOTION PASSED

PRRS Host Genetics Consortium Research: Dr. Paul Sundberg explained that the objective of this research is to identify genetic differences between PRRS resistant and PRRS susceptible individuals. This proposal was previously sent to board members for their review, but since this research proposal is over \$100,000, it is board policy to have it approved by the full board.

Jeff Galle made a motion to approve this research proposal expenditure contingent on receiving the USDA-CAP matching funds. Seconded by Brian Zimmerman

MOTION PASSED

OPEN DISCUSSION

Review Survey from Omaha Meeting: Steve Murphy reviewed the Omaha Committee Day. He noted that the goal was to bring all committees together and give them a better understanding of all the things the Pork Board does. For the 2008 planning process a slightly different approach was taken. While each committee focuses on its specialized program area, the Omaha meeting was an attempt to allow all committee members to play a larger leadership role and see how their committee's work fits into the overall Pork Board Mission. It also allowed committee members to understand how their work interplays with other committees in responding to the Critical Issues that the Board has identified for 2008. Further, it helped to define overall how scarce resources can best be allocated to highest priority program needs.

To achieve the above goals, the Omaha meeting involved some different approaches and processes than used in the past for Plan of Work. The post-meeting survey of participants indicated that some things worked (the committee meetings were good and the venue worked well). However, several components did not work well and can be improved on. Frustration with the long hours, too many issues, lack of familiarity with all programs and thus difficulty with prioritization, not having enough pre information and ranking without knowing the dollars that were involved with each program.

It was suggested that more information and agendas be distributed to participants in advance of the meeting. Since many producers were in the field when they were distributed, they didn't have a chance to complete them so the surveys should be given out at the meeting, rather than e-mailing them later.

Overall, board members had mixed feelings about the process, having received considerable feedback from participants expressing some level of frustration as noted above in the surveys. (The process will need some further evaluation and re-working for next year. Steve Murphy will take all suggestions and bring the information back to the board at the January meeting.

Board Goal Setting and Performance Evaluation: Lynn Harrison suggested that the board work together to determine goals for 2008. Board performance would then be evaluated against those goals. There are things the board does beyond just the plan and budget process. The board will work with Ken Martlage from ABG to work this into the leadership training.

NPPC “Image” Resolution: Lynn Harrison explained that NPPC has included \$500,000 in their 2008 budget to address the issue of “reputation management.” As a part of that initiative, they envision forming a working group of four producers from both NPPC and NPB to deal with industry challenges such as animal welfare, environment and food safety.

After some discussion, Dianne Bettin, Gene Nemecek, Wayne Peugh and Everett Forkner prepared the following draft response that Steve Murphy will present to NPPC in a follow up letter:

- Expand on the ethical standards committee already in place with the goal of adding more producers and allied industry representatives
- Identify who we need to reach and what messages they respond to. Utilize a PR firm to research and develop an image campaign that is multi-dimensional and adaptable for issue management
- Goal would be not just improving our image, but to reposition our industry (agriculture) image
- Would like to move forward as quickly as possible in 2008
- List image tactics that are already in our 2008 plan that can be tied in and expanded on with industry involvement
- Integrate state efforts into the national effort.

TQA and the Beef Industry: Mike Laughery presented the concept of licensing the TQA program to Canada for the Beef Industry. He noted that it would be a benefit to have all of animal agriculture on the same page and truckers could use the same program for all species. This would be another example of animal agriculture working together to help build bridges. Mike Laughery will proceed to pursue this idea and will report back to the board at a later date.

20/20 Promotions update: Larry Kline addressed the progress with 20/20 promotions. He noted that we are in the process of reviewing our relationship with them. He explained that there are still some challenges, but 20/20 has hired a new operations manager and Larry is having monthly meetings with him. A new website is being launched on December 10 which will be more user friendly and three question surveys are being sent out once a month.

AUDIT REPORT

Dennis Michael, Chair of the Audit Committee, reported that the McGladrey firm has submitted a 6% higher fee this year due to the additional GAS regulations for nonprofits as well as more PTOWM work this year. The Audit Committee approved the fee for the 2007 audit. It was suggested that we re-evaluate and get bids for the 2008 audit.

Motion brought forward by Dennis Michael on behalf of the Audit Committee to accept their report.

MOTION PASSED

ADMINISTRATIVE REPORT

Steve Weaver, chair of the Administrative Committee gave a report on the following state reviews:

WY: they are getting their compliance in line and making progress. We will continue to fund them as long as they are making progress and signing up for the DDP program.

NE: Mike Telford and Calvin VandeKrol have met with the new CEO and they are making good progress.

ID: They continue to have challenges and they aren't where they should be. We will give them until January 1 to get everything back to us or we recommend withholding funds.

GA: Regarding their 2006 review, they have a policy handbook that needs to be approved. We will give them until January 1 to complete or we recommend withholding funds.

SC: Making progress. Items need to be passed by their board. We will work with them, but not past March 1.

2007 Reviews: NY, MD, AZ, CA, SD, and KS. Both Kansas and South Dakota have new state executives.

2008 Reviews recommended: IN, IL, KY, MN, HI and FL. We would reimburse Mike Telford for his time in Hawaii – he will pay his own travel expenses. We will also plan to do an orientation in 2008 with Wisconsin.

Motion brought forward by Steve Weaver on behalf of the Administrative Committee to approve their report.

MOTION PASSED

BUDGET REPORT

Dianne Bettin, Budget Chair, and Larry Kline, Vice President of Finance and Business Development, reviewed the 2007 Financial Forecast. Checkoff revenues continue

to run ahead of budget and the forecast prepared in September. Total revenues to date are \$54m and are on target to run ahead of the \$62.7m forecast. Expenses continue to run under budget with a total of \$47m. Several projects will be completed in November and December and final 2007 expenses are expected to reach the forecast of \$62.9m. Year-end reserves are forecasted at \$7.1m for designated and \$15.4m undesignated.

The 2008 forecast including income statement and capital expenditures:

Checkoff Revenue	\$59.2million
Other Revenue	<u>.8</u>
Total	60.0
Return to state	(12.0)
National Spending	<u>(51.0)</u>
Deficit	(3.0)
Beg Reserve	15.3
PTOWM Transfer	<u>(1.0)</u>
End Reserve	11.3
PTOWM Equity	<u>(5.0)</u>
Retained Cash	<u><u>6.3</u></u>

Capital expenditures in the amount of \$679,000 includes hardware and software needs and office furniture.

Motion brought forward by Dianne Bettin on behalf of the Budget Committee to accept the Report.

MOTION PASSED

STRAWMAN PROCESS

Steve Murphy outlined the 2008 Plan of Work Schedule which includes:

- July Board Meeting to establish critical issues and desired outcomes
- September All Committee Day where all committee members gather together for tactical plan development.
- Sept 8 – Nov 1 when the Strawman will be based on the BOD spending target
- November 13-14 the board reviews and adjusts the plan and spending and gives final approval of the plan and budget.

Murphy explained that the Strawman is a proposal that temporarily stands in for the sake of argument and is intended to be revised by ideas more substantial. It's used as a starting point for discussion. This Strawman strategy

was needed because of the wide disparity between the 2008 proposed plan and available resources and was developed by the VP team who utilized several considerations, including staff input, committee priorities, board ranking of critical issues and producer feedback from an annual survey.

Murphy noted that no thinking was lost and nothing was cut as every Strawman set-aside was captured in an opportunity list. All \$59m in ideas are available for consideration in the 2008 plan. The Board would be making final decision later in this meeting.

The five Critical Issues in priority order are:

1. The competitive advantage for US Pork.
2. The safeguard and expansion of international markets.
3. Domestic pork expenditures
4. The trust and mage of the industry and its products.
5. The development of human capital.

The management team reviewed the plan that supports each critical issue in the Strawman and the initiatives included in the opportunities list and the rationale behind the decisions that led to them being set-aside.

Board Members were given the opportunity to make comments, ask questions and have discussion on the projects and programs under each critical issue.

RECESS

The Board recessed for dinner at 5:45 p.m.

RECONVENED

The Board reconvened at 7:30 a.m. on November 14, 2007.

COMMITTEE REPORTS

Committee Reports included:

Environmental Committee: Randy Brown reported that the committee visited the offices of National Hog Farmer to talk about the Environmental Stewards Program to try to improve on it and to expose it to more people.

Swine Health Committee: Alan Wilhoite reported that the ROI Study is finished and is being reviewed. It will be published after the review. PRRS risk assessment brochures, which are going to be used to get producers interested in doing risk assessments on their farms, are finished. Two members of the committee have been appointed to develop recommendations to the Secretary of Agriculture on disease response and recovery.

Swine Welfare: Tim Bierman reported that there have been 69 trainers trained and 3400 producers certified so far in

the PQA +program. The committee will also fund two more research proposals this year.

Demand Enhancement: Dennis Michael reported that their committee made plans for budgeting for 2008. Racing program alternatives was discussed. Other meeting topics included: the cancer study and nutritional research.

Trade: Wayne Peugh reported that their last business meeting was held in WDC to review the USMEF operations. The group elected Dan Halstrom from Swift as their new president. They group is working on trying to operate strategically and follow the pattern. They are optimistic about pork exports and the opportunities that are there. The weak dollar has put the industry in a great position.

Pork Safety: Gene Nemechek reported that the committee is funding six research proposals for a total of \$220,000.

Animal Science: Everett Forkner reported that they funded six nutritional efficiency projects for a total of \$385,000. Their next meeting will be December 17-18 and will review two major things: final results on consumer preference study and the second round of RFP's on the nutritional projects.

Producer Services: Jeff Galle reported that a conference call was being held today to work on committee membership. The next activity will be an extension educator's conference in January.

Nominating: Jeff Galle reported that a meeting was held in Omaha in September with the Nominating Task Force to review their recommendations for changes to the process. Currently, candidate applications are coming in for Pork Board and Nominating Committee and the deadline is December 1. The interviews will be held January 14-15 in Kansas City. Incumbents have indicated their intent to run for a second term.

**DISTINGUISHED
SERVICE AWARD**

The past presidents of the National Pork Board have recommended Jim McKean as the recipient of the 2008 pork industry Distinguished Service Award to be presented at the 2008 Pork Forum.

**Motion made by Gene Nemechek to award the
Distinguished Service Award to Dr. Jim McKean.
Seconded by Jeff Galle.**

MOTION PASSED

FINAL 2008 PLAN

Steve Murphy explained the process the board would be using to determine a balanced budget plan that will fund the industry's highest priorities. The process began with open discussion and using Robert's Rules of Order to bring recommendations forward. He noted that any opportunities brought into the plan must be offset by reductions from the Strawman and that anything removed must be accompanied by a statement of rationale. A majority vote is required for all decisions.

EXECUTIVE SESSION

Everett Forkner made a motion for the board to go into Executive Session. Seconded by Dennis Michael.

MOTION PASSED

RECONVENE

Reconvene general business meeting.

Board members worked to amend the plan by moving different programs and dollars around.

Motion by Everett Forkner to contribute \$500,000 to the Genome Sequencing Project. Seconded by Bruce Samson

MOTION TABLED

Motion Amended by Jeff Galle to contribute \$100,000 to the Genome Sequencing Project. Seconded by Roy Henry.

MOTION PASSED

Motion made by Randy Brown to move \$100,000 out of Pork On The Move Project. Seconded by Henry Moore.

MOTION PASSED

Motion made by Henry Moore to fund #179 from the opportunities list (Develop English/Spanish resources) for \$53,000. Seconded by Alan Wilhoite

MOTION PASSED

Motion made by Henry Moore to remove \$53,000 from Pork on the Move. Seconded by Alan Wilhoite.

MOTION DEFEATED

Motion made by Henry Moore to remove \$53,000 from #115 (Customized Retail Marketing). Seconded by Alan Wilhoite.

MOTION DEFEATED

Motion made by Dennis Michael to remove \$128,000 from #154 (Deliver producer/employee safety training program). Seconded by Bruce Samson.

MOTION DEFEATED

Motion made by Bruce Samson to move \$200,000 into Niche Marketing. Seconded by Everett Forkner.

MOTION DEFEATED

Motion made by Bruce Samson to move \$50,000 into #161 (Sponsor pork science scholarships). Seconded by Everett Forkner.

MOTION PASSED

Motion made by Dianne Bettin to put \$25,000 into #161 (Sponsor pork science scholarships). Seconded by Everett Forkner.

MOTION PASSED

Motion by Wayne Peugh to have Dr. Paul Sundberg find \$25,000 in the Science and Technology budget. Seconded by Henry Moore.

MOTION PASSED

Motion by Dennis Michael to reallocate \$400,000 to fund the Clement racing sponsorship and reduce Pork on the Move segment of that budget to one trailer as a pilot. \$105,000 for expenses to implement that program. Seconded by Tim Bierman.

MOTION DEFEATED.

Motion by Bruce Samson to reallocate \$100,000 back into #10 (Nutritional Efficiency). Seconded by Tim Bierman.

MOTION DEFEATED

APPROVAL

Motion to approve the budget minus Henry's previous move to fund \$53,000 for the English/Spanish resources. Seconded by Galle.

MOTION PASSED

PASLWOCO

Dianne Bettin, on behalf of the Budget Committee, made a motion to approve the following PASLWOCO (Pigs Across State Lines Without Change of Ownership): \$500 to North Dakota; \$20,000 to Arkansas; \$14,200 to TX.

MOTION PASSED

STATE BUDGETS

Diann Bettin, on behalf of the Budget Committee, made a motion to approve the 2008 state budgets for all 42 states, withhold state funds from Delaware until submitted and approved.

MOTION PASSED

NEW POSITIONS

Steve Murphy noted that the following new positions are now open:

- Project Manager in Producer Services
- Veterinarian in Swine Health
- 20/20 position for printed materials assistance
- Marketing coordinator in DE

CAPITAL EXPENDITURES

Motion made by Steve Weaver to approve capital expenditures of \$679,000 for software and hardware. Seconded by Alan Wilhoite.

MOTION PASSED

Requirements for Pork Board COMMITTEE Service

Final Criteria

11 20 07

Committee Members: voice and vote

Voting Committee Members are:

1. **producers who pay checkoff**
2. **persons who**
 - a. **are actively engaged the production of swine, or**
 - b. **are employed by an entity actively engaged in production of swine, or**
 - c. **are the named representatives of an entity actively engaged in production of swine**
3. **allied industry representatives named with the consent of the committee chair and the Pork Board members of that committee.**

All Committee Members must read, understand and sign a conflict of interests agreement prior to committee service. If such Member has a conflict of interests in a program or research activity related to that committee, they must disclose it to the committee and may be asked, at the discretion of the chair, to recuse themselves from deliberations and decision-making on that topic.

Advisors: voice, NO vote

Non-voting Advisors are non-producer experts, consultants, specialists, etc. providing expert advice to the committee.

- a. They are named with the consent of the committee chair and the Pork Board members of that committee.
- b. All Advisors must read, understand and sign a conflict of interests agreement prior to committee service. If such advisor has a conflict of interests in a program or research activity related to that committee, they must disclose it to the committee and may be asked, at the discretion of the chair, to recuse themselves from deliberations and decision-making on that topic.

Chair: voice and vote

The Chair will be,

- 1) a producer who pays checkoff, or
- 2) a person actively engaged the production of swine, or
- 3) a person employed by an entity actively engaged in production of swine, or

- 4) the named representatives of an entity actively engaged in production of swine

Committee Appointment Process

1. The Committee chair, the members of the Pork Board serving on the Committee and the staff coordinator will annually review needed changes in committee membership.
 - a. They will consider length of service on the committee, attendance, and the need for maintaining a solid base of information and history on the committee's work blended with the need for turnover and new ideas.
 - b. They will consider whether a potential appointee should serve as member or advisor. They will take into consideration various potential conflicts of interest and other issues that may give that person the appearance of lack of impartiality in the work of the Committee or TF.
2. They will recommend all membership changes to the NPB Officers, who will in turn recommend all changes to the full Pork Board for approval.
 - a. Changes will be emailed to Board members, who will have 7 days to respond with any concerns.
 - b. If no concerns are registered, the Committee changes will be effective on the 8th day.
 - c. If concerns are registered by any Board member, the process stops until a successful resolution by the concerned Board member and the Committee chair, the members of the Pork Board serving on the Committee and the staff coordinator.

Conflict Of Interests

1. If the work of the Committee puts an individual committee member or their company in a position, or gives the appearance of being in a position to exploit a professional or official capacity in some way for their personal or corporate benefit (thus a CONFLICT OF INTERESTS), they must fully recuse themselves from all discussion, decision making and voting on the subject.
2. There will be an annual Committee orientation to review all potential areas where a CONFLICT OF INTERESTS may appear, and how it can be avoided and what to do when one does occur.
3. The Pork Board will be the final arbiter of CONFLICT OF INTERESTS situations.

National Pork Board

CONFLICT OF INTEREST POLICY

Proposal by John Adams and Danita Rodibaugh

September 5, 2007

Approved by National Pork Board 11 13 07

Due to some recent issues relating to potential conflicts of interest in service on the National Pork Board and its committees, the Board appointed outgoing members John Adams and Danita Rodibaugh to review these issues and recommend any changes in policy and procedure, including voting rights on program committees.

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Page 7	Exhibit C: Hugh Dorminy Conflict of Interest M e m o r a n d u m
Page 8	Exhibit D: Committee Structure Guidelines, January 23, 2006 Craig Christensen, TF chair

Background

National Pork Board CONFLICT OF INTEREST POLICY And Requirements for Committee Membership

Integrity and Trust

Integrity, trust and impartiality are at the heart of the ability of any person, Board, or Association to function effectively and achieve its mission. Organizations like the National Pork Board draw their mandate and support from impressions they leave with the public and stakeholders, most of whom do not personally know the Board. If the organization appears to be performing consistent with its mission and meeting the expectations of the stakeholders, it gains their support and confidence, and its programs are effective.

Perception

However, if that trust is compromised by the actions of the Association's Board, Committees or staff, the organization's ability to be effective is severely restricted, and it can take substantial effort and time to rebuild that trust.

This is particularly true of an organization like the Pork Board which exists through a public law, draws its resources through the power to tax, operates with everything it does "open" to the public, and ultimately is judged by the degree to which it acts in an objective manner and meet the high standards and sometimes unreasonable expectations to which it is held by these public audiences.

National Pork Board
CONFLICT OF INTEREST POLICY
Approved National Pork Board 11 13 07

Conflict Of Interest

If the work of the Board puts an individual Board Member or their company in a position, or gives the appearance of being in a position, to exploit a professional or official capacity in some way for their personal or corporate benefit (thus a CONFLICT OF INTEREST), they must fully recuse themselves from all discussion, decision making and voting on the subject.

Requirements of Members of the National Pork Board

1. All Pork Board members sign a CONFLICT OF INTEREST statement upon appointment to the Board (Exhibit A).
2. New Board member orientation reviews the Standards of Conduct (Exhibits B & C) and potential areas where a CONFLICT OF INTEREST may appear, and how it can be avoided.
3. Where a CONFLICT OF INTEREST exists, Board members will recuse themselves from all discussion, decision making and voting on the subject.
4. Where a potential CONFLICT OF INTEREST or the obvious perception of a CONFLICT OF INTEREST exists, the President, Vice President or CEO will counsel with the affected party and seek resolution of the issue.
5. If the personal CONFLICT OF INTEREST for a Board member becomes pervasive, involving many areas of the Board's work, the Board Member may have to recuse himself/herself frequently and be rendered ineffective. In such situation, the Board Member should make such change in their personal life as is necessary to remove the CONFLICT OF INTEREST with the Board. If that is not possible, that member may have to consider resigning.
6. There will be an annual Board review of potential areas where a CONFLICT OF INTEREST may appear, how it can be avoided and what to do when one does occur.
7. The full Pork Board will be the final arbiter of CONFLICT OF INTEREST situations.
8. These policies apply to Pork Board Committees as well.

EXHIBIT A

**PORK PROMOTION, RESEARCH AND
CONSUMER INFORMATION ACT OF 1985
AGREEMENT TO SERVE
AND
CONFLICT OF INTEREST and LOBBYING STATEMENT**

Pursuant to Section 1230.53 of the Pork Promotion, Research, and Consumer Information Order, I hereby agree that I will serve on the National Pork Board if I am appointed, and that I will disclose (1) any relationship with the National Pork Producers Council or a State Association or any organization that has a contract with the Board and thereafter disclose at any time while on the Board, any relationship with any organization that applies to the Board for a contract; and (2) withdraw from participation in deliberations, decision making, or voting concerning any of the aforementioned entities if I am an officer or member of the Executive Committee of such entities.

Further, pursuant to Section 1230.74 of the Pork Promotion, Research, and Consumer Information Order, I hereby understand that no funds collected on behalf of the pork checkoff may be used for the purpose of influencing legislation or influencing governmental policy or action, but does not preclude the National Pork Board from providing sound, science-based research results to government agencies seeking input on matters that affect pork programs.

Signature

Date

EXHIBIT B

Standards of Conduct

Statements: A member of the National Pork Board is expected to:

- Maintain high standards of personal conduct that reflect positively on the National Pork Board and industry at all times.
- Maintain loyalty to the industry and pursue its objectives in ways that are consistent with public responsibility.
- Actively promote and encourage the highest level of ethics within the pork industry.
- Recognize and discharge individually and collectively the responsibility to uphold all laws and regulations relating to the National Pork Board's policies and activities.
- Serve all producers and importers impartially, provide no special privilege to any individual.
- Accept no personal compensation from an individual except with full disclosure and with the knowledge and consent of the National Pork Board.
- Refuse to engage in, approve, or tolerate activities for personal gain at the expense of the National Pork Board or the industry.
- Maintain the confidentiality of privileged information entrusted or known by virtue of the office.
- Always communicate National Pork Board internal and external statements in a truthful and accurate manner.
- Use every opportunity to improve public understanding of the role of the National Pork Board and pork industry.
- To recuse themselves from participation in deliberations, decision making, or voting on any topic on grounds of conflict of interest where acting in their official capacity as a Director on the Board puts the member in a position, or gives the appearance of using that position, to exploit Board membership for their personal or employer benefit.

EXHIBIT C

M e m o r a n d u m

TO: National Pork Board
FROM: Hugh Dorminy
DATE: August 22, 2002
SUBJECT: Conflict of Interest

As stewards for the industry, it's important that we understand our roles, responsibilities, and duties as members of the Board. For new members and those of us who feel they could use a refresher course, we will have an orientation session on Monday morning, November 11th prior to our regularly scheduled Board meeting. This will be an opportunity for an A to Z overview of basic leadership and Board procedures plus an explanation of some specific topics and policies. As producer Board members we have been given the responsibility to represent, in a positive fashion, all types of pork production, all kinds of pork products, and the industry in general.

In the interim I would like to address the topic of "conflict of interest". When new members join the Board, we are required to sign a conflict of interest statement which requires members to withdraw or abstain from situations that create a conflict of interest with our personal business and/or with parties for whom we may be a decision-maker. What is officially defined as a conflict of interest is pretty clear; however we must also deal with the perception of a conflict of interest for which a definitive line is much more difficult to draw. As a Board, it is imperative that we remain aware and refrain from creating any perception of a conflict of interest.

As a Board of Directors, we are exposed to substantial cutting-edge industry information that is in many stages of availability – from developmental to commercial and publicly available. As Board members we are precluded from using intellectual property for our own personal benefit when it may not be readily available to producers in general. This would include using our position to gain access to industry or business individuals for personal gain.

Consequently, the same holds true in board contact with and access to NPB staff. As producers, we all benefit from access to our staff experts as a resource. In their day-to-day roles and responsibilities, staff helps or directs producers to people and resources to solve problems. As a Board member it's important to be sensitive to the special staff access that comes with the position, in that inappropriate requests may put staff in a position to provide information that would not generally be available to other producers. Again, this is particularly sensitive when it can be, or is perceived to be, for our own private business interest.

I would invite you to give me a call if you would like to discuss this more on a one-to-one basis. Otherwise it is just as stated – a reminder to us as responsible leaders.

Exhibit D

National Pork Board Committee Structure Guidelines

January 23, 2006

Craig Christensen, TF chair

1. A job description that outlines member duties and time commitment will be maintained. The document will outline the duties, member expectations and time commitments for each committee.
2. In order to maximize producer participation on NPB committees and ensure a constant availability of quality candidates, the following processes will be established and implemented.
 - a. Brochures describing committee needs and including the outline of committee member duties will be distributed at state conventions & congresses.
 - b. NPB staff and committee chairs will continue to source quality candidates through state contacts, board members, and state executives.
 - c. A real-time "pool" of candidates from PLA, meetings, etc will be maintained... from which candidates can select the committee(s) they choose to serve on.
3. A term limit guideline will ensure a constant influx of new members.
 - a. Each committee member is eligible for two 3-year terms with the following exception.
 - b. In order to provide flexibility and address needs of continuity, 75% of the committee members would be governed by the term limit, and 25% of the committee membership would serve at the discretion of the committee chair and/or staff.
4. It is encouraged that committee chairpersons shall not be Board members.
5. The committee chair shall serve no more than 2 consecutive years as chairperson. The establishment of vice chairperson in an effort to provide succession is recommended.

MINUTES
NATIONAL PORK BOARD MEETING
January 7-9, 2008
Sacramento, California

OPENING

The meeting of the National Pork Board was called to order at 7:30 a.m. on January 7, 2008 by President Lynn Harrison.

ROLL CALL

Attending the meeting were the following Pork Board members: D. Bettin, T. Bierman, R. Brown, E. Forkner, J. Galle, L. Harrison, R. Henry, G. Nemechek, W. Peugh, B. Samson, S. Weaver, A. Wilhoite and B. Zimmerman. D. Michael and H. Moore were absent.

Also attending were the following NPB staff: S. Murphy, J. Meimann, L. Kline, M. Laughery, M. Wegner, P. Sundberg, J. Johnson, and L. Garner USDA/AMS representative Emily DeBord was also in attendance.

APPROVAL OF MINUTES

A motion was made by Gene Nemechek to approve the minutes of the November 12-14 Board Meeting, with the following change: *Replace the name Wayne Peugh with the name Lynn Harrison in the new member section, first sentence. Seconded by Alan Wilhoite.*

MOTION PASSED

PRESIDENT'S REPORT

2008 Strategic Plan and Budget: Larry Kline, VP of Finance and Business Development, presented information on the approval update of the 2008 Strategic Plan and Budget. He noted that he will be sending out an unaudited budget statement for review. He reported that Dr. Steve Meyer reduced his original forecast that was made in October. However, the budget is still in line with the forecast. He has lowered his prices from \$44-\$48 to the \$43-46 range and increased the number of pigs marketed from 107M to 110M. Total revenue is \$59,950M with an ending reserve of \$11,322M and cash reserves of \$6,349M. AMS approved the budget as submitted with one minor change – the total USDA expenses were reduced by \$68,000. Kline reported that 42 state budgets have been approved and that Delaware has not submitted their 2008 budget and therefore, funds from them will be withheld.

Nutritional Efficiency Consortium Update: Kline gave a brief update on the Consortium. He noted that in 2008 we approved \$350,000 with a carryover from 07 contributions of \$213,000. New contributions from MS and KS Pork amounted to \$12,000. The amount available for Research and Development (less an education holdback of \$95,000) is \$480,000. Iowa Pork Producers will review a \$100,000 contribution on January 21. Illinois Corn Growers approved \$500,000 for work exclusive on DDG's; they will approve proposals in late January and NPB is part of that process. 28 proposals have been received. NEC will meet on February 12-13 to review and make selections. Forkner stated that we are at a

critical point and if we have the money, we need to expand on nutritional efficiency.

Facility Work Group Update: Wayne Peugh reported that we now have a solution that gives both organizations flexibility and addresses everyone's needs. The signed agreement has been approved by AMS. The 30 year agreement includes a two year "out" clause for either party. If there should be a building transfer of ownership, then National Pork Board would have the option to purchase.

Tim Bierman noted that a resolution coming from Iowa and South Dakota is being drawn up that relates to the National Pork Board staying in the current building unless there is a vote from delegates. Discussion was held and the board felt it would be a detriment to the industry and to the board business decisions like this would be required to be brought before the delegates. Tim noted that he will address this with Iowa at their delegate meeting and review with them the new lease provisions to see if their resolution can be withdrawn.

Responsible Pork Symposium: Pork Magazine and CMA is putting together this Symposium that will be held February 5-7. Alan Wilhoite will attend.

COMMITTEE REPORTS

Animal Science: Bruce Samson reported that they are looking at science based research projects on gestation stalls vs. pens. He also reported on the Pork Preference Study with Steve Moeller. This committee will meet in May to tour Circle 4 farms to look at their open sow housing units.

Environment: Randy Brown reported that their committee met in Omaha in early December with the NPPC Environment committee to review reports on research projects. They are also planning to meeting in DSM with the Pork Center of Excellence. Seven states are taking advantage of available dollars to support their environmental programs.

Swine Health: Alan Wilhoite reported that a contract has been signed with Kansas State University to provide monthly updates on pork.org that would be of value to producers. Also, in December a group toured production units and research facilities in China to test for diseases. They will meet in KC on February 6 for a presentation of research results.

Pork Action Group: Lynn Harrison reported that he attended this meeting in Florida. Their agenda focused on image and trust.

Ethical Standards Meeting: Gene Nemecek attended a conference call last week to prepare final documents for states to approve in the form of a resolution to be presented at Forum.

Producer Education Committee: Jeff Galle noted that a Producer Education meeting will be held this week in KC. He also mentioned that he attended a TQA TF meeting.

Nominating Committee: Jeff Galle reported that the Nominating Committee will be meeting and interviewing candidates January 13-15 in Kansas City. Nine candidates for Pork Board positions and four candidates will interview for Nominating Committee.

State Annual Meetings: Randy Brown suggested that Pork Board Members who had the time could travel to the annual meetings of those states who do not currently have a member on the national board. They will work through the process with Nicole Boettger to set those up.

Animal Welfare: Steve Weaver reported that there have been 73 trainers certified in the PQA + program and 148 sites have achieved site status. They have developed two new tools including a fact sheet and rapid response tool kit that will be available at Forum. The committee is gearing up for 08 activities which include continued work on PQA Plus and the audit component, revision of the euthanasia brochure for producers and soliciting research and delivering results to producers.

MUPRHY RESIGNATION Lynn Harrison reported that the Compensation Committee accepted Steve Murphy's resignation effective January 8, 2009. Murphy stated that he has enjoyed his time with the board, has seen tremendous growth and positive direction, but it has taken its toll on him and it's time for a change based on the successes achieved. Opportunities for the board are great today and they can set the course for the next years and continue to be very successful. He offered, and the board accepted, that he could continue on for up to a year as CEO, or like capacity.

Bruce Samson made a motion to accept Steve Murphy's resignation. Seconded by Steve Weaver.

MOTION PASSED

LEADERSHIP WORKSHOP

Ken Martlage, ABG, worked with the board in an exercise to address the work that needs to be done to make this a world class board and to speak with one voice. They reviewed the duties of the board and reviewed their role in achieving those objectives including: strategic thinking, governing the organization, overseeing the CEO and taking care of their fiduciary responsibilities as it relates to National Pork Board business.

The board spoke open and honestly about the challenges they've had with making sure all board members were aware of any issues that might come up.

CA AGRICULTURE REPORT

Lesla Carlton, California State Executive, gave a presentation on agriculture and the pork industry in California. She noted that California is the nation's number one agricultural state with 88,000 ranches and farms that average 347 acres each. It is a \$32 billion dollar industry. The swine industry ranks 26th nationally with 1521 hog farms reported. Very few of those farms are commercial operations. Most are niche markets. She noted that the top areas of concern in California are Animal Welfare, Water Quality, Air Quality and Animal Health Programs. California pork producers are afforded great benefits from the National organization with promotional events, educational materials, matching funds and staff assistance.

UC-DAVIS VISIT

The board traveled to the University of California, Davis to attend briefings on several research projects. Presentations included:

- Swine Reproduction – Dr. Trish Berger
- “Bio-Bubbles” and Air Quality Research – Dr. Frank Mitloehner
- Veterinary Medicine – Dr. Al Conley
- Modern Pork Production Modeling – Dr. Jim Fadel
- Lactation and Mammary Systems – Piglet Growth and Human Health – Russ Hovey
- Integrated and Comparative Focus on Organizational Biology of Ag Animal Systems – Dr. Mary Delaney

JANUARY 8, 2008

(b) (4) CO

The board visited the **(b) (4)** Company to learn about their experiences in dealing with image challenges. It produces more **(b) (4)** from one site than any other manufacturer in the world. As such, they have encountered many challenges in the area of environmental legislation and regulations. They have worked hard to incorporate state of the art water management systems in an effort to be responsible members of their community and encourage mutually beneficial long-term relationships.

PORK LEADERSHIP ACADEMY

The board met with members of the 2007/2008 Pork Leadership Academy. This group of young future leaders from across the country participate in the program to gain knowledge of the industry, learn valuable leadership tools and connect with others who share their same goals and interests.

JANUARY 9, 2008

President Harrison called the meeting to order at 7:45 a.m. on Wednesday, January 9, 2008.

BENCHMARK STUDY

Mike Wegner, VP of Communications, presented results from the Producer Benchmark Study that was conducted in November of 2007. These results were taken from telephone interviews with 750 pork producers nationwide. The list of producers was supplied by the National Pork Board. Some results included:

- Checkoff support: 44% positive, down from 56%
- Checkoff responsibilities (what should the NPB be responsible for): Advertising 76%; Industry Image 71%; Continuing Education 59%; Pork Producer Performance Standards 50%; Swine Health 36%; Profitability 21%; Production Efficiency 16%.
- Suggestions for improving image: 41% did not know; 12% said to educate the public.
- PQA+ familiarity: 83% were totally familiar; 50% somewhat; 17% not familiar at all.
- Code of Conduct for Producers: 63% would totally support.

REPUTATION MGMT

Steve Murphy made reference to the resolution regarding industry image and reputation management that NPPC presented to our board at the

meeting in November 2007. At that time Steve Murphy prepared a response letter to Jill Appell, NPPC President, which outlined a collaboration plan, which resulted in a meeting on December 26, 2008. Participants included Steve Murphy, Mike Wegner, Dallas Hockman and Mark Williams. The objective of the meeting was to define the desired outcome, establish a high-level strategy for achieving the desired outcome, integrate NPB and NPPC efforts into the plan, plan to establish common nomenclature and assign accountabilities.

An advisory group was established to put together a draft concept to include a Statement of Ethical Principles and Code of Conduct. This concept would be presented at Pork Forum to gain support. We need a grass roots effort to get this going from the bottom up with full knowledge that it will be debated and positioned for review and finalization next year. The committee will represent several industry categories and segments, including the National Pork Board and National Pork Producers Council Board as well as states and the veterinarian association. We must have a consistent message strategy and incorporate it into all segments of what we do and use all communications channels.

2009 STRATEGIC PLAN

Steve Murphy led discussion on evaluation of last year's Plan of Work planning and budgeting process.

2008 Critique:

- The Omaha meeting had committee meetings that overlapped other meetings, which was not productive.
- Producers wanted to have "costs" attached to each program area.
- Questions were posed on the "accuracy" of prioritization
- Not enough information was given in order to make a rational decision on prioritization and other issues
- The big picture was too intimidating
- Do a better job of explaining how things intertwined.
- Not comfortable ranking things they aren't familiar with
- Propose the critical issues at Forum – need more producer input

- Lack of clarity of roles between board and committees
- Flexibility of committee structure.

2009 Planning Process

- Providing the budget to help focus on the issues we see are most critical down the road.
- Method of developing CI's should be reconsidered.
- Engage as many producers as possible (forum, state meetings – make them feel they had the opportunity for comments, input). Board doesn't have to agree, but must have a broadly accepted input system.

- Old system of POW was good. Had opportunity to be engaged and understood process and dollars. They knew the Board had final decision.
- How we engage producers and want their input. Forum is the right time. They feel they are part of it. Also gives committees more time to deal with and prioritize prior to planning.
- The timeline needs to be better defined and communicated so all producers know and see where their chances are for input and involvement.
- We do a good job on CI's. The breakdown is with committees and confusion on dollars.

Also discussed were issues related to the relationship between the committees and the Board and who should be responsible for what part of the process. Comments included:

- Give committees more time to decide priorities
- There may be a problem understanding cross functional element
- The Board has to position itself as the ultimate decision makers as we have the bigger picture perspective.
- Maybe the POW should meet like they did two years ago in September – then the Board has the flexibility in November to make changes
- More input from states. CI's are ok, tactics are the problem areas.
- Prioritization should be done within the committees with the Board having the final decision on dollars.
- Committee's need more time to rank their programs and issues, and then come back to the Board. 2006 process was better and people were happier.
- Want to have a smaller group – 50-60 POW as in '06. Staff presents what they are doing, so all understand. Group does the paring down to budget. This group prepares the Strawman and Board is part of that, so may not need November Board meeting. However, November can be final fine tuning of budget, if changes need to be made.

How do committees and staff work together? What are their roles and relationship? After some discussion, a working group was put together that includes Steve Weaver, Jeff Galle, Tim Bierman and Everett Forkner. They will look at our philosophy, how much committees want to be involved and how these relationships should be managed. They will also look at the role of advisors and how they work within the structure of the various committees.

Discussion also focused on getting input from Pork Act Delegates on Critical Issues at Forum. This can be a way to ensure transparency. We could provide a list the first day and then let them add or subtract from there.

Steve Murphy will prepare a concept paper on the POW and Budget process and send to the board in the next couple of days for their review and input.

Lynn Harrison suggested we do a conference call following the DE and Unified Research meetings.

It was also suggested that the Newswire page be brought up to speed so the board could use it as a communications tool to keep in touch with each other and the issues.

ADJOURN

President Lynn Harrison adjourned the meeting at 10:40 a.m.

Board Conference Call

January 15, 2008

11:00 a.m.

CALL TO ORDER

President Lynn Harrison called the conference call to order at noon, CST, on January 15, 2008.

Those in attendance included: Dianne Bettin, Tim Bierman, Randy Brown, Jeff Galle, Lynn Harrison, Roy Henry, Dennis Michael, Gene Nemechek, Wayne Peugh, Steve Weaver, Alan Wilhoite and Brian Zimmerman. Bruce Samson, Everett Forkner and Henry Moore were absent.

Staff on the call included Steve Murphy, Jim Meimann, and Lorraine Garner. Ken Martlage from ABG and Craig Christensen, IA was also in attendance.

PRODUCER E-MAILS

Harrison called the meeting to get a Board response to remarks made in a series of e-mails from several producers regarding Demand Enhancement Committee issues as well as dissatisfaction with the CEO. A chain of several e-mails from producers indicated their frustrations with some program changes in the DE committee that they claim they did not know about, including funding the Pork On the Move program as well as the discontinued funding of the racing program.

Craig Christensen, DE Committee Chair, noted that he had met with several members of the DE Committee earlier in the month and thought things had been worked out to everyone's satisfaction. However, he stated that the way this group is handling the issue is very unprofessional. He feels those listed on the e-mail should be held accountable for their actions.

The board felt that the producers involved in the unprofessional behavior should be asked to either be a part of the solution or step down from their committee assignment. A letter will be drafted to those involved delineating the rules and expectations of service on a Pork Board Advisory Committee. All board members will sign on to the letter as a show of 100% support. Lynn Harrison, Steve Weaver, Gene Nemechek and Wayne Peugh will craft the letter.

A motion was made by Tim Bierman, IA to draw up a letter to be approved by all Pork Board members and send it to all members of the Demand Enhancement Committee and that the President of the Pork Board would personally make a phone call to those members in question. Seconded by Alan Wilhoite.

MOTION PASSED

STAFF ISSUES

Everett Forkner mentioned that he had spoken with a key staff member about issues in that department. He thought this staff member may not have understood where he was coming from in explaining the relationship between staff and committee members. Steve Weaver said that we need to immerse our staff in our organizations culture. It would be helpful to have more education for new employees when they come on board dealing with the different relationships., i.e., state executives, producers, allied industry, staff and committees.

ADJOURN

Lynn Harrison adjourned the meeting at 12:15 p.m.

Board Conference Call
February 11, 2008
8:00 a.m.

CALL TO ORDER

President Lynn Harrison called the conference call to order at 8:00 a.m., CST, on Monday, February 11, 2008.

Those in attendance included: Dianne Bettin, Tim Bierman, Randy Brown, Jeff Galle, Lynn Harrison, Gene Nemechek, Wayne Peugh, Bruce Samson, Steve Weaver, Alan Wilhoite and Brian Zimmerman. Roy Henry, Dennis Michael and Henry Moore were absent.

Staff on the call included Steve Murphy, Mike Wegner, Mike Laughery, Joy Johnson, Paul Sundberg, Larry Kline and Lorraine Garner. Ken Martlage from ABG and Emily DeBord from AMS were also in attendance.

SEARCH COMMITTEE

The meeting was called to discuss issues related to hiring process for the CEO position. President Harrison explained that the first steps are to determine what types of people need to be included in the makeup of the Search Committee. They determined that 7 or 9 people should be the maximum number on the committee. He opened it up to the board for their thoughts and ideas. It was suggested that there needed to be a different set of eyes for the search committee and to involve more people and give the industry a chance for their input. We would like producers to see us as a responsive board. Perhaps to have past board presidents, such as John Kellogg or Hugh Dorminy on the committee and others who have knowledge of the board vision. Possibly involving one or two board members (Lynn and Steve) as well as a state executive. Deb Johnson may be good since she has both board and state executive experience. The Board will be responsible for hiring the new CEO.

SEARCH FIRM

It was determined that RFP's need to be sent out to different search firms and that we should interview the top three to narrow it down to one. A national firm would have more reach. There will be a substantial fee for their services. Some will be a flat fee and others operate on a percentage basis. We would like to have information on them presented at the board meeting in March.

NEXT STEPS

President Harrison asked Board members to bring names to the next Board meeting of those they wish to see on the Search Committee list. Meanwhile, we'll get the process started with RFP's to go to the search committees.

Jeff Galle mentioned that Forum might be a good place to gather information from producers on their thoughts of what qualities they would want a CEO to have. Maybe use the voting system or put something down on paper. If we put the committee together at our Board meeting and then find out their might be another person who we feel would be an additional asset to the committee, we could add them to the committee after Forum.

Another conference call is scheduled for Monday, February 18, at 8:00 a.m.

ADJOURN

Lynn Harrison adjourned the meeting at 9:00 a.m.

**Board Conference Call
February 18, 2008
8:00 a.m.**

CALL TO ORDER

In President Lynn Harrison's absence, Vice-President Steve Weaver brought the conference call to order at 8:00 a.m., CST, on Monday, February 18, 2008.

Those Board members in attendance included: Dianne Bettin, Tim Bierman, Randy Brown, Everett Forkner, Lynn Harrison, Roy Henry, Dennis Michael, Henry Moore, Gene Nemechek, Wayne Peugh, Bruce Samson, Steve Weaver, Alan Wilhoite and Brian Zimmerman. Lynn Harrison and Jeff Galle were absent.

Staff on the call included Steve Murphy, Mike Wegner, Mike Laughery, Jim Meimann, Paul Sundberg, Larry Kline and Lorraine Garner. Ken Martlage from ABG and Emily DeBord from AMS were also in attendance.

UPDATE ON SEARCH COMMITTEE

Steve Weaver reported that he spoke with Emily DeBord from AMS regarding questions related to the search committee and its membership makeup. Emily contacted other commodity groups on the process they used to form their search committee. She found that while some groups normally use only board members, as long as USDA is apprised of the situation, the Pork Board has the right to include other people within the industry on this committee. It is up to the discretion of the board, as it is not specifically addressed in the Act and Order, as was previously thought. Even if others are included in the committee, the board has to have the final decision. No specifics are given in the Act and Order – only that it is the job of the “board” to employ staff, which could mean National Pork Board Staff or Board Members.

Weaver asked the Board for their recommendations as to the number and make up of the search committee. Wayne Peugh contacted Past President David Culbertson who said that the previous search committee included five or six board members and a state executive who interviewed several search firms and also reviewed applications and brought their findings to the whole Board. According to Peugh, Culbertson encouraged this Board to follow the same path. Peugh also mentioned that he contacted another firm who indicate that normally an executive member or other members of the Board would serve on the committee.

RFP'S

Weaver stated that RFP's had been sent to 8 Search Firms and are due on February 22. There was discussion on the process to pare down the list to about 2 or 3 firms.

MOTION: Tim Bierman made a motion to have the Compensation Committee review the 8 Search Firms RFP's on February 25th and bring the top 2-3 to Forum for final Board consideration. Seconded by Gene Nemechek.

MOTION PASSED

Discussion continued on the makeup of search committee members. How to best ensure that all key segments of the US Pork Industry today feel that they are represented in the process? How many non-Board members would be acceptable and valuable? Should they all be Board members? How to make the Committee large enough for good representation, but small enough for confidentiality? How to ensure that candidates feel they are talking to the decision-makers? How to get good involvement and buy-in by States? How to have proper diversity on the Committee? Etc. Etc.

MOTION: Alan Wilhoite made the motion to include 5 board members (appointed by President Lynn Harrison), one state executive and one non-Board member to serve on the Search Committee. All members would have voting rights. Should there be a need to do so, Harrison will have the flexibility to re-adjust the committee assignments. Seconded by Everett Forkner.

MOTION PASSED

It was discussed that Jill Criss, HR Manager, would be an advisor; Jim Meimann would be the liaison with AMS and that the committee could choose another staff person as a sounding board if necessary.

Steve Weaver reminded the Board that anything talked about in these meetings should be held in confidence.

ADJOURN

Vice President Steve Weaver adjourned the meeting at 9:03 a.m.

Board Conference Call
February 25, 2008
8:00 a.m.

CALL TO ORDER

President Lynn Harrison called the conference call to order at 8:00 a.m., CST, on Monday, February 25, 2008.

Those in attendance included: Dianne Bettin, Tim Bierman, Randy Brown, Everett Forkner, Jeff Galle, Lynn Harrison, Roy Henry, Dennis Michael, Gene Nemechek, Wayne Peugh, Bruce Samson, Steve Weaver, Alan Wilhoite and Brian Zimmerman. Henry Moore was absent.

Staff on the call included Steve Murphy, Mike Wegner, Mike Laughery, Joy Johnson, Paul Sundberg, Larry Kline and Lorraine Garner. Ken Martlage from ABG and Emily DeBord from AMS were also in attendance.

Lynn Harrison reported the RFP's are in and will be reviewed by the Compensation Committee today and tomorrow to narrow it down to 2 or 3 firms. Lynn is also in the process of formulating the search committee. He will be contacting board members in the next few days regarding their service on the committee.

CEO TIMELINE

Discussion took place regarding the agreement with the present CEO, Steve Murphy, to continue his position until January, 2009 or until another CEO is hired. Harrison noted that it is best for the industry to have Steve Murphy here until a replacement is found. Steve stated that if a replacement was found before January of 2009, he would serve any way he was needed.

SEARCH COMMITTEE

Lynn Harrison noted that in order to have diversity on the search committee he may need to increase the number of board members on the committee to 7. Together with 2 industry people, this would bring the total number of members to 9.

ADJOURN

Lynn Harrison adjourned the meeting at 8:30 a.m.

MINUTES
NATIONAL PORK BOARD MEETING
March 5-6, 2008
St. Louis, Missouri

OPENING

The meeting of the National Pork Board was called to order at 3:20 p.m. on March 5, 2008 by President Lynn Harrison.

ROLL CALL

The following Pork Board members were in attendance:
D. Bettin, T. Bierman, R. Brown, E. Forkner, J. Galle, L. Harrison, R. Henry, D. Michael, H. Moore, G. Nemechek, W. Peugh, B. Samson, S. Weaver, A. Wilhoite and B. Zimmerman.

Also attending were the following NPB staff: S. Murphy, J. Meimann, L. Kline, M. Laughery, M. Wegner, P. Sundberg, J. Johnson, and L. Garner USDA/AMS representative Emily DeBord was also in attendance.

APPROVAL OF MINUTES

A motion was made by Steve Weaver to approve the following minutes:

- **January 7-9, 2008 Board Meeting**
 - **January 14, 2008 Board Conference Call**
 - **February 11, 2008 Board Conference Call**
 - **February 18, 2008 Board Conference Call**
 - **February 25, 2008 Board Conference Call**
- Seconded by Randy Brown.**

MOTION PASSED

SEARCH COMMITTEE

Lynn Harrison reported that the CEO Search Committee has been appointed and members include: Lynn Harrison, Steve Weaver, Dianne Bettin, Tim Bierman, Alan Wilhoite, Deborah Johnson, and Gary Machan.

The RFP's that were sent out to prospective search firms have been reviewed by the Compensation Committee. After deliberations and meetings with the top three companies, the Committee recommended extending a contract to the Hamilton Group of Des Moines, IA. A contract will be put together and sent to AMS for approval. The committee will meet with Hamilton Group the end of March to begin the process.

PRESIDENTS REPORT

Topics covered in the President's Report included:

- Responsible Pork Symposium. Alan Wilhoite reported on his attendance at the Symposium. Portions of the symposium included segments dealing with animal well being and Environmental and Food Safety. There was also a panel consisting of three consumers and two chefs who spoke about how they make food choices and how they cook pork. Alan Wilhoite did an interview with WalMart who he felt, didn't have adequate information on the pork industry.

- State Legislature's Conference: Mike Wegner reported on the meeting of State and Rural Leaders Meeting. This group is mainly made up of farmers and/or legislators. It was a good opportunity for them to ask questions and learn about pork production since most do not have specific knowledge of the industry. The NPB's social responsibility kit was provided to them and Steve Kopperud gave a presentation on animal well being.
- Committee Reports:
 - Demand Enhancement: Jeff Galle reported that the last meeting provided an excellent opportunity to review 2007 and to look into the future. Lots of excitement about the Pork on the Move campaign with much encouragement and feedback.
 - Environment: Randy Brown reported that the committee reviewed 2007 goals at their meeting in February. They also discussed the Environmental Stewards program as well as the seven states who took advantage of the grants for state environmental stewards. A water quality meeting was held in Des Moines. A joint NPPC/NPB environmental committee meeting will be scheduled again for 2008.
 - Nutrition: Dianne Bettin reported that the Nutrition Committee held a conference call to review research projects. They approved one and will work to fund some additional projects.
 - Swine Health: Gene Nemechek reported that their committee reviewed 21 research proposals and approved 5. A presentation by Baker and Hesse reported on their trip to China which focused on that country's swine diseases and diagnostics. **Gene Nemechek, on behalf of the Swine Health Committee, made the following motion: That Tina Middleton be appointed as Vice Chair of the Swine Health Committee. Seconded by Wayne Peugh**
MOTION PASSED
 - Animal Welfare: Tim Bierman reported on the committee meeting that was held in Kansas City. He noted they received 16 research proposals and will fund 2 of those. He also reported that the Trucker Quality Assurance Program name has been changed to Transport Quality Assurance which will better define everyone who is involved in swine transport, not just truckers.
 - Producer Services: Jeff Galle reported the committee met recently and that Jim Lummus presented material on human capital strategy. They also reviewed tactics for 2007 as well as goals and tactics for 2008. They had discussions about the interest from NCBA to build their TQA program off of our program. The committee is working on a joint collaboration to use NPB's template. Galle reported

that a new program coordinator position is open in the producer services department.

- Animal Science: Everett Forkner reported that the Consumer Preference Study's preliminary report will be out in 60-90 days. Forkner also reported that the Pork Safety Committee is still working on lower cooking temperatures and it looks as though it may drop from 160 degrees to 145 degrees and still be safe. It could also land somewhere in between.

Jeff Galle, made the following motion: That effective May 1, 2008, Steve Healy be appointed Chair of the Animal Science Committee; Steve Pollman be appointed Chair Elect; and, Everett Forker as Immediate Past Chair. Seconded by Brian Zimmerman. MOTION PASSED

- Pork Safety: Roy Henry gave an update on the Pork Safety Committee. The final rule on Trichinae Certification is expected next summer. The committee reviewed 29 research proposals and accepted 6 of those. They have been continuing their discussions on MRSA.

- State Annual Meeting Reports:

- Tennessee Annual Meeting: Randy Brown reported that he attended this meeting. Although the show was small, they had a large hog show for children that was well attended.
- Roy Henry reported that in Oklahoma, a survey reported an 89% positive rating on pork production in that state.
- Alan Wilhoite noted that the Kentucky annual meeting went well but had a limited agenda and low attendance.
- Dianne Bettin reported on the Minnesota Resolution dealing with raising the checkoff rate. She clarified that this was brought through the county level by an individual producer and was not their intent that additional funds from the checkoff increase would be used to pay for TOWM. It was to cover dollars that were taken away from other programs in order to cover TOWM. Minnesota is willing to pull the resolution if needed.
- Tim Bierman noted that an Iowa resolution regarding the building move failed at their state meeting.

BUDGET REPORT

Larry Kline gave an overview of the Financial Statement. He reported that 2007 checkoff revenues are \$59.4m. Expenses continue to run under budget with a total 2007 spending level of \$60.7m. The surplus for 2007 was \$2.4m, a favorable variance of \$2.6m from a forecasted deficit of \$.2m. 2007 year-end reserves are \$7.1m for designated and \$18m undesignated.

Kline presented the 2008 budget:	
Checkoff Revenue	\$59.2million
Other Revenue	<u>.8</u>
Total	60.0
Return to state	(12.0)
National Spending	<u>(51.0)</u>
Deficit	(3.0)
Beg Reserve	18.0
PTOWM Transfer	<u>(1.0)</u>
End Reserve	14.0
PTOWM Equity	<u>(5.0)</u>
Retained Cash	<u>9.0</u>

Supplementals:

After stating the requirements and procedures for supplemental funding Larry Kline brought forth the following supplemental funding requests for discussion and approval.

- Modern Ag Production Education/FFA, which was introduced by Mike Laughery. This proposal is to put together the framework for middle school curriculum, and will be the seed for other groups to come forward as well.

Tim Bierman, on behalf of the Budget Committee, made the motion to approve supplemental funding for Modern Ag Production Education/FFA proposal in the amount of \$100,000. Seconded by Gene Nemechek

MOTION PASSED

- APEX/Trade Monitoring which was introduced by Steve Murphy. Nick Giordano, CEO of APEX has petitioned the board for an increase in funding of APEX for 2008 in the amount of \$450,000. **After discussion, Tim Bierman, on behalf of the Budget Committee, made a motion to defer the request until we get more specific information on why the additional funds are needed. Seconded by Dianne Bettin.**

MOTION PASSED

- CEO Search: **After some discussion, a motion was made by Tim Bierman on behalf of the Budget Committee to approve supplemental funds in the amount of \$80,000 for the CEO search process. Seconded by Jeff Galle.**

MOTION PASSED

COMPENSATION COMMITTEE

Lynn Harrison reported on the work of the Compensation Committee. He reported that the NPB staff received a memo addressing the awarded 8% bonus for 2007. Steve Murphy noted that in the past, goals were a combination of both personal and company and were more specific and measurable. This year the goals were qualitative. On behalf of staff, Steve thanked the board for the opportunity to achieve our goals and appreciated the bonus.

Discussion also focused on the duties and role of the Compensation Committee as board members were not previously advised of the letter that was sent to staff. Lynn stated that the Compensation Committee duties include:

1. To evaluate CEO performance and decide compensation
2. To work with the CEO to determine annual organizational bonus program and establish organizational goals
3. To work with the CEO to determine macro organizational comp and benefit plan for the new year
 - a. CEO will present budget recommendation for organizational compensation and benefit program for the new budget year and the committee will provide feedback and input.

FLOOR ADVISEMENT

Jeff Galle, gave background information on Floor Advisement IR 4 that will be presented at the annual meeting:

MOTION: That the National Pork Board endorse the long range goal for agricultural education and urges its members to provide active support for its projects and activities on local, state and national levels that will help create new programs in communities not yet served by agricultural education and FFA and ensure the quality and high performance of current programs providing personal, academic and career education in agriculture.

Galle gave background information on the Advisement and asked for board support, which will need a 2/3 majority from the delegates to be considered for debate.

After discussion, Jeff Galle made a motion to support the IR 4 Floor Advisement at the annual meeting. Seconded by Steve Weaver.

MOTION PASSED

RECESSED

Lynn Harrison recessed the meeting at 4:30.

CALL TO ORDER

President Harrison called the meeting to order on Thursday, March 6 at 9:15 a.m. Guests included: Dale Miller, *National Hog Farmer* and Rod Smith, *Feedstuffs*.

FORUM OVERVIEW

Jim Meimann, VP of Governance and Operations, gave an overview of the Pork Forum activities and Delegate Session. He reviewed the agenda, update session topics, logistics, nominating and resolutions.

Mike Wegner noted that the Forum theme this year is: "Owning our Future...The Choices We Face."

AMS UPDATE

Emily DeBord, AMS Agricultural Marketing Specialist, reported that the pork survey is still with the Office of General Counsel. They are aiming at the possibility of holding the survey this summer.

As far as the delegate alternate process, DeBord noted that alternate appointments probably were not made because of the appointment of a new Secretary of Agriculture and his heavy travel schedule.

DeBord reported that, later today, Craig Morris and Lloyd Day will be arriving in St. Louis to attend Forum. Craig will swear in the delegate body and Lloyd Day will speak to the delegates about the Farm Bill, COOL and National ID program.

ISSUES MANAGEMENT

2009 Planning Process: Steve Murphy discussed with the board how best to reformat the planning process and adjust it to the calendar. As per the board's discussion at the January meeting, we will gather input from the delegates on their suggestions for 2009 critical issues. Those will be evaluated and the most prevalent issues will be forwarded to the board for a conference call where the issues will be finalized. The next step will be for the committees to provide the outcomes which the board would review and then sent back to the committees who will build the tactics. This Plan will be distributed to the Plan of Work participants in September. The Board will ask the POW group to make decisions on what projects will be funded and for how much.

3rd Party Evaluation of Checkoff Research: Dr. Paul Sundberg presented information related to a survey that was conducted to evaluate our current research review process. The participants were experts in national research programs and included representatives from USDA, NRI, and universities. The survey focused on transparency, credibility and clarity. Participants appreciated NPB's efforts in convening the review group. They noted that current efficiency of research review

program is excellent, particularly in light of program staff size, program scope and responsibilities; they also indicated that opportunities to improve can serve to aid evolution to further enhance an already strong process.

TOWM Trademark Dispute Update: Jim Meimann updated the Board on the status of the Supreme Lobster trademark dispute. He noted that we are finished with discovery and are now in the testimony phase, which will be finished next week. Testimony will end sometime in March, followed by a rebuttal phase. It could be a year before a decision will be made. Meimann explained that we have a system in place where a trademark watch service alerts us when any applications close to ours is found. It is important that we protect our trademark and have been successful in driving away many infringement attempts.

Trust and Image: Mike Wegner reported on the meeting that was held in Chicago to deal with the Trust and Image issue. National Pork Board and National Pork Producers Council have agreed to work together to reach the goal of a sustainable, self-regulated U.S. pork industry that will be achieved through the competence it demonstrates and the confidence it instills in others. Currently, the following steps to address the challenge include:

- Establishing an industry advisory group to meet and react to this first draft of a blueprint. Members include Dale Norton, Gary Machan and Gene Nemechek.
- Establishing trust with others
- Establishing a message strategy
- Taking the message to the market

The advisory committee has met and will have another meeting in June at Expo. NPB and NPPC will develop the language of the theme and desired outcomes; introduction of the plan to the pork industry forum; introduction of the industry statement of ethical principles; meet with livestock allied industry in WDC; meet with states to coordinate roles; and meeting with NPPC to coordinate contacts.

July Board Meeting: The Board will meet July 20-23 at Tan-Tar-A Resort in Osage Beach, Missouri. This meeting will be held in conjunction with the National Pork Industry Conference. Board members can arrive Sunday evening with industry meetings starting on Monday morning. The Board will meet that afternoon from 1:00 to 5:00 pm. and again from 11:00 – 12: 30 on Tuesday. Board members are encouraged to bring their families to enjoy the available recreational activities.

ADJOURN

President Harrison adjourned the meeting at 11:30 p.m.

Board Conference Call
March 18, 2008
Noon Central

CALL TO ORDER

President Lynn Harrison called the conference call to order at Noon, CST, on Tuesday, March 18, 2008.

Those in attendance included: Dianne Bettin, Randy Brown, Jeff Galle, Lynn Harrison, Roy Henry, Dennis Michael, Henry Moore, Gene Nemechek, Wayne Peugh, Bruce Samson, Steve Weaver, and Brian Zimmerman. Tim Bierman, Everett Forkner and Alan Wilhoite were absent.

Staff on the call included Steve Murphy, Mike Laughery, Joy Johnson, Larry Kline, Liz Wagstrom and Lorraine Garner. Ken Martlage from ABG and Emily DeBord from AMS were also in attendance.

CRITICAL ISSUES

The purpose of the call was to settle on the critical issues that checkoff will focus resources against in 2009. An opportunity to make comments and additions to the critical issues was given to Pork Act Delegates attending the annual meeting. Results of those responses were sent to the board for review. Only a few responses were received and none were ideas that weren't already accounted for in the proposed critical issues and tactics.

The board discussion focused on the need to further define the language of Critical Issue #5: The Development of Human Capital. They felt the description was too broad and vague and needed to be re-worded and narrowed down. The following to the Critical Issues was proposed: "Human Capital – the development of producer leadership and technical advisors and the growth of a quality workforce." Steve Murphy will send to all board members for their review and comments by Friday, March 21. The Critical Issues will be sent out to committees next week so they can begin putting desired outcomes against them.

SEARCH FIRM

Harrison reported that Steve Weaver has accepted the position of chairing the Search Committee. He also noted that the PO for the Hamilton search firm has been approved by AMS and the contract is being reviewed by them for approval sometime this week. The search committee will meet in Des Moines with Hamilton on March 31.

Ken Martlage of ABG who facilitated the session in St. Louis will provide the board and VP's with confidential notes that deal with CEO leadership qualities identified at that meeting.

ADJOURN

Lynn Harrison adjourned the meeting at 12:40 p.m.

MINUTES
Board Conference Call
March 31, 2008
12:30 CST

CALL TO ORDER

President Lynn Harrison called the conference call to order at 12:30 p.m., CST, March 31, 2008.

Those in attendance included: Dianne Bettin, Tim Bierman, Randy Brown, Everett Forkner, Jeff Galle, Lynn Harrison, Roy Henry, Dennis Michael, Henry Moore, Gene Nemechek, Wayne Peugh, Bruce Samson, Steve Weaver, Alan Wilhoite and Brian Zimmerman.

Staff on the call included Steve Murphy, Jim Meimann, Mike Laughery, Joy Johnson, Paul Sundberg, Larry Kline and Lorraine Garner. Emily DeBord from AMS, and Jill Appell, NPPC President, were also in attendance.

APEX FUNDING

Tim Bierman, Chair of the Budget Committee, reported that a request from the Trade Committee to act on a \$450,000 supplemental for APEX was approved by the Budget Committee. A recommendation was put forth for board approval.

Lynn Harrison noted that this funding request will affect next year's budget and may cause us to dip into reserves. It was also noted that this request met all the supplemental funding criteria.

Jill Appell, NPPC President, gave background information on the request for funding. She noted that when trying to reach more markets, there is more pressure to restrict access into those markets. Hopefully, those situations will become less common, but there are no guarantees. She noted that Mexico, in particular, is becoming more and more anti-American and a real serious threat to exports.

Several board members noted that since exports are one of the pluses in our market today, keeping trade moving in the right direction is a priority.

Roy Henry made a motion to approve the request for \$450,000 in supplemental funding for APEX. Seconded by Brian Zimmerman.

MOTION PASSED

LICENSING ISSUES

Dennis Michael reported that currently there are some county groups and state associations who, through their budgets, have an interest to sponsor a race car with Larry Clements. The issue of using the pork logo on the car and how it affects National Pork Board licensing agreements has been brought forth. Jim Meimann, Sr. VP of Governance and Administration, explained that the Pork Pic logo that was originally used on the race car was modified with "racing wings" without being registered. He noted that we will not be registering or using that modified version and we recommend states use our registered Pork Pic logo. States would be required to sign a standard Licensing Agreement with National Pork Board to use the Pork Pic logo on the race car.

Dennis Michael made a motion to develop licensing guidelines regarding use of the Pork Pic logo, and an letter to states explaining that the purpose of the agreement is not to stifle their use of the logo, but to protect them and National Pork Board from any possible infringement issues that could arise from other entities. Seconded by Gene Nemechek.

MOTION PASSED

RATE INCREASE

Larry Kline, VP of Finance and Business Development, reported on the next steps for dealing with the Checkoff Resolution that was adopted at Forum and referred back to the Board. The Resolution read:

RF #1: Pork Checkoff Rate That NPB increase the rate of the Pork Checkoff from 0.40% of value to 0.425% of value. REFERRED TO PORK BOARD TO CREATE WORKING GROUP REPRESENTING STATE PORK ASSOCIATION INTERESTS TO ENSURE THAT QUESTION OF CHECKOFF RATE INCREASE BE BROUGHT BEFORE STATES PRIOR TO CONSIDERATION BY 2009 PORK ACT DELEGATE BODY.

Kline noted that this should probably be an issue that needs to be brought to the attention of State Executives and Contacts for their input. A State Executive meeting will take place in April at which time this resolution will be addressed. Their plan will then be brought to the board with recommendations.

It was noted that since one of the duties Delegates are charged with by the Secretary of Agriculture is to deal with the checkoff rate; this should be something that should be reviewed regularly at their annual meetings as well as at Forum each year.

PQA+

Tim Bierman noted that the board has recommended producers participate in PQA+ site assessments and that he would encourage board members to also take advantage of the program if they haven't already done so. 10,140 producers have gone thru the PQA+ certification – but only 186 have done a site assessment.

CEO SEARCH

Lynn Harrison reported that the search committee met today with the Hamilton firm who will be conducting the search for a CEO. They will work on prioritizing the work the board did in St. Louis. Board members are encouraged to relay any interested party information to Steve Weaver, who chairs the Search Committee.

OTHER BUSINESS

Pork on the Move: It was suggested that there may be an opportunity for the board to participate in one of the Pork on the Move events. We will work with Nicole Boettger on determining the best venue and time. It was noted that a possible joint NPPC/NPB board meeting could be incorporated into the event.

Referendum Petition: Steve Murphy reported that he received news from USDA that the rules for petition for the referendum have come back from OGC. Tentatively, the petition would be run in late July or early August. Murphy has a meeting with Craig Morris, USDA, this week and will visit with him at that time. He also noted that the rules will be posted the end of April, with no opportunity to adjust them.

WPX 20th Anniversary: NPPC has announced they will host a reception/dinner on Wednesday evening, June 4 in recognition of the 20th anniversary of World Pork Expo. Board members who are in town that evening are invited to attend. More information will be available at a later date.

Producer Call: Jeff Galle, Alan Wilhoite and Emily DeBord all reported they had each received a call from a producer who had voiced his concerns with one of the newly elected candidates for Pork Board. He expressed his beliefs that the candidate was not eligible to be a board member. Jeff Galle, chair of the Nominating Committee stated that the candidate in question had met all the criteria of the Act and Order during the nomination process. DeBord noted that this candidate will go thru the proper background checks, as with the other candidates, and the appointment will be ultimately up to Secretary of Agriculture.

CEO Approval Process: Emily DeBord responded to the question of whether the new CEO candidate would be required to be approved by AMS. She noted that although AMS is currently in the process of putting together guidelines for conducting the hiring process, as of this time, they do not have a process defined.

ADJOURN

Lynn Harrison adjourned the meeting at 12:45 p.m.

MINUTES
Board Conference Call
May 7, 2008
8:00 a.m. CST

CALL TO ORDER

President Lynn Harrison called the conference call to order at 8:00 a.m., CST, May 7, 2008.

Those in attendance included: Dianne Bettin, Tim Bierman, Randy Brown, Everett Forkner, Jeff Galle, Lynn Harrison, Roy Henry, Dennis Michael, Gene Nemecek, Wayne Peugh, Bruce Samson, Steve Weaver, Alan Wilhoite and Brian Zimmerman. Henry Moore was absent.

Staff on the call included Steve Murphy, Jim Meimann, Joy Johnson, Larry Kline and Lorraine Garner.

NPPC BOARD CALL

Steve Murphy reported that Board members have been invited to attend an NPPC initiated conference call on May 12 at 9:00 a.m. (Eastern) / 8:00 a.m. (Central). The purpose of the call is to provide an updated review of the economic status of the US pork industry. Kendall Keith, CEO of the National Grain and Feed Association will join the call and provide the point-of-view of grain and feed businesses. Kendall will be the first speaker on the call. Estimated length of the call is 1 hour.

SUPPLEMENTAL FUNDING REQUEST

Joy Johnson reviewed the request for supplemental funding – a proposed two week media blast in Chicago immediately following the TOWM tour. She noted that the pork industry is currently riddled with high supply and increasing input costs, creating extensive financial concerns for producers. The \$170,000 supplemental request (with an additional \$30k as cost share with Iowa and Illinois Pork) is intended to increase the positioning of pork as a value while promoting sausage in the meat case at retail. Goals for the program include 420,000 incremental lbs of pork and \$949,200 in incremental sales. Chicago is a natural place for this: it is a huge market, we have been promoting there for many years, it is close to many producers and the IL and IA pork producers would provide great support and synergy with our efforts. However, this opportunity comes with a tight timeline in purchasing the radio time.

Budget Chair Tim Bierman explained that over the last few weeks the Committee reviewed the 2008 Plan of Work to see if any changes should be made to respond to the pork industry crisis and developed a list of ideas. Tim asked staff to explore programs that could make a difference. One concept was a big city media blitz. The Budget Committee thought the idea had merit. The Richards Group gathered information about Chicago to build on the upcoming Other White Meat Mobile Grilling Tour stop and delivered it to Joy Johnson on May 6th. However, a decision had to be made by Thursday, May 8th or the media buy would not be available. So, the Budget Committee

recommended holding a conf call with the Board in time to meet the deadline, and bring the DE Committee into the decision immediately after.

After discussion, Tim Bierman requested the Budget Committee members on this conf call take action on the request.

MOTION: Jeff Galle made a motion to approve the request for Supplemental Funding in the amount of \$170,000 for the Demand Enhancement Chicago Media Blast. Seconded by Dianne Bettin.

MOTION PASSED BY BUDGET COMMITTEE

After more discussion, the Budget Committee recommendation was put forth for full board approval.

MOTION: The Budget Committee moves to approve the request for \$170,000 in supplemental funding for the Chicago Media Blast, contingent on approval of the Demand Enhancement Committee.

MOTION PASSED BY FULL BOARD

It was suggested that the Richards group look at other media blast opportunities and report them to the DE Committee for possible additional supplemental requests.

SEARCH COMMITTEE

Steve Weaver, Chair of the Search Committee, gave an update on their work. He noted that the committee is having a conference call the end of May. Resumes and phone calls are starting to come in and it should be about 45-60 days before the committee will be in a position to take a closer look at them. Steve is also presenting an update to all staff at their meeting on 6/3 in Des Moines. Everett Forkner suggested we gather some talking points regarding the search committee to help answer any questions that might be asked of us in the coming weeks.

PORK ON THE MOVE

Staff got a glimpse of "Pork on the Move" during a dress rehearsal this week at the National Pork Board office in Des Moines. It went well and the first stop on "The Other White Meat Tour" will occur this weekend in Wichita Kansas.

At this time, no plans are in place for the full Board to attend any of the Pork on the Move events as a group. It was suggested that if board members wanted to help with one of the Pork on the Move events that they should contact Nicole Boettger to see where their help might be needed.

MINUTES
NATIONAL PORK BOARD MEETING
June 5, 2008
Des Moines, IA
Iowa State Fairgrounds – Gammon Barn

OPENING

The meeting of the National Pork Board was called to order at 2:00 p.m. on June 5, 2008 by President Lynn Harrison.

ROLL CALL

The following Pork Board members were in attendance:
D. Bettin, T. Bierman, R. Brown, E. Forkner, J. Galle, L. Harrison, R. Henry, D. Michael, H. Moore, G. Nemechek, W. Peugh, B. Samson, S. Weaver, A. Wilhoite and B. Zimmerman.

Also attending were the following NPB staff: S. Murphy, J. Meimann, L. Kline, M. Laughery, M. Wegner, P. Sundberg, J. Johnson, and L. Garner. USDA/AMS representative Emily DeBord was also in attendance. Guests included: newly appointed board members Conley Nelson and Karen Richter. Terry Faidley, Iowa Pork Industry Center, Ames, IA was also in attendance.

APPROVAL OF MINUTES

A motion was made by Steve Weaver to approve the following minutes:

- **March 5-6, 2008 Board Meeting**
- **March 18, 2008 Board Conference Call**
- **March 31, 2008 Board Conference Call**
- **May 7, 2008 Board Conference Call**

Seconded by Everett Forkner.

MOTION PASSED

AUDIT REPORT

Dennis Michael, chair of the Audit Committee, reported that the financial audit of FY2007 was completed on time and on budget by RMS McGladrey with no adjustments necessary. It was also noted that the 2008 audit will require a bidding process. RFP's will be sent out this month and a recommendation on the selection will be up for board

Michael reported that 40 of the 43 state audits were completed. Four states were over reserves and are working to have their plans completed. Seven states have minor internal control issues that need to be addressed. Three states are not completed, including: DE, NV and WY. It was recommended that funds be withheld on those three states.

Dennis Michael, on behalf of the NPB audit committee, moved that the Board of Directors accept the audit report.

MOTION PASSED

FINANCIAL UPDATE

Larry Kline gave a financial update thru May 31. He reported:

Checkoff Revenue:

YTD Actual	YTD Budget	Annual Budget	Annual Forecast
\$24.1m	\$23.4m	\$59.2m	\$60.9m

Expenses:

\$13.6	\$15.6m	\$51.0m	\$51.8m
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Cash Reserve: \$ 9.0m \$ 9.9m

Kline reported that the number of hogs budgeted was 107,000 and forecasted at 113,750 with a variance of 5,750; price range budgeted was \$44-48 and forecasted at \$44-45.

<u>Expenses</u>	<u>Variance</u>
FFA Supplemental	\$100,000
APEX Supplemental	450,000
Search Firm Supplemental	80,000
DE Supplemental	170,000
TOWM Legal Fees	225,000
Misc and Salary	(225,000)
Net Increase	\$800,000

RESEARCH PROJECT

Dr. Paul Sundberg, VP of Science and Technology, requested board approval of the following project proposal: "Regulation of Amino Acid Transport Efficiency by the Porcine Mammary Gland." The information regarding the research proposal was previously e-mailed to all board members for review prior to this meeting.

Jeff Galle moved to approve funding of the proposed research project. Steve Weaver seconded.

MOTION PASSED

REFERENDUM SURVEY

Emily DeBord, AMS/USDA representative, reported that the survey was published on May 23 and that a 60 day comment period would be closed on July 22, 2008. The survey will be conducted as a result of a lawsuit settlement on Feb 28, 2001 between USDA and the Michigan Pork Producers Association, the National Pork Producers Council and others. The survey will be conducted in 2008. She noted that the rules of the survey will require participants to be 18 years of age; must bring proof that they have been involved in swine production in calendar year 2007; contract growers are eligible to vote; FSA will determine eligibility. The threshold for the referendum is 15% of all eligible producers and importers. About 10,500 qualified signatures are needed to trigger a referendum. To access full regulations and requirements, go to www.regulations.gov.

SEARCH COMMITTEE REPORT

Steve Weaver gave a Search Committee progress report. He noted that over 120 applications have been received and that the committee will meet in July to do some interviews. They will narrow

the search down to the top one or two and bring those final candidates to the full board for approval. Weaver also reported that he spoke to NPB staff on June 3 to update them on the progress being made in the search for a new CEO.

2009 CALENDAR

Steve Murphy reviewed the 2009 board calendar. He noted that an international trip was on the agenda for January if the board still wanted to do that. John Hinnners from USMEF had suggested to Steve that Brazil would be appropriate given the ethanol issues and how it affects their industry there. The board would benefit from visiting livestock sites there as well. Board members indicated they would approve of the international trip as it is not only a good learning experience, but also a great way for the board and staff to build teamwork, trust and relationships.

Murphy overviewed the board meeting agenda for the July 20-23 meeting in Tan-Tar-A, MO. That meeting will be in conjunction with the Pork Industry Forum.

CARBON FOOTPRINT

Mike Wegner reported on a meeting with Wal-Mart that he attended recently. Wal-Mart is working on an energy initiative that, so far, has targeted the dairy industry and greenhouse gasses. He reported that Wal-Mart is not up to speed in the area of Animal Welfare. Reducing the carbon footprint is their future goal. They are focusing on energy, waste and products. Paul will be attending a meeting with them in the near future to discuss these issues and help identify an area where we can be pro-active. We don't want to wait until we have a problem.

Murphy noted that we have an informed futurist meeting in Chicago the end of June and this would be an excellent time for discussion on the issue.

After some board discussion, Tim Bierman made the following motion:

The carbon footprint of U.S. pork is a significant emerging issue. The board directs NPB staff to evaluate the issue and define the industry's opportunities and challenges. Seconded by Bruce Samson.

MOTION PASSED

PORK ON THE MOVE UPDATE

Joy Johnson, VP of Demand Enhancement, updated the board on results from the "Pork on the Move" program. She noted that the most recent edition of the Pork Report magazine featured information on the program. So far, tours have taken place in Wichita, Memphis and Cincinnati. In all, approximately 3M impressions were made with over 55,000 samples distributed. In addition, public relations events in Cincinnati garnered 673,916 media impressions.

PQA PLUS AUDIT

Dr. Paul Sundberg gave an update of the PQA Plus Audit/Survey. He noted that there have been some questions regarding the nomenclature we can use to describe the program – audit or survey? Also questions on how much checkoff can pay for and what we can and cannot do. The proposal may be that checkoff manages the system up to the point of paying for the first survey and after that point, we let our customers

manage the compliance part. There are many questions to be answered, including: how do we work with the customers to provide guidelines and what happens if a producer is out of compliance? We need to speak to the credibility component of the plan. How can we get maximum credibility and still work within the rules? Could NPPC implement the plan – and license the program to them?

RESPONSIBLE PORK INITIATIVE

Mike Wegner and Mike Laughery reported on Responsible Pork Initiative. They reported that there are several states who are investing dollars in the initiative and we've had good feedback from them. States can have their own approach to it and work under the umbrella of the program. NPPC will work on the regulatory side while NPB concentrates on the "brands" development of the relationships.

Gene Nemecheck is the board representative on the advisory board that is made up of 16 members. Research has been collected and is being evaluated by experts.

Materials were developed for World Pork Expo which include a wallet card and a brochure on the Statement of Ethical Principles.

CRITICAL ISSUES

The board worked to define the 2009 Critical Issues.

After discussion, a motion was made by Tim Bierman to agree that the 5 Critical Issues should be as follows, without ranking:

- **The profitability and competitive advantage of US Pork**
- **The safeguard and expansion of international markets**
- **Domestic pork expenditures**
- **The trust and image of the industry and its products**
- **Human Capital – the development of producer leadership and technical advisors and the growth of a quality workforce.**

Seconded by Randy Brown

MOTION PASSED

Murphy distributed a document that committees had developed and VP's had worked on which defined the 2009 Desired Outcomes. Board members reviewed the document and made final adjustments to it.

Steve Weaver made a motion to approve the attached desired outcome document with changes. Seconded by Alan Wilhoite.

MOTION PASSED

This information will be distributed to committees. They will have until August 15 to build tactics and to include budget amounts. The information will be reviewed at the Plan of Work meeting in September.

OTHER

- Lynn Harrison reminded the board that members of the polling committee (Wayne Peugh, Lynn Harrison) will be making calls to them

regarding their interest in becoming a candidate for a Pork board officer position.

- A joint board meeting with the NPPC board will be held this evening at the Marriott hotel. Topics include: CEO Search report; alternative feeding; economic issues and Referendum information.

ADJOURN

The meeting was adjourned at 5:30 pm

National Pork Board Plan of Work

2009 Desired Outcomes

June 9, 2008

2009 Critical Issues (no prioritization provided)

The competitive advantage for US pork.

The safeguard and expansion of international markets.

The trust and image of the industry and its products.

Domestic pork expenditures.

Human Capital – the development of producer leadership and technical advisors and the growth of a quality workforce.

Critical Issue - The competitive advantage for US pork

1. Domestic and global emerging issues pertaining to pork and pork production have been identified early and addressed through an effective strategic issues management practice.
2. Pork producers are equipped with models/tools that help make farm level decisions and direct their response in a crisis situation.
3. Science based industry solutions for animal care and well-being, swine health, pork production, pork quality and environmental management have been addressed through objective research and through the effective communication of the results.
4. Producers have the knowledge, resources, tools and training to improve production efficiencies, reduce costs and identify alternative revenue streams in order to maintain business continuity and to create a competitive advantage.
5. Producers understand the value of their Checkoff investment and how working together they can accomplish objectives they could not achieve individually.
6. The National Pork Board has evaluated the effectiveness of its collaboration on issues with state and national pork organizations, allied industry and other commodity organizations.

Critical Issue - The safeguard and expansion of international markets

1. The Pork Board has proposed a plan to the US government that improves the surveillance infrastructure associated with issues (such as influenza, swine health and emergency programs) for the purpose of safeguarding the pork industry's animals, products and producers.
2. The Pork Board has maintained a risk management plan that allows US pork producers' to restore their production and business operations in the event of the interruption of U.S. exports.
3. US pork producers understand the expectations and requirements of their international customers and their role in safeguarding the markets.
4. The US Pork industry has provided science-based input in steering decisions at international standard setting events and proceedings.
5. US Pork exports increased 10% in volume in 2009.

Critical Issue - The trust and image of the industry and its products

1. The pork industry has developed and is implementing a plan to understand the baseline fundamentals of its carbon footprint and the impact that baseline has on the environment.
2. Emerging issues of concern to consumers relative to the environment, management at pork production operations, food safety and pork's value in a healthy diet have been addressed through objective research and the effective communication of the results.
3. The Responsible Pork Initiative has been implemented to address the "trust gap" between the industry and its customers.
4. The National Pork Board is looked to by audiences as a credible source for objective and factual information concerning all things pork.
5. Consumers maintained a positive image of pork, the product, as measured by an increase in the image of pork on three key attributes: "makes meals more interesting" (currently 57%), "a change from the normal routine" (currently 46%) and "gives me more confidence as a cook" (currently 51%)

Critical Issue - Domestic pork expenditures

1. The consumer's preference for pork is improved, as measured by the National Pork Board's net promoter score.
2. Consumers have purchased more pork at a higher price, increasing domestic pork expenditures.
3. As measured by an increase in unaided awareness, pork is top of mind with targeted consumers.
4. As measured by surveys to these audiences, packer/processor, foodservice and retail customers recognize the unique value delivered through Pork Checkoff programs.

Critical Issue - Human Capital, the development of producer leadership and technical advisors and the growth of a quality workforce.

1. Future leaders for the U.S. pork industry have been recruited, trained and retained to help shape and guide the industry.
2. Technical advisors to the U.S. pork industry have been recruited, trained and retained.
3. A quality workforce has been recruited, trained and retained for the U.S. pork industry.
4. Training, education, tools and resources have been utilized by the U.S. pork industry's producers/workforce.

Board Meeting Monday July 21, 2008
Osage Beach, Missouri
(In conjunction with the National Pork Industry Conference)

1:00 p.m., Call to order: Lynn Harrison

Roll Call: Present: DM, DB, KR, SW, BZ, HM, RB, CN, EF, RH, GN, BS, TB, and JG. Absent: Alan Wilhoite. Also in attendance: Retiring Board members Lynn Harrison and Wayne Peugh. Staff: Steve Murphy, Jim Meimann, Mike Wegner, Joy Johnson, Mike Laughery, Paul Sundberg, Larry Kline.

Crop report by State: Board members reported in on the conditions of crops in their part of the country and other relevant productions related issues. Crops vary greatly, but conditions generally have improved the last couple weeks for corn and soybeans.

Board Leadership Discussion: Ken Martlage

Martlage has been working with the Board for 2 years and reported back to the Board on what he's been hearing from Board members about progress toward achieving the goals the Board put forth 2 years ago, what the impediments are to further progress, and whether the goal and the Board commitment remains the same.

There followed a time of open discussion, problem solving, further issue identification, and team building. Questions were addressed such as: What is the Board's role? Staff's? Committees? What Board dynamics are present and what changes, if any, are needed to ensure that the Board fully vets all important issues and acts as a cohesive group? How do we build greater trust in one another? How do we make tough Board decisions and stand united as a Board when we leave the room, even if we disagree?

After debating the need for future leadership training, there was Board consensus that it needs to continue. There is a continual need to raise the level of Board performance to effectively address the many challenges and pressures that the industry faces. Acting as a cohesive board which utilizes internal problem solving strategies and effective communications tools, will allow the board to maximize the time it spends addressing external issues and provide leadership to the industry that is at the core of the Board's purpose. One tool mentioned to practice better Board internal communications was more regular conf calls to share what's going on and stay connected with the rest of the Board.

Tuesday: July 23, 2008

Call to order 10:00 a.m. - Lynn Harrison
Roll call: Same persons present as on previous day.

Board Summer meeting 2009 – Lynn Harrison

The Pork Board is one of several sponsors of The National Pork Industry Conference. There was brief discussion about whether the full Board's attendance at this event is the best venue for its summer meeting and thus whether the Board wants to continue this in the future?

Swearing-In of new Board Members - Emily DeBord:

Emily DeBord, representing USDA's Ag Marketing Service, officiated over the swearing-in of newly appointed Board Members Conley Nelson and Karen Richter. They pledged to represent all pork producers and to faithfully carry out the duties prescribed to them under the Pork Act and Order, to implement programs which will help US pork producers to maintain, develop and enhance the markets for pork and pork products.

Agenda approved - Lynn Harrison.

Without objection the Board approved the agenda for the remainder of the meeting.

Board Minutes of June 5, 2008.

Motion by SW to approve June 5 meeting minutes; second GN.

Motion Approved.

Petition for Referendum report: Emily DeBord

Comment period closed today. Only 2 submissions. Open for public viewing on web. All comments will be reviewed and reflected upon by AMS. Prior to announcing petition drive, petition forms will go to OMB – AMS wants quick turnaround by OMB, then will publish final rule – hopefully within 30 days. USDA aiming for Petition period this fall. FSA Offices will execute the petition process on-site. Prior to the petition period, AMS will conduct conf. call with all state FSA offices on process. Instruction manual for this petition process will be prepared by AMS and sent to each FSA office. Petition period one month. After petition period ends, will probably take AMS a month to review results. Expect to announce petition results in January.

Officer Elections:

Polling committee, consisting of outgoing board members, report delivered by Wayne Peugh.

Polling Committee responses received:

For President: SW

For VP: TB, JG, GN, AW

AW withdrew his name prior to meeting.

3 names now on VP list.

President election:

Lynn asks if there are any other nominations. No response.

GN, TB move and second that nominations cease and that Steve Weaver be elected NPB President.

Motion carried. Steve Weaver elected president.

VP election:

JG withdraws name.

2 names left: TB and GN.

Presiding officer asks if there are any other nominations. No response.

Motion: SW, RB, move to close nominations.

Motion adopted. Nominations closed.

Questions to candidates. Each candidate responded to questions by fellow Board members: What can we do to become a world class board, to create a first class team? What other issues would you like to mention?

Presiding Officer called for secret ballot election as prescribed in the Board policy, which had been distributed to all Board members in the last month.

Results of VP Election:

Tim Bierman elected Vice President.

CEO search – Steve Weaver.

SW gave report. Originally 121 names. Search firm said really was tough to narrow to 15 names. 4 excellent candidates presented to Search comm. for interviews. All could hit the ground running and do well. Some “due diligence” occurring now to narrow the list to 2 final candidates to present to the Board. Background checks conducted, additional questions asked. References being checked. Will do more on the final 2 if needed. Aug 11 final interviews. Will bring final recommendation to Board at POW if possible, in early September.

Search Comm. has not and will not release names of any candidates. That is up to the candidate. They are all employed and not want to hurt them or violate their rights. There is much speculation in the industry, and unfortunately, some candidate names have been circulated in some circles.

2009 spending level: Tim B/Larry K

The Budget Committee in a recent conf call meeting reviewed Steve Meyer information and used it to prepare the recommendation to the Board on the distributed attachment; “2009 POW, July 2008”

Larry Kline presented the detail of this information. There was discussion about the forecast midpoint numbers for 2008 of \$61,466; 2009 of \$67,879; and the most conservative number for 2010 of \$70,884.

A \$55M proposal from the Budget Committee was given to the Board as a starting point for 2009 budgeting. That represents a 2.5 percent increase over the \$53.657 million spending limit set for 2008 to keep even program spending levels. The new spending limit is based on estimates of 109 million hogs being marketed during 2009 at an average price of \$51 to \$55 per hundredweight on a live-weight basis. Trying to stay in the \$8-10M range of surplus left. This

allows some ability to maintain consistent spending from year to year and have a cushion for emergencies. \$55M is the number being recommended for the Strawman.

The Board debated what level of surplus to maintain? How low to go? \$5M? There was review of restricted reserves, of salary and administrative costs and spending levels using portions of the surplus. A forecast is coming from staff on August 15 of current program needs and spending levels. Can be reviewed prior to POW if needed and Board can change the number if needed at that time. Good to keep some usable reserves for emergency. Many unknowns this year in swine industry and we need to be ready to react. May be additional dollars coming from industry trends. The question was posed: Should we take a different approach to supplementals if we find ourselves with more dollars at the end of this year than we had anticipated? We get new projections quarterly from Steve Meyer and can identify any troubling or favorable trends. Board meeting in November will finalize the budget, so adjustments can be made up to that time.

Motion:

TB moved on behalf of budget comm. that the spending level for 2009 budgeting be \$55M.

No second required.

Motion carried.

Past Meetings Reports:

Board members reported on the programs of the various program committees of which they are a member, and which have met since the last Board meeting.

2009 POW process: Larry Kline

- August 15 tactics and budget completed by committees/staff
- Aug. 25/26 Strawman developed by VPs and Budget comm.
- Aug. 28 materials sent to POW TF
- POW : Sept 3-5, DSM

Budget Committee reviewed critiques of past POW's and made suggestions for how to address each of them. Proposed POW Agenda similar to system used 2 years ago. Responding to suggestions and concerns expressed by the Board and other POW participants. The Budget Committee put forth its recommendation to the Board on how the POW process would evolve over the 3 days, as follows:

- Forecast numbers presented
- Strawman presented by Budget Comm. and VP's
- Social/informal discussion time
- 3 group breakouts: consider all budget items. No staff involved. Producer's debate.
- POW Team reconciles any differences.
- Staff responds to suggested changes and provides any feedback.

Wal-Mart/Dairy Coop Sustainability Summit. Paul Sundberg reported on this meeting hosted by the processing and marketing arm of the Dairy Industry to address carbon footprint issues. Univ AR Sustainability Center hosted the event. Whole chain in attendance. Generated action step for the Dairy Industry to reduce fluid milk carbon footprint.

Pork Carbon footprint working group:

It is inevitable that the pork industry will face almost identical pressure in the near future. The board discussed the need to get in front of this issue now, to the degree possible, in order to thoroughly evaluate this issue, to define opportunities and challenges from which solutions that are ethically grounded, scientifically verifiable, and economically viable can be implemented.

2 step process.

1. Determine the scope of the pork initiative.
2. Form a working group that can investigate opportunities and challenges. Its objective: to develop a coordinated strategy to address carbon footprint opportunities and challenges.
 - a. Components:
 1. Environment, demand enhancement, producer services, animal science committee
 2. Staff includes communications,
 3. Participants indentified as the carbon footprint advisory group
 4. Report directly to Board of Directors.

Motion: Moved by GN, second by SW that the Board directs the NPB staff to form a Carbon Footprint WG and report its progress and recommendation to the Board.

Motion adopted.

Green Pig project. Everitt Forkner reviewed his “Green Pig” project and its roots, goals, and the opportunities is presents the industry to attract attention to this important subject. Embrace the green movement. Be part of it. Talk about how we are a greener industry than we’ve ever been. Get ahead of the game and our adversaries. Reposition our image. Can we use the green pig to do it?

Tell the world what we are already doing. In this way we define ourselves, not leaving it to our detractors to do this. We have to draw people’s attention. The green pig did it. Animal rights people are telling the story. We must tell ours. How can we use this to change our image? Would like to see a green pig flying above our grilling platform. Allows us to tell our story. Ties in with our ethical principles and RPI and OMS.

Meeting Adjourned at 12: 45 pm.

MINUTES
National Pork Board Meeting
September 3, 2008
Des Moines, IA
Chase Suites

The meeting was called to order at 9:25 a.m. on September 3, 2008 at the Chase Suites in Des Moines, IA. Those in attendance included: D. Bettin, T. Bierman, R. Brown, E. Forkner, J. Galle, L. Harrison, R. Henry, D. Michael, H. Moore, C. Nelson, G. Nemechek, K. Richter, B. Samson, S. Weaver, A. Wilhoite and B. Zimmerman. Also in attendance was Emily DeBord, USDA representative.

Board discussion led by Steve Weaver to discuss CEO candidate Chris Novak. Benefits package discussed. Bonus eligible in 2009 and short term moving relocation expenses.

A motion was made by Alan Wilhoite that the National Pork Board of Directors accept the recommendation of the Search Committee to hire Chris Novak as new CEO of the National Pork Board. Seconded by Everett Forkner. Motion Passed Unanimously.

Board discussion about Chris Novak to take over as CEO with Steve Murphy to fill roll as needed and directed by Novak and the Board. Timeline to be decided.

Adjourned at 10:15 a.m.

MINUTES
NATIONAL PORK BOARD MEETING
November 11-12, 2008
National Pork Board Office, Des Moines, IA

OPENING

The meeting of the National Pork Board was called to order at 9:30 a.m. on November 11, 2008 by President Steve Weaver.

ROLL CALL

The following Pork Board members were in attendance:

D. Bettin, T. Bierman, R. Brown, E. Forkner, J. Galle, L. Harrison, R. Henry, D. Michael, H. Moore, C. Nelson, G. Nemechek, K. Richter, B. Samson, S. Weaver, A. Wilhoite and B. Zimmerman.

Also attending were the following NPB staff: C. Novak, J. Meimann, L. Kline, M. Laughery, M. Wegner, P. Sundberg, J. Johnson, and L. Garner. USDA/AMS representative Emily DeBord and intern, Chelsea Tomascik were also in attendance. Guests included: Dale Miller, *National Hog Farmer Magazine*.

APPROVAL OF MINUTES

A motion was made by Jeff Galle to approve minutes from the July, 21, 2008 board meeting in Tan-Tar-A. Seconded by Brian Zimmerman

MOTION PASSED

A motion was made by Tim Bierman to approve minutes from the September 3, 2008 board meeting in Des Moines, IA. Seconded by Alan Wilhoite.

MOTION PASSED

NEW CEO

President Steve Weaver welcomed new CEO, Chris Novak, whose first day at National Pork Board was October 1, 2008. Novak noted that he had a great first month getting to know all the staff and board. He has traveled to several states meeting with state executives and producers, as well as to North Carolina and Minnesota to visit with some of the larger operations. Novak is working to identify the challenges that lie ahead of us, including economic issues facing producers today.

COMMITTEE ASSIGNMENTS

President Weaver noted that everyone should have received a copy of the new committee assignments. He wanted to give board members a chance to experience a variety of committees and, although we tried to accommodate everyone's preferences, we also needed to have a good representation and balance of board members on each committee. He indicated that if someone should have a preference and would like to make a change, please let him know. In answer to a question, Weaver stated that it was entirely appropriate for a board member to sit in on various committee meetings not assigned. This would give the board member a broader understanding of the various committees and their work.

Weaver noted that Jill Criss, National Pork Board's Human Resources manager, will be added to the Compensation Committee starting in February. He also explained that a new representative to the Pork Center of Excellence board will need to be appointed and asked if anyone was interested, to please let him know. This position was previously held by Dennis Michael, who has resigned from the USPCE Board.

INTERNATIONAL TRIP

The board discussed the planned international trip to Brazil in February, 2009. Politics and perception of taking this trip relative to industry profitability were discussed. Some producers are struggling right now although revenues have been high and this trip has already been budgeted for 2009. Producers argued the value in taking the trip versus the politics. The positives included learning about a major competitor and seeing these things to have a common knowledge base to apply to the decisions the board makes now and in the future. Some expressed concern that prices hadn't hit bottom yet so would be wise to postpone the trip. If the decision to take the trip is brought to fruition, talking points should be developed to answer questions to possible critics. Ideas were brought forth to possibly split up the group and travel to different places or to just take board and not staff and also to consider having some members accompany state trips abroad. Also discussed was the possibility of going somewhere other than Brazil and to postpone the trip until the economy has improved. After good dialogue and debate, it was determined that being sensitive to what the market is today would be the more prudent course of action at this time.

A motion was made by Everett Forkner to delay the trip for a later date to be determined by the full board. Seconded by Henry Moore.

MOTION CARRIED

USDA REPORT

Emily DeBord, AMS/USDA representative, reported that the final survey notice has been cleared by OGC and approved by management. It is on its way to the Federal Register for publication and should be published sometime this week. Only those who are in favor of referendum on the checkoff should sign the petition at FSA county offices during the month of December.

The survey was published on May 23 and a 60 day comment period was closed on July 22, 2008. The survey will be conducted as a result of a lawsuit settlement on Feb 28, 2001 between USDA and the Michigan Pork Producers Association, the National Pork Producers Council and others. She noted that the rules of the survey will require participants to be 18 years of age; must bring proof that they have been involved in swine production in calendar year 2007; contract growers are eligible to vote; FSA will determine eligibility. About 10,500 qualified signatures are needed to trigger a referendum.

PLAN OF WORK

Larry Kline, VP of Finance and Business Development, reported on the Plan of Work process and feedback from the last meeting. Some of the recommendations for the 2010 process are:

- Send information out to participants earlier

- Provide a better format/numbering system for review
- Provide some historical information to assist with questions

Overall, the process is a good one and worked well. Some board members recommended that others sit thru the strawman process with staff prior to the POW meeting to gain a greater knowledge of how the system works. It was also suggested to invite additional representatives from some of the larger facilities.

BUDGET REPORT

Larry Kline gave a brief financial forecast review. The forecast indicated that the NPB has an additional cash reserve forecast for 12/31/09 of \$5.8M due to reduced 08 expenses and improved revenue forecast since August. The Budget committee recommended funding key opportunities that were moved out of the strawman and also to increase the original 2009 spending level from \$55M to \$57M.

MOTION: The Budget Committee recommends that the Board approve the 2009 programming, research, operating and capex budget, as adjusted, to the spending level of \$57M. This includes the following adjustments:

- **Curriculum \$300,000**
- **Trade Barrier Research \$250,000**
- **TV Adv Pilot \$600,000**
- **Develop L/T strategy \$150,000**
- **Using new media (U Tube) \$35,000**
- **Genome mapping \$250,000**
- **Food Service Promo \$150,000**
- **PASLWOCO \$77,000**
- **Budget Rounding \$170,000**
- **TOTAL: \$1,982,000**

MOTION PASSED

The Budget Committee reviewed the 09 state budgets and indicated that 40 of the 43 state budgets have been received; Delaware, Wyoming and Georgia budgets have not been received.

MOTION: The Budget Committee recommends that the Board approve the 2009 state budgets for 40 states and withholds funding from Delaware, Wyoming, and Georgia until budgets are received.

MOTION PASSED

The Budget Committee reviewed PASLWOCO requests for 2009. The committee has recommended staff to review the policies and make recommendations for the future. Staff will provide that information to the budget committee at their meeting in March.

MOTION: The Budget Committee recommends that the Board approve the 2009 requested payments for PASLWOCO; Utah \$11,000, Texas \$18,000, Arkansas \$20,000, North Dakota \$3,000 and Oklahoma \$105,000.

MOTION PASSED

The Budget Committee approved a request from Dr. Paul Sundberg, VP Science and Technology regarding the ability to move unused research dollars to other research projects. When funds are not used for a research project and could effectively be used for other research projects that were budgeted for but have additional requests.

MOTION: The Budget Committee recommends that the Board approve the proposal to enable committees to address the research priorities of their areas by transferring research funds between their research priorities as initiated by committee vote, with Board of Director notification for items over \$100,000

MOTION PASSED

ADMINISTRATIVE COMMITTEE REPORT

Jim Meimann, Sr. VP of Governance and Operations, reported that the Administrative Committee recommended the following states for 2009 administrative reviews with the overall focus for the 2009 Administrative Reviews being more on the Direct Documentation Program (DDP) in order to get all the smaller states that qualify on DDP.:

- Oregon to replace Iowa
- Washington to replace Oklahoma
- Nevada to replace Tennessee
- New Hampshire
- Maine
- Delaware
- Wyoming
- Idaho
- Florida

Meimann also reported on the following state issues and recommendation from the Administrative Committee to the Board to do the following:

- WY: continue to withhold funds
- DE: continue to withhold funds
- CA: withhold funds starting 12/01/08 if no response
- FL: recommend final approval of Admin Review
- IN: seeking AMS clarification on guidelines.

The Administrative Committee recommends that the Board approve the 2009 Administrative Review schedule and the state funds action.

MOTION PASSED

AUDIT REPORT

Larry Kline reported that after reviewing proposals for the National Pork Board annual audit process, it recommends that, because of their familiarity with our financial system, consistent service, and competitive bid, RSM McGladrey be retained as auditor of record for 2008.

MOTION: The Audit Committee recommends that the board approve The firm of RSM McGladrey to be retained as auditor of record for 2008.

MOTION PASSED

PROGRAM UPDATES

The following updates were discussed:

Animal Care/Image Issues: Mike Wegner, VP of Communications and Dr. Paul Sundberg presented a report on the recent video taken by PETA on a farm in western Iowa. This video is an important piece that may affect the way we do things. A lot of activity surrounded the showing of this piece. NPB worked with all parties involved including the owner of the facility, PETA, NPPC and Hormel. Since that time, another video surfaced criticizing the farms' slow response in firing the employee. NPB responded with a letter to PETA noting that they have an ethical responsibility to deal with animal abuse immediately, not waiting to collect video over three months.

NPB staff have talked with Hormel regarding PQA+ program. They have a meeting in January with their shareholders and this will be an agenda item.

There is a need for employer training that includes how to conduct background checks, what to look for in attitudes in employees, and learning to recognize clues your animals give that may indicate you should be asking questions. AASV is looking into minimum guidelines in operating procedures. An employer training program may be as important as employee training.

Responsible Pork Update: Mike Laughery reported on what the states are doing to share this information with producers. Several have branding campaigns; some are focused on "putting a face" on the industry with real producers; others utilize market research to develop or test the messages; and, one conducts an annual benchmarking survey.

Mike Wegner reported that State Executives made some media suggestions, including developing a library to state communications directors that would include messages and templates. They would also like some assistance in determining when to engage the media, assistance in issue and media tracking and to clarify executives' expectations for national organizations' web sites. Additional suggestions included help in determining effectiveness and ROI on activities; research on consumer attitudes and, continued agency access and help in reviewing proposals.

Carbon Footprint Update: Dr. Paul Sundberg responded to the board's directive to evaluate and define the industry's opportunities and challenges to the issue of reducing our carbon footprint. He presented information relative to a presentation by a Danish representative to the

World Meat Congress in September of 2008. The conclusions of the Danish study indicated that since 1985, significant changes were made to reduce the carbon footprint including a reduction in nitrogen and phosphorous discharge; a 50% reduction in ammonia evaporation; improvement in utilization of pig slurry as fertilizer; reduced nitrogen leaching; and, energy consumption reduction.

This study has the potential to affect markets. The Japanese are looking to the US for a similar package of information for the US cattle and hog production in terms of environmental conservation. These are very new to the Japanese audience and could create a positive image of our industry.

Sundberg presented opportunities to address this issue, including a producer information brochure. A pork carbon footprint project would include a search for institutions offering carbon footprint services. Proposals have been solicited from the University of Michigan and the University of Arkansas who are currently working with the dairy carbon footprint. Funding would come from the Environmental Committees 2008-2009 research accounts (money is already in the budget).

Deliverables would include a literature review; scanned level lifecycle assessment; and, a detailed lifecycle assessment of the live swine production phase. Sundberg added that we are looking at garnering grants to help us fund this project.

Dennis Michael made a motion to fund this initiative; Jeff Galle Seconded.

MOTION PASSED

Industry Position on Cloning: Dr. Sundberg presented information on the FDA's risk assessment on the effects on cloning and food safety. Although this issue does not affect the U.S., USDA/FSIS has asked for a continuation of a voluntary moratorium on selling animals into the food supply – even though there is no food safety issue. Japan is in the process of doing a risk assessment which should follow along the lines of the one done here. This issue could become a possible trade barrier if our trading partners say they don't know if US meat is safe to eat. They would want proof that no cloned animals are in the supply we are sending them. This is like trying to have proof of a negative and there is no way to do this. The issue is, how do we look ahead to protect ourselves should we need it? NPB technical staff is working with NPPC in reaction to a request they received from their leadership to have a proposed industry statement for their board meeting in December. Sundberg opened the issue up to the board for their input on whether they would like NPB to have input into NPPC's statement.

It was determined to have the Science Committee look at the issue and report back to the board to approve before sending our suggestions back to NPPC. This would be in the form of an e-mail to the Board.

Pork On The Move Update: Joy Johnson, VP of Demand Enhancement, updated the board on results from the “Pork on the Move” program. She noted that the purpose of the tour is “to celebrate pork’s positive benefits among mass numbers of target consumers.” Johnson reviewed the 2008 tour goals which included: Exposing pork to 8 Million consumers at 23 high visibility events, with 50% skewing toward our target audience; educating consumers on proper cooking to ensure a great tasting experience; introducing consumers to juicy samples of pork loin and ground pork; and, engaging 300 pork producers to interact with consumers. Tour stops included Wichita, KS, Memphis, TN, Chicago, IL, Washington, DC, Boston, MA, Austin, TX, Dallas, TX, Tempe, AZ, Sacramento, CA., and many more. Other statistics were: that 275 pork producers were involved, 347,300 samples distributed; 216,700 recipe cards distributed; 10,424 consumer e-mail addresses were collected, 615,400 high quality consumer impressions were made; and, 38.6M impressions were made overall resulting in 129% of the goal.

USPCE Update: Mike Laughery gave background information on the United States Pork Center of Excellence. Its mission is to add value to the pork industry by facilitating research and learning for U.S. pork producers through national collaboration. Programs they provide include: Pork Information Gateway, Swine Science Online, National Swine Nutrition Guide, Sow Lifetime Productivity and, Research Needs Assessment.

Partners include: NPB, NPPC, 26 Universities, 18 State Pork Associations, USDA/CSREES, USDA/ARS. It is governed by a 15 member board with 3 reps from Pork Checkoff. Pork Board Member Dennis Michael has been serving on the USPCE board for several years and is resigning his seat. Laughery asked that any board member who is interested in taking over that position to please see him.

Pork Forum Overview: Jim Meimann, Sr. VP of Governance and Operations, reviewed the annual meeting agenda. Forum will be held in Dallas, TX, March 5-7. The theme is “Principles, Practices and Proof: The Path to Success.”

Meimann also presented information regarding an advisement that was passed in 2008 which deals with the checkoff rate. The Advisement was referred to the Board to facilitate further consideration over the next year of a checkoff rate increase; that the Board form a Working Group representing the interests of State Pork Associations; and, that the Working Group ensure that the question of a checkoff rate increase be brought before the various states for their review prior to Forum. Discussion was held on ways to annually address the issue. Meimann will put together a letter to states outlining the responsibilities of delegates.

Meimann also noted that we are working with the Nominating Committee to identify candidates for Pork Board and Nominating Committee. Incumbents include: Gene Nemechek, Jeff Galle and Randy Brown. Deadline for applications is December 1.

Distinguished Service Award: Several names were circulated by past presidents as the possible recipient of the annual Distinguished Service Award.

A motion was made by Randy Brown to honor Sam Hines, State Executive from Michigan, as the 2009 Distinguished Service Award winner. Seconded by Tim Bierman.

MOTION PASSED

New Annual Award: Brian Zimmerman proposed that the National Pork Board consider adding an annual award to be presented each year to an outstanding spokesperson for the pork industry. With further discussion, it was decided that Mike Wegner, Nicole Boettger and Dallas Hockman work to clarify the concept and bring a name forward to the board for consideration. The concept could possibly tie into the Responsible Pork Initiative and possibly be a joint award with NPPC. It could be similar to the Environmental Stewards program with an image and PR focus.

A motion was made by Brian Zimmerman to go forward with formulating the concept and establishing the award. Seconded by Alan Wilhoite.

MOTION PASSED

EXECUTIVE SESSION

The board met in Executive Session with the new CEO, Chris Novak.

RECESS

The meeting was recessed for the day at 5:30 p.m.

RESUME

The meeting resumed on Wednesday, November 12th at 8:00 a.m. The Executive Session continued with Board Leadership Training and Responsible Pork program.

COMMITTEE REPORTS

Board members gave the following committee reports:

Animal Welfare: Tim Bierman reported that the AASV and NPB euthanasia working groups met and put out a brochure that is being reviewed for approval by AMS and should be completed by January, 2009. He also noted that at the committee meeting in NC recently, (b) (4) brought in an emergency response vehicle they use for rollovers involving pig and grain haulers. It was interesting to see how their response team worked.

Animal Science: Everett Forkner reported that two animal science advisory committees have met recently. Genomics Advisory Committee discussed new updated technology in the dairy industry and are now in the process of implementing genomic selection. The Pork Quality Solutions team has had research completed on the consumer preference study that was done by Texas A & M and Ohio State University. Lowering cooking temperatures was part of this study. We reviewed the preliminary report. Forkner noted that some interesting information will come out of this study.

Paul Sundberg asked board members for their input into the best way of disseminating research information to them. He urged them to contact staff to let them know your thoughts and preferences.

Environment: Lynn Harris reported that their committee will have a joint meeting with NPPC's Environmental Committee in Chicago on December 9 and 10. He also noted that they are working on having research project approved.

Demand Enhancement: Dianne Bettin reported that the DE committee spent some time on critiquing the PTOWM tour. Goal is to get as many producers involved as possible. The impact producers have on the consumer with one on one contact is very important. The committee is also looking at foodservice research to determine what the barriers are as well as brand positioning research. She reported that Jarrod Sutton is working with retail to move pork through the system.

Nutrition: Dianne Bettin reported that USDA nutritional database and the ground pork analysis is almost finished. The work is slow and expensive, but very important. She noted a call with NPPC in which they expressed concern about the future of processed meats in the school lunch program.

Pork Safety: Alan Wilhoite reported that MRSA issues continue to be an ongoing concern. Working with top researchers to identify what is already known and what gaps exist. The Committee worked on identifying research priorities.

Swine Health: Bruce Samson reported that their committee has reviewed and ranked research proposals. USDA renewed Swine ID coop of \$400,000. Nationally the industry is over 75% premises registered. NPB has contracted a swine ID manager to manage the program.

Producer Services: Jeff Galle noted that the next meeting of the Producers Services Committee will be held the end of February.

ADJOURN

The meeting was adjourned at 11:00. Producers who were not yet PQA Plus certified attended a training class.

MINUTES
NATIONAL PORK BOARD MEETING
February 2-4, 2009
Marriott Raleigh City Center
Raleigh, NC

OPENING

The meeting of the National Pork Board was called to order at 8:00 a.m. on February 4, 2009 by President Steve Weaver.

ROLL CALL

The following Pork Board members were in attendance: D. Bettin, T. Bierman, R. Brown, E. Forkner, J. Galle, L. Harrison, R. Henry, D. Michael, H. Moore, C. Nelson, G. Nemechek, K. Richter, B. Samson, S. Weaver, A. Wilhoite and B. Zimmerman.

Also attending were the following NPB staff: C. Novak, J. Meimann, L. Kline, M. Laughery, M. Wegner, P. Sundberg, J. Johnson, and L. Garner and USDA/AMS representative Emily DeBord.

APPROVAL OF MINUTES

A motion was made by Dennis Michael to approve minutes from the November 11-12, 2008 board meeting. Seconded by Bruce Samson

MOTION PASSED

AWARD

President Weaver announced that Dennis Michael, board member from South Dakota, was presented with South Dakota Pork Producers Distinguished Service award at their Annual Meeting.

GUY FIERI REPORT

President Weaver reported on a recent function he and Chris Novak, CEO, attended which honored NPB Spokesman Guy Fieri. It was held in California and included pork entrees. Many influential guests from the food industry were in attendance.

NPPC REPORT

Don Butler, NPPC President-Elect gave a report on some of the issues NPPC is working on in support of US pork producers, including: establishing relationships with the new administration in WDC; working on another sow purchase to reduce the number of pigs on the market; working to retain the rights of producers to use antibiotics in pork production; working to retain the rights of producers to choose housing systems; pushing for passage of the Free Trade Agreements; working for a biofuels policy favorable to pork producers; and working hard for the success of PQA Plus in order to put a good face on the

industry and to show our commitment to ethical principles. Don also noted that NPPC has filed lawsuits regarding the new Concentrated Animal Feeding Operation (CAFO) rule and the Emergency Planning and Community Right to Know Act (EPCRA).

CEO REPORT

Chris Novak, CEO, reported on various state annual meetings he has attended, including: IA, OH, MN, UT, and WI. He noted some frustration among producers, but overall sensed much optimism, with producers encouraged that we are moving in the right direction. The messaging we are trying to deliver about the Responsible Pork Initiative seems to be a bit confusing as producers are not quite sure how it all fits together. Chris indicated that staff would be working to simplify our message and find better ways to communicate the objectives and goals of the We Care Initiative. NPB & NPPC need to better coordinate messaging to our suppliers, food companies, packers, and other allied industry partners to drive the message through the industry.

FINANCIALS

Larry Kline, Vice President, Finance and Business Development, reported on the 2008 unaudited financial statement and 2009 forecast. The good news in 2008 was that checkoff revenues ended \$400,000 over projections and spending was down from budgeted levels, leaving more in reserve for future needs. For 2009, the spending limit is set at \$57M. Dr. Steve Meyer has reevaluated an earlier forecast and lowered projected checkoff revenues, based on more hogs marketed at a lower price. Current reserves will provide some needed cushion that will help us maintain consistency in program execution despite the expected shortfall.

STRATEGIC VISION

The Pork Board has always based its annual budget and programming on a solid longer term vision of the coming challenges and opportunities. An Executive Task Force has been formed to oversee a strategic visioning process for the US pork industry and to provide guidance to the Pork Board in its programming direction. This process will provide a long-term perspective of the industry that takes into account:

- Pork industry trends
- Consumer trends
- Agricultural trends
- Global perspective
- Political climate

The Task Force includes: Steve Weaver, President, Gene Nemechek and Everett Forkner, board members, and

Larry Sitzman, State Executive from Nebraska. Their role is to develop the work plan and RFP; review proposals; recommend consultants to the Board, review progress and make changes as necessary. Steve Weaver and Everett Forkner noted that four consulting firms responded to a request for proposals and were evaluated.

The desired outcomes from the process include providing a vision that will include future planning and program development; evaluation, at fundamental level, of past 25 years, today and the next 25 years; develop triggering events they may give rise to a necessary change in direction; top events/issues that could change the industry; provide a roadmap that NPB will use to develop future plan; and, complete a Strategic Plan.

Chris Novak commented about the need to create a conversation in our community about the possibilities for change. Changes generate considerable passion and controversy, especially where there is a lot of history. He added that the goal will be to have a base of support from those who have had a chance to comment on the plan. Updates will be provided to the board as the committee does its work.

Roy Henry made a motion that, based on the recommendation of the Visioning Task Force, the Board of Directors accept the proposal received from The Hale Group to complete the strategic vision project for a total cost of \$300,000, which represents an increase of \$150,000 over the budget. This project shall be lead by the Executive Vision Task Force and will be inclusive of stakeholders and industry partners. Seconded by Everett Forkner.

MOTION PASSED

FORUM OVERVIEW

Jim Meimann, Sr. VP of Governance and Operations, updated the board on the upcoming Pork Act Delegate Annual Meeting that will be held March 5-7 in Dallas, TX.

Meimann explained that the Secretary of Agriculture had not yet issued the official press release announcing the appointment of the 2009 Delegates. He noted that should we not have official approval soon, last year's delegates would need to be seated. (Note: Shortly after this board meeting, official press release was posted). The delay of the release was due to the change in administrations.

Meimann reviewed events in Dallas, including the addition of a PQA+ training session on Thursday afternoon for producers not yet certified. A Producer Update Sessions is scheduled for Thursday afternoon on the subject of Responsible Pork.

Meimann reviewed the resolutions, noting that the Resolutions Committee is still working to get all the pertinent background information incorporated into the advisements before they are copied and sent to delegates.

Mike Wegner, VP of Communications noted that the theme of the event is “Principles, Practices and Proof: The Path to Success,” which ties in with our Responsible Pork initiative.

VULNERABILITIES ASSESSMENT

Mike Wegner reviewed results from the NPB Vulnerabilities Assessment, with goals of identifying potential issues that could become crises; determining the probability and impact of these issues; and preparing for potential onslaught of issues. Two elements comprise this program. Cindy Cunningham heads up the communications part and Patrick Webb leads the “pig” side of it. The process involves research and assessment with a review of materials and executive interviews. An information review included member communications, past media coverage, current news coverage and summaries of past issues and/or incidents.

From interviews and gathered information, the assessment listed issues from high to low probability and from low to high impact. More than 80 issues of concern were identified and prioritized. Several important issues not previously on the radar were identified. Several high impact/low probability issues that still require substantial preparedness, i.e., FMD, were identified.

The next steps include a review of the current plan and talking points; developing and refining points; and to consider enhancements to the plan based on vulnerabilities.

2008 PRODUCER SURVEY

Mike Wegner presented results from the annual survey of U.S. Pork Producers conducted the week of November 17-25, 2008. The telephone survey reached 754 producers nationwide. Respondents were randomly selected from a list of producers provide by the National Pork Board. Questions on several topics were asked, including

- Direction of the Industry (positive change from last year)

- Pork Checkoff Support (three fourths of producers support Checkoff)
- Image of the Pork Industry (Consumers have a positive image of the Pork Industry)
- Challenges and Concerns (Making a profit and high feed costs ranked highest on the list of concerns).
- Quality Assurance Program (Certification renewal is on the rise)
- Industry Production Practices (Most do not plan to reduce the size of their operation).
- Pork and the Consumer/Customer (Producers continue to believe public is satisfied with producers' practices).
- Mow Mar Farm Incident (High awareness of the incident; producers believe it is an isolated incident).
- Pork Promotion (majority believe producers are responsible for promoting pork).

**REFERENDUM SURVEY
UPDATE**

Emily DeBord, AMS Representative, reported that preliminary results from the Referendum Survey that was held should be released very soon and a press release will follow.

Only those who favored a referendum on the checkoff signed the petition at FSA county offices during December. The survey was conducted as part of the February 28, 2001 settlement agreement between USDA, the Michigan Pork Producers Association, the National Pork Producers Council, and others. About 10,500 qualified signatures were needed to trigger the referendum.

**SUPPLEMENTAL
REQUEST**

Sherrie Niekamp, Director of Animal Welfare, presented information related to a request for additional funding for euthanasia research. Funded projects will be short-term, focused, and completed within 9 months to ensure timely delivery of results to producers. Producers will be provided needed information to implement alternative euthanasia methods.

This request for funding euthanasia research was in response to growing public concern over livestock production practices. Consequently, there has been new focus on euthanasia practices within the pork industry and the need to find more acceptable methods.

The Budget Committee made a motion that the Board of Directors allocate \$500,000 in supplemental funding to improve existing methods and identify new methods of euthanasia for all ages of pigs with special emphasis on methods appropriate for newborn piglets. No Second Required.

MOTION PASSED

DEMAND ENHANCEMENT UPDATE

Joy Johnson, VP Demand Enhancement, gave a report focused on the following areas:

Consumer Taste & Preference Study Results:

- Enhanced and non-enhanced chops were tested as several temperatures with 2,200 consumers in three markets. Conclusions indicated that lower cooking temperatures (145) resulted in higher satisfaction within both enhanced and unenhanced product. Overall, consumers scored enhanced product higher for both tenderness and juiciness.

The Other White Meat Tour:

- \$8M incremental sales increase at Retail;
- 275 pork producers involved;
- 347,300 samples distributed;
- 10,424 consumer e-mail addresses collected;
- 615,400 High Quality Consumer Impressions;
- Over 38million impressions at a cost of \$9.47 per thousand consumers reached.

2008 Print Advertising Campaign:

- 2008 schedule ran April-December;
- 20 magazines (Relish, Real Simple, Health, Better Homes and Gardens);
- Reaching 72% U.S. females 25-49;
- 207+ million impressions.

TheOtherWhiteMeat.com:

- The on-line resource for all things pork and solutions for all mealtime occasions;
- Current average monthly visitors: 57,000+;
- Current average monthly page views: 325,000+;
- E-publications share timely recipes and usage ideas with consumers, health professionals and media;
- Complete site redesign targeted for July 2009.

Retail:

- Four new cuts & Costco
 - Pork Breast & Pocket Roast available
- Safeway (5th largest grocery store in the country)
 - On pack label program with whole pork shoulders with cook once, eat twice promotion
 - 3-month test resulted in 6.5 million incremental lbs of pork shoulder sold
- Category Management
 - 12% to 20% ACV in 2008. Results soon.

2008 New Menu Items

- Texas Roadhouse – added pulled pork
- Paneras – added grilled breakfast sandwich
- Damons – new crispy baby back ribs
- TGI Fridays – Added pork chop
- ARAMARK – developed new pork recipes
- Burger King – confidential, big opportunity coming!

Domestic Pork Expenditures:

- Real per capita domestic pork expenditures
 - \$121.14/person in 2007
 - \$116.04/person in 2008
- Volume (carcass weight)
 - 65 lbs. per person in 2007
 - 64 lbs per person in 2008
- 2008 retail price per lb.
 - USDA - \$3.00 per lb
 - Checkoff Efforts - \$3.48 per lb

2008 Results:

- 186 promotional efforts implemented with key retail partners in 2008;
- \$3.3 M in partnership funding to support and extend the reach of Checkoff dollars 2 a 2:1 ratio;
- To date, 164 promotions have been completed, totaling 148 million lbs. of incremental tonnage, resulting in more than \$512 million in incremental pork sales;
- The first ever Consumer Advisory Panel was formed. It was composed of experts representing a variety of food perspectives including panel members: Rick Bayless, Michael Giletto, Craig Watkins, Laura Pensiero, Dave Lieberman and Liz Ward, Brad Greenway, Barb Determan.

These folks will serve as spokespeople throughout 2009;

- Key efforts on the horizon include: Labeling strategies; Costco product immersions; and, Foodservice Research to reconfigure the roadmap for success. The mobile marketing tour will hit 28 markets and reach 7-10 million consumers in 2009.

**RESPONSIBLE
PORK INITIATIVE**

Mike Laughery, VP of Producer and Industry Relations, reported on the Responsible Pork Initiative (We Care). Laughery noted that in these changing times there is a world of new vulnerabilities. The desired outcomes of this program is that we have a sustainable, self-regulated U.S. pork industry achieved through the trust it instills in others, resulting in reduced potential threat to the industry's customers; reduced potential of industry practices becoming a public discussion and, reduced risk of new regulations and/or legislation. Socially responsible practices and sound business decisions can coexist. The overall direction of the program is to build on the industry's commitment to responsible practices and continuous improvement and to take a united pork industry approach working directly with the industry's customers.

Laughery reviewed the Responsible Pork Model which is built upon the foundation of the Ethical Principles. The model incorporates management practices and a verification process as key elements leading toward public trust and self-regulation of our industry through a social contract granted by consumers. Mike called upon the Board to follow-through with PQA+ site assessments to ensure that we are providing leadership for the industry.

EXECUTIVE SESSION President Weaver called for a closed door, Executive Session.

ADJOURN The meeting was adjourned at 2:30 p.m.

MINUTES
NATIONAL PORK BOARD MEETING

March 4 – 5, 2009
Hyatt Regency DFW Airport
Dallas, TX

OPENING

The meeting of the National Pork Board was called to order at 2:00 p.m. on March 4, 2009 by President Steve Weaver.

ROLL CALL

The following Pork Board members were in attendance: D. Bettin, T. Bierman, R. Brown, E. Forkner, J. Galle, L. Harrison, R. Henry, D. Michael, H. Moore, C. Nelson, G. Nemechek, K. Richter, B. Samson, S. Weaver, and, A. Wilhoite. B. Zimmerman was absent.

Also attending were the following NPB staff: C. Novak, J. Meimann, L. Kline, M. Laughery, M. Wegner, P. Sundberg, J. Johnson, and L. Garner and USDA/AMS representative Emily DeBord. Guests included Rod Smith, *Feedstuffs Magazine* and Dale Miller, *National Hog Farmer Magazine*.

APPROVAL OF MINUTES

A motion was made by Jeff Galle to approve minutes from the February 2-5, 2009 board meeting. Seconded by Gene Nemechek.

MOTION PASSED

CEO UPDATE

Chris Novak, CEO, reported on changes in staffing. He noted that Larry Kline and Mike Laughery tendered their resignations and thanked them for their service to the industry. Novak also acknowledged other members of the management team who made decisions to stay with the organization. He noted that he will spend some time working with individual departments to determine their needs as he looks to hire new leadership in those areas. He also plans to hire a special assistant in the Governance and Operations area. We will not be replacing Larry Kline and Calvin VandeKrol and Lynette Webster will cover the responsibilities in the accounting area. Calvin will become part of the management team representing that department.

A motion was made by Everett Forkner thanking and acknowledging the service and tenure Larry Kline and Mike Laughery gave to both the National Pork Board and the Pork Industry. Seconded by Jeff Galle.

MOTION PASSED

Novak also reported on the We Care program and how we might move it forward to help producers respond to animal welfare needs as well as to our chain partners. He noted that the HBO documentary, “Death on a Factory Farm” to be telecast March 16th, focuses on an Ohio case of a pork producer who was charged with 10 counts of neglect and abuse. NPB has put together talking points to address these concerns. Animal Welfare will be one of the topics presented to producers at the update session during this Forum.

FORUM OVERVIEW

Jim Meimann, VP of Governance and Operations reviewed highlights for this year’s Forum, including the theme, “Principles, Practices and Proof: The Path to Success.” Events at Forum will relate to the responsible pork initiative. Meimann reviewed the Resolutions/Advisements that include: PQA Plus Participation; We Care; Unloading Procedures; and, Operation Mainstreet Recognition.

Meimann noted that Sam Hines, MI will be the recipient of the Distinguished Service award. Hines, who will be retiring in a few months as State Executive of the Michigan Pork Producers, contributed greatly to the continued success of the checkoff program. Meimann also informed the board of the state contact breakfast that will give the smaller states more information on the Direct Documentation Process as well as an opportunity to meet Chris Novak and ask questions that might be of importance to them.

UPDATES/ISSUES

Pork Industry Animal Welfare Advisory Group: Dr. Paul Sundberg, VP of Science and Technology, presented background information related to the formation of a Pork Industry Animal Welfare Advisory Group. The NPPC Board passed a resolution in January calling for establishment of an animal welfare advisory group that could review animal care practices for the industry. This advisory group would be an opportunity to show our responsiveness to customer and consumer concerns regarding pork production issues.

Carbon Footprint: Dr. Sundberg explained that the University of Arkansas has been contracted to develop a carbon footprint literature review due in March. The next steps are for UARK to do a high level estimate of carbon footprint that would encompass the pork production chain as a whole—ranging from grain production to end user and then to do a detailed carbon footprint assessment for the pork production segment of the chain. A working group will be convened to strategize next steps for the industry. The working group will consist of representatives from state pork associations, meat packing, retail, pork producers, feed and grain producers. The Working Group would report directly to the Board of Directors. Sundberg explained that

the underlying carbon footprint analysis is a priority that is scheduled to be done in 2009.

Trade Committee: Dr. Sundberg brought forward for approval of the board, a proposal for changes to the Trade Committee. He explained that because of a significant overlap between the National Pork Board's Trade Committee and the USMEF Pork and Allied Industry Committee, there has been some confusion about the roles and responsibilities among the members of the two committees that affects the efficiency of the process and its transparency, objectivity and credibility. The proposed changes include the participants of the National Pork Board's Trade Committee and a clarification of the roles of the USMEF and National Pork Board's committees.

Karen Richter made a motion to support the changes to the Trade Committee. Seconded by Tim Bierman.

MOTION PASSED

We Care: Mike Laughery, VP Producer Services, reported on the progress of the We Care program. He noted that many states have been involved and successful with consumer-oriented We Care communication campaigns. These states are really committed to continuing these programs. Laughery is working with them for their input on how to simplify the program. He continues to meet with packers to promote the PQA+ program as vital to food safety and animal welfare improvements.

Laughery noted that the board had previously given staff direction to explore the possibility of sharing our TQA+ program with the National Cattlemen's Beef Association. There is a 30% overlap of people who haul beef as well as pigs. The purpose of the joint program will be to enhance the knowledge, skills, and abilities of swine and cattle transporters, producers, and handlers so they will be able to better handle, move and transport swine and cattle.

Currently the NCBA is anticipating a "pilot" roll out date of June 11, 2009. This will enable them to gain insight into areas of strengths and weaknesses in the program prior to releasing a soft program rollout on beef specific content by 9/30/09. Should NCBA continue with the program, they are looking at a dual (beef and pork) certification program release in March 2010.

Introduction to Pork Connection: Chuck Cozad, Director of Technology Services, introduced board members to a new communication site designed specifically for each individual board member depending on which committees they sit. Because e-mails can get lost, filtered, etc., this site will be a central housing site for communication on all announcements, meeting materials, etc. It will also have a feature that will allow for board discussions. The goal is to have it up and running by the July board meeting.

Future Forums: Mike Wegner, VP of Communications, asked for suggestions on changes to format, dates, timeframe, etc. for future annual meetings. Is Thursday thru Saturday the best format? Are there ways to save resources? Banquet attendance has been down the last several years. Would it work to have the awards at a luncheon to save dollars on the banquet? He requested they send their ideas to him for a forum review.

RECESSED

President Weaver recessed the meeting at 5:00 p.m.

CALL TO ORDER

President Weaver reconvened the meeting on Thursday, March 5 at 7:30 a.m.

BUDGET REPORT

Larry Kline summarized the 2008 unaudited financials with \$67.4m in revenue and \$50.3m in national spending leaving an undesignated reserve of \$17.1m. He summarized the 2009 budget and presented changes to the budget. Based on the most recent information from Steve Meyer, checkoff revenue projections for the year have decreased from \$71.0m to \$67.1m creating an unfavorable variance of \$3.9m. The supplemental passed by the board consisting of \$500k for euthanasia and \$150k for strategic vision development were added to the budget creating a revised National spending level of \$57.7m. The 2009 forecast, including the changes will put our undesignated reserve at \$13.1m.

INTERNATIONAL TRIP

Dr. Paul Sundberg reported on the opportunities that have been presented to the board in regard to a trip overseas in 2009. He noted that Board leadership and senior National Pork Board staff attended an International Meat Secretariat meeting in 2007 at which time they had the opportunity to visit a processing plant and talk to Chinese importers and government officials about the value of U.S. pork. In September 2009, the IMS will once again meet in China, which would give the board an opportunity to again meet with Chinese officials and delegations from all over the world. Traveling to China could provide an opportunity to interact on a business level with our global customers.

There may also be an opportunity for the Board could make a stop in Japan, our leading market.

AMS UPDATE

Craig Morris, AMS Livestock & Seed Program Deputy Administrator, gave a summary of topics AMS is working on, some of which are: animal handling requirements; animal welfare audits; USDA process verified program; pork for the EU; Federal pork purchases for domestic programs; and, bonus purchases. Morris also reported on the results of the Pork Checkoff survey. A total of 69,446 total eligible producers and importers were qualified to vote in the survey. In order to conduct a referendum of the checkoff 10,417 signatures were required. 94 valid requests were filed.

Morris noted that commodities must practice due diligence in using checkoff funds. He reminded the board that there should be no use of checkoff funds to influence government action or policy; no use of pork board materials or checkoff funds toward activities related to specific ballot initiatives; and no use of checkoff funds to educate consumers on livestock industry issues related to potential state ballot initiatives.

Emily DeBord, AMS Representative, spoke about the state election materials and their request to receive them at AMS earlier than October 1. She requested that, because of the length of time it takes for the names to be sent thru the approval process, we have the forms to them no later than August 1. That would require all states to have their elections completed and forms sent to us no later than July 15. As of now, there are approximately 29 states who could not meet this deadline based on the dates of the 2009 election schedules.

COMMITTEE REPORTS

Board members gave updates on various committee meetings:

- Gene Nemechek: reported that 80% of swine premises logged into the system and hopefully, more will log in as packers make the ID system a requirement.
- Roy Henry and Lynn Harrison: reported that the Environmental Committee funded \$173,000 in research. The committee received its first report on carbon footprinting.
- Tim Bierman: reported that the Animal Welfare Committee met in Raleigh and funded 3 proposals. Staff is developing RFP's for euthanasia proposals. He also noted that Pork Board is participating with NPPC and the National Hog Farmer on a swine transportation forum prior to Expo.

- Dianne Bettin reported that the Nutrition Committee is scheduled to fund seven research proposals, although they have not yet been defined.
- Conley Nelson reported on the Domestic Marketing Committee meeting. They had good discussion on the strategic vision and future. He noted that lots of good consumer research has been completed. They are also waiting on a response from the new administration at USDA regarding the lowering of the cooking temperature. Conley added that Joe Luter of Smithfield will be joining the DM committee.
- Alan Wilhoite reported on the Pork Safety Committee. They funded a total of 5 research proposals out of 27 received. Two are targeted at post-harvest research and three are pre-harvest.
- Everett Forkner reported that the Animal Science Committee funded three projects on sow longevity. They will do another call for proposals in the spring. Seven proposals on nutritional efficiency were recommended for funding. Iowa Pork requested that the committee forward some of the studies that were not funded and they would look at the possibility of funding some of those.
- Jeff Galle reported that the Producer Services Committee worked on objectives and goals for 2009.
- Bruce Samson noted that a survey was sent out to their Niche Committee members looking at reorganization of the web site and niche program.
- Randy Brown reported that the 2009 Environmental Stewards will be recognized this week at Forum. He encouraged board members to talk to producers to promote this important industry program.

VISION TASK FORCE

Larry Kline gave a brief report on the Vision Task Force. He noted that members include: Steve Weaver, Everett Forkner, Gene Nemechek, Larry Sitzman, John Green, Jim Meimann, Mike Laughery, and Chris Novak. A meeting will be held in March to start the development of the plan. A June 16th Informed Futurist meeting will be part of the process, as well as outreach to many producers and industry stakeholders.

Larry introduced Bill Hale and Bob Ludwig who gave brief updates on the Hale Group—which provides strategic counsel to the food and agribusiness industries. The purpose of this assignment with the Pork Board is to develop a vision of the future of the U.S. pork industry and to craft a strategy for NPB in light of that future business environment. This would include looking at alternative ways in which the world might look 10-25 years from now. Their approach will look at predetermined factors, wild

cards, and uncertain forces. Some questions to answer will be: What will cause inflection points in current trends? What do you need to monitor? Where are we going to get our input? The Hale Group will work with the Task Force as well as conduct information gathering industry meetings and will report back to the Board throughout the process. A draft report will be given to the Board at the November meeting.

COMPENSATION REPORT

The results of the work of the Compensation Committee were reported by Steve Weaver. He noted the members of the committee included: Tim Bierman, Steve Weaver, Rich Gallant, Randy McMahon, and Lynn Harrison. The committee met with the critical issue champions and noted that the results were far superior to the previous year. This year, the compensation for staff is split into two areas – individual goals and how the team and team leaders achieve the goal of working toward the five critical issues. The Compensation Committee concluded that the staff achieved 90% of the listed objectives—resulting in a 4.5% bonus award to staff.

A motion was made by Steve Weaver on behalf of the Compensation Committee to approve a 4.5% bonus to staff.

Jeff Galle moved to table the motion. Seconded by Gene Nemechek

MOTION TABLED

The board called for an Executive Session after which time **Jeff Galle moved to put the previous motion back on the table for action. Seconded by Bruce Samson**

MOTION PASSED.

ADJOURN

President Weaver adjourned the meeting at 11:35 a.m.

**MINUTES
CONFERENCE CALL
April 23, 2009**

OPENING

The meeting of the National Pork Board was called to order at 2:00 p.m. on April 23, 2009 by President Steve Weaver.

ROLL CALL

The following Pork Board members were in attendance: D. Bettin, T. Bierman, R. Brown, E. Forkner, J. Galle, L. Harrison, R. Henry, H. Moore, C. Nelson, G. Nemecek, K. Richter, B. Samson, S. Weaver, A. Wilhoite and B. Zimmerman. D. Michael was absent.

Also attending were the following NPB staff: C. Novak, J. Meimann, M. Laughery, M. Wegner, J. Johnson, C. VandeKrol and L. Garner. USDA/AMS representative Emily DeBord and proposed new board member, Lisa Colby were also present on the call. Guests included Terry Fleck with the Center for Food Integrity.

**APPROVAL OF
MINUTES**

A motion was made by Alan Wilhoite to approve minutes from the March 4-5, 2009 board meeting. Seconded by Randy Brown.

MOTION PASSED

BUDGET PROCESS

Calvin VandeKrol, Controller for the National Pork Board reviewed the current budget process noting that, because of the positive comments from last years' process, unless there were other suggestions from the board, we would proceed with basically the same timeline.

It was suggested that the members of the budget committee be invited to attend the Strawman meeting that will be held August 18-19 in Des Moines. This would ensure that there would be a budget committee member in attendance at the breakout sessions for Plan of Work.

Discussion was held on keeping the current Critical Issues as they are for the 2010 budget year. It was noted that there could be come changes made after the Strategic Plan process is completed that would apply to 2011 and later.

Current Critical Issues, in no particular order, are:

- Competitive Advantage of US Pork
- The safeguard and expansion of international markets.
- The trust and image of the industry and its products
- Domestic Pork Expenditures

- Human Capital – the development of producer leadership and technical advisors and the growth of a quality workforce.

A motion was made by Dianne Bettin to maintain existing Critical Issues for the 2010 budgeting process. Seconded by Jeff Galle.

MOTION PASSED

SUPPLEMENTALS

PQA Plus: Mike Laughery, VP of Producer and Industry Relations, provided an update on the PQA Plus program and request for supplemental funding. As background, we expect most producers to be PQA Plus certified by June 2010, however our challenge is in having them complete the site assessment component of the program. To that end, the proposal would ask Pork Board to provide matching or state-share dollars that would allow states to distribute \$50.00 “coupons” to help offset the cost of the assessments and to show a national commitment and partnership with the states and producers in this effort. This would be modeled after a similar program in Ohio. It could include a three-way match from NPB, NPPC and states. The coupons would be limited to only one or two sites per operation. The supplemental funding request for this project would be \$25,000 from National Pork Board.

We Care: Laughery presented a request for supplemental funding in the area of We Care marketing and outreach. Several states have asked National Pork Board do a cost share with them to support additional consumer communication efforts that could help put a positive, accurate and science-based message forward in the face of recent articles, TV programs, etc. that have attacked the health and safety of modern livestock production systems.

- One component of the proposed plan would provide dollars toward the states use of marketing materials using the We Care logo on items such as pens, notepads, trinkets, etc. This request is \$25,000.
- Another component would come in the form of We Care image advertising in which NPB would cover the cost of all creative materials, both agency time and production. The state matching program plan must use a general We Care message. This request is \$250,000.

Center for Food Integrity: Terry Fleck with the Center for Food Integrity presented a \$150,000 proposal for supplemental funding. This program is built as a multi-species consumer outreach effort with an anticipation of

funding from multiple state and national commodity/farm organizations. The United Soybean Board has offered \$150,000 toward the initial pilot program targeting key metropolitan markets, but the offer is contingent upon CFI securing matching funds from a national animal agricultural organization. This program would help enhance our consumer communication effort for We Care. It would consist of an urban/suburban sweepstakes hook for free groceries for one year (a \$5000 prize) that would direct them to a website that focuses on consumer education and will highlight producers. Local media would drive awareness of the sweepstakes.

Discussion on this proposal was positive, including comments emphasizing that “new” communication tools like the internet websites, Twitter and Facebook are the face of the future and that we must continue to be proactive in responding with technology used by a new generation of consumers.

After some discussion, it was determined that this request has merit and should be reviewed by the Budget Committee with recommendations back to the board.

Chris Novak, CEO, reported that he attended a meeting of the 21st Century Pork Club where discussion focused on Animal Welfare issues and what is happening in Europe. Attendees at that meeting are very positive about our outreach efforts for PQA Plus and are ready and willing to fully cooperate with the program. It was noted that NPB needs to establish a timeline to ask all producers to be site-assessed.

Board consensus was: a) to reach out to the top 50 producers this year with a goal to get their operations site-assessed by end of 2009, and b) to give all other producers until June 2010 for PQA Plus certification, and until the end of 2010 for site-assessments. This topic will be added to the June board agenda.

Building Repair: Jim Meimann, VP of Governance and Operations, reported that due to mold remediation in several areas of the building, there may be a need to put thru a supplemental request, as the damage and the repairs to the building, roof and external grading/drainage are more extensive than previously noted, and more aggressive and long term solutions need to be addressed to prevent this in the future.

VISION TASK FORCE

Steve Weaver gave a brief report on the Strategic Vision process. He noted that members include: Steve Weaver,

Everett Forkner, Gene Nemechek, Larry Sitzman, John Green, Jim Meimann, Mike Laughery, and Chris Novak. A meeting was held in March to start the development of the plan and a list of 14 potential Task Force Members. The first meeting will be held the end of May and a report will be made at the June board meeting. Three regional meetings in July will be open to all producers and will take place in Omaha, Indiana and North Carolina.

INTERNATIONAL TRIP

Chris Novak outlined potential time frames for the International Trip to China. He reviewed two different scenarios, one to include Japan.

- Leave US on August 30th arrive China on 8/31. Attending the World Pork Congress the end of that first week, and depart China on 9/5 arriving home on 9/6.
- Leave US on 26 or 27th of August for 10 days to include Japan on the first leg. Depart China on 9/5 and arrive in US on 9/6.

There was considerable Board interest in the trip and particularly the 2nd option. Staff will work with USMEF on further details and report back to board.

NOMINATING RANKING SYSTEM

Randy Brown expressed some concern about the Nominating Committee ranking candidates for election at Forum and whether it was necessary, if it provided valuable information to states and delegates in qualifying candidates, and if it served a valid purpose. He asked all board members to visit with their state associations, to get the state opinion on these questions and be prepared to discuss at the Board meeting in June.

ADJOURN

President Weaver adjourned the meeting at 8:25 PM.

**MINUTES
CONFERENCE CALL
April 30, 2009**

OPENING

The meeting of the National Pork Board was called to order at 6:00 p.m. on April 30, 2009 by President Steve Weaver.

ROLL CALL

The following Pork Board members were in attendance: D. Bettin, T. Bierman, R. Brown, E. Forkner, J. Galle, L. Harrison, R. Henry, D. Michael, C. Nelson, G. Nemechek, K. Richter, B. Samson, S. Weaver, and A. Wilhoite. H. Moore and B. Zimmerman were absent.

Also attending were the following NPB staff: C. Novak, J. Meimann, M. Wegner, J. Johnson, C. VandeKrol, C. Snyder, L. Bever, C. Cunningham, and L. Garner. USDA/AMS representative Emily DeBord and Kenneth Payne were also present on the call. Guests included Neil Dierks, CEO, National Pork Board.

BUDGET REPORT

Gene Nemechek, Chair of the Budget Committee, reported that the 5 supplemental funding requests that were overviewed to the Board on the April 23 conference call were approved by the Budget Committee and are being recommended to the board for its approval.

H1N1Print and On-Line Advertising Campaign

Supplemental Request: Joy Johnson reported on the campaign which will be aimed at reassuring consumers about the safety of U.S. Pork. Pending USDA approval, the ads will start running early next week. Also included in the proposal will be funding for on-going public relations efforts including two satellite media tours (aimed at our Hispanic markets) and additional social media programming. From our consumer polling, we have been making progress in restoring consumer confidence, but the additional advertising will hopefully reinforce those messages while also helping to strengthen pork demand. Discussion followed.

Gene Nemechek, on behalf of the budget committee, made a motion to approve \$1.8M in supplemental funding for the H1N1 Print and On-Line Advertising Campaign.

MOTION PASSED

Tim Bierman made a motion to approve the following supplemental requests:

- **\$25,000 for State Cost-Share for We Care Marketing Materials:** A state cost-share or matching program that will help promote PQA Plus by making marketing materials available to the states prior to summer so that states have time to implement.
- **\$25,000 for State Cost-Share for PQA Plus Site Assessment Coupons:** A program through which NPB will provide state matching dollars to help motivate producers to complete their site assessments.
- **\$150,000 for We Care Consumer Communication Pilot Project:** A multi-species consumer outreach program through the Center for Food Integrity (CFI) to build trust and create a stronger sense of affinity between U.S. consumers and the farmers who produce their food; to make the connection that both groups share the same core values when it comes to the food system. This program is built with an anticipation of funding from multiple state and national commodity/farm organizations.
- **\$250,000 for State Cost Share for We Care Image Advertising:** NPB will provide state share or matching funds to be applied towards media placement regarding the “We Care” program. The focus will be on long-term commitment, ethical principles, strong “best practices” program, continuous improvement and nobody cares more. The funds are available first come, first serve.

Seconded by: Everett Forkner

MOTION PASSED

NPPC REPORT

Neil Dierks, CEO of the National Pork Producers Council, updated the board on their activities regarding the H1N1 Influenza outbreak. He feels trade restrictions will be temporary and that the Meat Export Federation has been working hard in this regard. Dierks noted that the outbreak has dealt a significant blow to producer profit and lenders are beginning to become skittish. He feels we need to keep them in the loop and informed.

Cindy Cunningham noted that some of our incoming calls have turned to the subject of economics and the Communications Department has just released a new set of economic talking points.

ADJOURN

President Weaver adjourned the meeting at 7:30 PM.

MINUTES
National Pork Board
CONFERENCE CALL Meeting
May 11, 2009

OPENING

The meeting of the National Pork Board was called to order at 6:00 p.m. on May 11, 2009 by President Steve Weaver.

ROLL CALL

The following Pork Board members were in attendance:

D. Bettin, T. Bierman, B. Zimmerman R. Brown, E. Forkner, H. Moore, J. Galle, R. Henry, C. Nelson, G. Nemechek, K. Richter, S. Weaver, and A. Wilhoite. Absent: L. Harrison, B. Samson, and D. Michael.

Also attending were the following NPB staff: C. Novak, J. Meimann, J. Johnson, C. VandeKrol, C. Snyder, L. Bever, J. Sutton.

BUDGET REPORT

Gene Nemechek, Chair of the Budget Committee, reported to the Board on Budget Committee discussion and recommendations regarding H1N1 Influenza supplemental funding requests. He reported the H1N1 Print and On-Line Advertising Campaign, funded by a previous supplemental request, had been successful with positive movement in consumer tracking surveys and increased retail pork orders. However, some additional areas of concerns had been identified that need immediate attention.

Earned media and paid advertising efforts are working to restore consumer confidence that pork is safe. However, pork demand remains soft. The following steps were recommended to the Board by the Budget Committee:

- Hispanic Marketing –Spanish-speaking consumers continue to lag general market consumers by 20 percentage points. To close this gap, a two week earned and paid media campaign is recommended. The campaign would begin the week of May 18 with an objective of increasing confidence among Spanish speaking consumers that pork is safe to eat. It entails newspaper, radio, online, op-ed, E-advisory, counseling and messaging components. The recommended plan budget is \$571,549.

The Iowa Pork Producers Association this week allocated \$50,000 to this effort—contingent upon approval by NPB’s Directors—so \$521,549 in supplemental funding is required.

- Retail Promotion – Pork sales took the biggest hit Thursday, April 30 – Sunday, May 3, and then began to make a comeback. Although there was some improvement in purchase behavior, a softening in the demand has continued over the past two weeks. New partnership opportunities have been developed with the top four retailers to boost pork sales now through the 4th of July holiday.

The recommended retail promotion plan supplemental budget request is \$535,000.

- State Directed Paid Media – to maximize effectiveness of the above retail promotions, additional radio and online ads are recommended with the following objectives:
 1. Assure American consumers that pork is a quality product from a trusted industry;
 2. Transition more toward consumption-driven messaging around taste, nutrition, ease & convenience (keep safety as support point); and
 3. Tie in to retail promotions to help increase traffic to the retail location and accelerate pork movement.

Due to the negotiated newspaper media rates and production efficiencies, \$450,000 remains in unspent dollars from the \$1.2 million first supplemental paid advertising campaign approved April 30, 2009. The original cost for this State Directed_Paid Media strategy was higher than \$450K. The Budget Committee recommended scaling back the proposal on State Directed_Paid Media proposal to match the amount of the savings (\$450K) and then to apply the savings toward this strategy, in support of retail promotions now through the 4th of July.

MOTION

Gene Nemecek moved, on behalf of the Pork Board Budget Committee:

- A) to approve the 2nd supplemental budget request to support the Hispanic Marketing (\$521,549); Retail Promotion (\$535,000) and State Directed Paid Media (utilizing \$450,000 in savings) in the amount of \$1,056,549.**
- B) to direct staff to undertake an immediate review of the 2009 budget and Plan of Work to identify any programs or areas of expenditure that can be recommended for postponement, reduction, or elimination, with a goal of minimizing the current draw on reserves and maintaining a solid reserve to address future industry challenges.**

MOTION PASSED

ADJOURN

President Weaver adjourned the meeting at 7:30 PM.

MINUTES
National Pork Board
CONFERENCE CALL Meeting
June 1, 2009

OPENING The meeting of the National Pork Board was called to order at 6:00 p.m. on June 1, 2009 by President Steve Weaver.

ROLL CALL The following Pork Board members were in attendance: D. Bettin, T. Bierman, B. Zimmerman R. Brown, E. Forkner, H. Moore, J. Galle, R. Henry, C. Nelson, G. Nemechek, K. Richter, B. Samson, S. Weaver, and A. Wilhoite. Absent: L. Harrison, and D. Michael.

Guests included: Lisa Colby, and Emily DeBord, USDA/AMS. The following NPB staff were also in attendance: C. Novak, J. Meimann, P. Sundberg, M. Wegner, M. Laughery, C. VandeKrol, E. Risa.

WE CARE INITIATIVE As background, discussion was held on the April 22 conference call on a possible board resolution on the We Care Initiative that would set target completion dates for PQA Plus certification and site status. At that time, a consensus concluded that we should be looking at completion dates of June 2010 for certification and December 2010 for site assessment. The following day NPB & NPPC staff with Tyson Foods to provide an update on the PQA Plus & We Care programs. As a result, Tyson expressed an interest in supporting the industry position on the We Care Initiative and a willingness to commit to target dates established by the industry.

To recognize the growing support of the PQA Plus program, a pork industry press conference was scheduled for Wednesday, June 3, 2009 at World Pork Expo. This conference would announce producer participation milestones as well as commend the growing number of industry partners who are supporting the program. A number of state pork organizations and industry partners had specifically endorsed a resolution setting target dates for PQA Plus certification and site status, but the NPB had not approved a similar resolution.

Karen Richter made the following motion—seconded by Randy Brown.

MOTION: The National Pork Board strongly recommends that all pork producers participate in the pork industry's We Care Initiative by a target date of 12/31/10. Through their participation, producers would abide by the Statement of Ethical Principles, become Pork Quality Assurance Plus (PQA Plus) certified by 6/30/10, and achieve PQA Plus site status by 12/31/10.

MOTION PASSED.

ADJOURN President Weaver adjourned the call at 6:20 p.m.

**DRAFT
MINUTES
National Pork Board Meeting
June 4, 2009
Des Moines, IA**

OPENING

The meeting of the National Pork Board was called to order at 9:00 a.m. on June 4, 2009 by President Steve Weaver.

ROLL CALL

The following Pork Board members were in attendance:

D. Bettin, B. Zimmerman R. Brown, E. Forkner, H. Moore, J. Galle, L. Harrison, R. Henry, C. Nelson, G. Nemecek, D. Michael, K. Richter, B. Samson, S. Weaver, and A. Wilhoite. Absent: T. Bierman.

Guests included: Lisa Colby, Brad Greenway, Dale Norton and Emily DeBord, USDA/AMS. The following NPB staff were also in attendance: C. Novak, J. Meimann, J. Johnson, P. Sundberg, M. Wegner, M. Laughery, C. VandeKrol, L. Garner .

**APPROVAL OF
MINUTES**

A motion was made by Jeff Galle to approve minutes from the April 30, 2009, May 11, 2009 and June 1, 2009 board conference calls. June 1 minutes will be adjusted to reflect the absence of Alan Wilhoite on the call. Seconded by Gene Nemecek.

MOTION PASSED

**AUDIT COMMITTEE
REPORT**

A report from the Audit Committee was given by Chairman Bruce Samson. He noted that the audit firm of RMS McGladrey had conducted the annual financial audit of the Pork Board for FY 2008. Bruce and the Audit Committee had received and reviewed copies of the audit report. It was very positive and contained no issues, concerns or management letters of any import. The financial audit was completed on time and on budget and came back from RMS McGladrey with no adjustments.

Bruce Samson, on behalf of the NPB Audit Committee, moved that the NPB Board of Directors approve the RMS McGladrey annual financial audit report of the Pork Board for FY 2008.

MOTION PASSED

Samson reported that for FY 2008, state financial audits or reports were required of all 43 organized states. Of the 43, 38 were in compliance; 3 (NE, NV and LA) had minor issues and will have their report in by the end of June; and, 2 (DE, WY) had more substantial issues. Withholding funds from those states with substantial issues is recommended pending satisfactory response to all areas of concern.

Bruce Samson, on behalf of the NPB audit committee, moved that: the NPB Board approve the 2008 state financials for the 38 states with approved audits.

MOTION PASSED

Bruce Samson, on behalf of the NPB audit committee, moved that: the Board of Directors withhold funds from Delaware and continue withholding funds from Wyoming. Further, that the Board approve Louisiana, Nevada, and Nebraska provided these states submit a year-end report to the NPB Audit Committee by June 30th.

MOTION PASSED

**ADMINISTRATIVE
REPORT**

Karen Richter, on behalf of Tim Bierman, presented the report from the Administrative Committee.

Richter reported that the Indiana administrative review was conducted on September 15-16, 2008 by Mike Telford on behalf of the National Pork Board. The Admin Review process has taken longer than usual due to the complexity of dealing with conflict of interest issues inherent within Indiana Pork's business structure. Those issues have been satisfactorily resolved. The remaining issues have been addressed by Indiana Pork to the satisfaction of the Admin Committee. The Committee has reviewed and approved the steps outlined in the Indiana Pork Plan of Action to address NPB's recommendations. The steps are appropriate to address all outstanding issues.

Karen Richter, on behalf of the NPB Administrative Committee moved that: the Board of Directors approve the Indiana Compliance Audit as presented.

MOTION PASSED

H1N1 UPDATE

Chris Novak overviewed the Pork Board's recent response to the H1N1 outbreak. He noted that our objectives were to: 1. reassure U.S. consumers and international trading partners that pork is safe; 2. to protect the U.S. Swine herd from becoming infected with the virus; 3. To monitor news media, government, industry, and social media communication to identify emerging issues; and 4. to be prepared to defend modern swine production practices against allegations that existing animal husbandry and production practices are responsible for influenza outbreak.

Moving forward, Novak noted that our key focus remains on market recovery and biosecurity. Also, additional retail promotions and Hispanic advertising efforts are currently underway as well as longer-term planning on prevention and response of other key vulnerabilities. We will also continue communication and message planning around the Fall influenza season.

STRATEGIC PLANNING

Chris Novak gave a report on the progress of the Strategic Planning effort. He reviewed the objectives of the first meeting, the Task Force Action Steps and gave an overview of the high priority areas, which included public perception, Foreign Market Access/Development,

Producer Education & Compliance and Promotion. Task Force meetings are scheduled for August 4-5 and September 17-18. Regional meetings will take place in August in Omaha, Indianapolis and Clinton, NC.

BUDGET REPORT

Calvin VandeKrol summarized the 2009 budget and presented changes to the budget. Based on the most recent information from Steve Meyer, checkoff revenue projections for the year have decreased from \$71.6m to \$61.0m creating an unfavorable variance of \$10.6m. He noted our existing spending level of \$57.9m with the possibility that we will need to address this spending pattern in our forecasting process. The National Pork Board staff did find an estimated \$2m in potential savings in 2009. In addition to the existing spending level, the additional supplemental passed by the board in May for H1N1 consisted of \$3.2m with an additional supplemental for building repairs and Operation Main Street for \$273k. The state distribution was reduced from \$13.5m to \$12.2m creating a variable variance of \$1.3m due to the decrease in checkoff revenue. These changes decreased cash reserves from \$17.5m to \$7.2m.

VandeKrol discussed revenue projections for 2010 and 2011, \$66.8m and \$70.6m respectfully, using the low end price projections from Steve Meyer's forecasting model. The board discussed the spending level of \$55m and \$50m and what the impact would be on our available reserve funds. If we use the low end revenue number and our national spending level is at \$55m, our reserve will be \$6.4m at the end of 2011.

A motion was made by Budget Chair Gene Nemechek, on behalf of the Budget Committee, to target ending un-earmarked reserves FY 2009 at \$7m utilizing low-point revenue projections of \$61m.

MOTION PASSED

Jim Meimann reported on a request for an environmental remediation supplemental to repair the roof and replace the cabinetry and appliances in the kitchen and identify, remove and repair mold damage in various sections of the building. The roof will cost \$213,278 of which NPPC will contribute \$165,000 leaving NPB with a balance of \$48,278. This does not include gutters and downspouts which will be expensed next year.

A motion was made by Budget Chair Gene Nemechek, on behalf of the Budget Committee, to approve supplemental funding of \$193,000 for the environmental remediation, kitchen rebuilding and NPB portion of the Office roof replacement costs.

MOTION PASSED

2010 PLANNING

Chris Novak presented the 2010 Desired Outcomes that should be specific, measurable, action-oriented, realistic and time-bound goal statements that drive programming. They are used to specify the results desired from the work done in the programming tactics and deliver results toward the industry's five critical issues. They are generated from committee discussions and staff recommendations. Board members reviewed, discussed and made changes to the desired outcomes listed under each critical issue. These will be reviewed at the July meeting.

A motion was made by Dennis Michael to approve the Desired Outcomes as presented with the intent for staff to examine and provide additional opportunity for the board to discuss. Seconded by Randy Brown

MOTION PASSED

NOMINATING REPORT

Karen Richter, chair of the Nominating Committee (PBNC), reported that an issue had been raised regarding whether or not to rank Pork Board candidates for delegate voting purposes. The role of the PBNC traditionally has been to recruit, screen, interview, rank and recommend to delegates a slate of candidates for the National Pork Board and the Nominating Committee. The information gathered about a candidate during the interview can only be conveyed to the Delegates through the bio and the ranking process. However, in spite of the increased training and professionalism of the PBNC over the last couple of years, concern has been expressed about the ranking process and whether it really serves the industry well. The board discussed the value of the ranking and interview process. Questions were asked: If we don't rank, what is the purpose of the interviews? How would the results of the interview process be communicated to the delegates?

A motion was made by Dianne Bettin to:

- **continue the interviews, but not rank the candidates;**
- **allow time at Pork Forum to “get to know the candidates”;**
- **to formulate a more extensive application.**

Seconded by Randy Brown.

MOTION PASSED

It was suggested that the issue be taken up by the Nominating Committee and that they report back to the board at the July Meeting.

PLAN OF WORK

Calvin VandeKrol gave a brief overview on the Plan of Work process which takes place on September 9-11, 2009 in the National Pork Board headquarters in Des Moines. The Desired Outcomes will be distributed to committees and they will have until August to build tactics and to include budget amounts. The information will be reviewed at the Plan of Work meeting which will be attended by producers from around the country who serve in different capacities within the industry.

INTERNATIONAL TRIP

A discussion was held as to whether the Board should reconsider its planned trip to China and Japan in September. Due to the H1N1 virus, bio-security issues, industry economics and China withholding U.S. pork imports, would it be prudent at this time to travel overseas? Discussion was held and it was determined that staff would visit with USMEF and get back to board members with their recommendations.

ADJOURN

President Weaver adjourned the meeting at 11:45 a.m.

D R A F T
National Pork Board
Board of Directors
MEETING MINUTES
July 20, 2009
Osage Beach, MO

OPENING

The meeting of the National Pork Board was called to order at Noon on July 20, 2009 by President Steve Weaver.

ROLL CALL

The following Pork Board members were in attendance: D. Bettin, T. Bierman, R Brown, E. Forkner, H. Moore, J. Galle, L. Harrison, R. Henry, C. Nelson, G. Nemechek, D. Michael, K. Richter, B. Samson, S. Weaver, A. Wilhoite, and B. Zimmerman.

Guests included: Lisa Colby, Brad Greenway, and Dale Norton. Also attending was Emily DeBord, USDA/AMS. The following NPB staff were also in attendance: C. Novak, J. Meimann, P. Aasness, Johnson, C. Snyder, P. Sundberg, M. Wegner, C. VandeKrol, and L. Garner.

APPROVAL OF MINUTES

A motion was made by Brian Zimmerman to approve minutes from the June 4, 2009 board meeting held in Des Moines, IA. Seconded by Randy Brown

MOTION PASSED

CENTER FOR FOOD INTEGRITY

Charlie Arnot, CMA, gave a presentation on the Center for Food Integrity's Initiative: Building Consumer Confidence and Trust in the Contemporary U.S. Food System. Charlie overviewed two key CFI programs. First, The Consumer Trust Survey focuses on consumer attitudes toward food safety, nutrition, and sustainability. The survey provides the agriculture industry a quantitative analysis that helps identify ways that agricultural organizations can strengthen consumer trust. Second, the newest initiative is "*Farmers Feed US.*" This program's objective is to create a stronger affinity between consumers and the farmers who produce their food. The program is executed at the state level with a primary target audience of urban and suburban consumers. The project uses a web site, www.farmersfeedus.org, to offer a sweepstakes for free groceries for a year. Consumers visiting the site receive background information on modern agricultural production. The program has been launched in Ohio. The Pork Board has committed funding to support similar programs two additional states.

PRESIDENT'S REPORT

President Steve Weaver gave a report on the following topics:

- Pork Board Representative to CFI Board – Weaver recognized Conley Nelson's interest and Conley was duly appointed.
- Committee Interest Forms – will be sent out. Please complete and return to Jim Meimann. All Board Members should have the opportunity to express prioritized interest in the various committees.
- **A motion was made by Jeff Galle to approve funding of \$100,000 for the following Research Proposal:**

09-208 PRRS Host Genetics Consortium: A proposal to continue consortium work to study the role of host genetics and resistance to PRRSV

that was previously sent to the board for review. This work will help identify pigs that have in increased propensity of being PRRS resistant. Seconded by Alan Wilhoite.

MOTION PASSED

ADMINISTRATIVE REPORT

Tim Bierman gave the Administrative Committee Report. He noted that the Minnesota and Illinois Administrative Reviews had been completed. The Committee recommends the board approve these reviews. A notice was sent to Indiana Pork advising them of the Board's action in June approving Indiana's final report. Final approvals for Kentucky and Wyoming are still in progress. We are working with producers in WY to get their organization up and running and are withholding funds until the state has officially appointed a new board.

Bierman made a motion, on behalf of the Administrative Committee, to approve the Minnesota and Illinois reviews.

MOTION PASSED

ECONOMIC UPDATE

Steve Meyer reported on the economic situation. Consumer demand for pork is up 1.5%. Central question on exports is whether we can stay on the 04-07 trendline? May is the first month below—which reflects the impact of H1N1. The June 30 acreage report was a surprise – corn @ 87 mil acres – 2nd largest since 1946. Record high 77.5 mil acres of soybeans projected with crop conditions rated as outstanding as of 7/20. Lower crop prices have removed some of the incentive to reduce supplies. The projected 2009 losses on 6/11 were \$13 cwt—but lower feed prices have cut these losses almost in half. The June Hogs and Pigs report was about as expected except for RECORD litter size. Quarterly

slaughter forecasts are showing only a 2-3% reduction. Revised price forecasts are much lower, but there is some hope in looking at the deferred futures. Sow slaughter increased in June to 70k plus—helped by a surge of Canadian sows coming south. The current profit outlook won't generate much liquidation, but our big risk is H1N1.

BUDGET REPORT

Calvin VandeKrol presented five action items for board to approve:

- Approve \$4.2 m in 2009 expenditure reduction
- Approve \$1.0 m 2009 fall marketing promotion
- Approve 2009 cash reserve of \$6.8m
- Approve 5% contingency factor affecting projected FY2010 revenue
- Approve 2010 spending level of \$46.8m

2009 Forecast. Over last several weeks, NPB staff were asked to find 2009 cost savings. The results was \$4.2m in savings. Calvin presented the 2009 expense reduction summary for each department.

Ceci Snyder presented the proposed fall marketing initiative. The goal is to drive incremental retail sales with an integrated plan encompassing advertising, public relations, retail promotions, and online support. Domestic Marketing will engage state associations to support this effort. The key message for the promotion will be that pork fits today's busy families because it is affordable, delicious nutritious and easy to cook. During this fall season, American families are invited to celebrate their love of pork and know the pride that pork producers have in producing a product that they feed their own families. The proposed budget includes: advertising \$600,000; retail \$330,000; public relations, \$60,000; online - \$10,000. Measurement: retail sales vs. year ago; PR impressions and message quality; web site unique visitors; and coupon redemption. This program is in response to this Fall's expected pork market situation.

The Budget Committee recommends that the board accept the 2009 forecast adjustment of \$4.224m in reduced spending, but add \$1m for a new fall marketing promotion resulting in a 2009 cash reserve of \$6.759M.

MOTION PASSED

The Budget Committee recommends the board adopt a 5% contingency factor applied against the 2010 revenue estimates and set a FY2010 spending level of \$46.8m.

MOTION PASSED

DESIRED OUTCOMES

Chris Novak presented the updated Desired Outcomes. The Board had provided preliminary approval of the draft DOs in June, but had directed staff to review the original draft for duplication and clarity. Chris reviewed the updated version of the DOs that was sent to the board prior to the meeting. The board made a decision to prioritize them within each critical issue area thru the Plan of Work process.

A motion was made by Everett Forkner to approve the Desired Outcomes as amended and presented. Seconded by Dianne Bettin.

MOTION CARRIED

NOMINATING COMMITTEE REPORT

Karen Richter reported on the work of the Nominating Committee in response to June Board motion that eliminated the traditional ranking of candidates. At that time, the board directed the Nominating Committee to make recommendations for changes to the process of ranking, interviewing, and electing Pork Board candidates. The Committee held a conference call 3rd week in June that included current members, new members, and some past committee members. A Motion was brought forth from this ad hoc group that NPB continue ranking and interviewing candidates. The motion also urged NPB to develop new methods to enhance the process of conveying candidate information to delegates—including a process that will provide a ranking by key criteria, developing a “crib sheet” to help candidates understand the nominating process, and organizing an all state caucus at the annual meeting giving delegates more time with candidates.

After much discussion, Steve Weaver suggested that the Board should act on the general concept, but allow the Nominating Committee to work out the specific details.

A motion was made to continue ranking and interviewing candidates and develop methods to enhance the process of conveying information about candidates to delegates to include ~~such~~ *the following* processes:

- **PBNC continue annual interview training;**
- **Ranking will not be on “total score,” but will be by various criteria;**
- **PBNC develop a “crib sheet” to help candidates understand the nominating process and key success factors;**
- **PBNC develop a list of major state caucuses to share location/timing with prospective candidates;**

- **PBNC organize an “all-state” caucus at Forum**
- **Verbal candidate presentation to delegates.**

Amended by Dianne Bettin to add: *to include the following processes:*
Seconded by Tim Bierman

In favor of amending it to: NPB continue ranking and interviewing

MOTION PASSED TO AMEND

MOTION PASSED AS AMENDED

AMS REPORT

Emily DeBord, AMS representative, reported that appointments to the Pork Board have not been made. She noted that it was anticipated that this delay might happen since it’s a new administration. NPB is in the process of providing more information to AMS that was requested regarding the Board appointments.

INFORMED FUTURIST

Everett Forkner, Steve Weaver and Tim Bierman reported on the Informed Futurist Meeting held in June. Bierman noted that while there were no new issues brought out, it was very interesting to hear what is going on in the country from the different participants. Everett said the most interesting thing was individuals who thought differently and brought a different perspective. He was impressed with the diversity of the individuals who attended, including: Hormel, AVMA, Murphy Brown, Walmart, United Egg Producers, The Food Network, etc. The goal of the meeting was to discuss the challenges and opportunities that have the potential to affect the future of the US pork industry; to gain a unique perspective on these issues; and, to identify the most impactful and most probable issues confronting the industry.

Key Focus Areas included: social challenges and support; technical and scientific challenges and opportunities; economic challenges and opportunities; political challenges.

STRATEGIC PLAN

Bob Ludwig, Hale Group, reported on the progress of the Strategic Plan. He reminded the board that our starting point was the long-term sustainability of pork production in the US and our four initial priority areas included: public perception; foreign market access/development; producer education and compliance; and, consumer promotion. Bob noted the upcoming regional meetings have an objective to provide local producers an opportunity to comment on NPB’s direction and planning. Meetings will be held in: Omaha, Indianapolis, and North Carolina.

ISSUE UPDATES

H1N1: Dr. Paul Sundberg, VP of Science and Technology, gave an H1N1 update. The NPB is working with USDA on a plan for monitoring swine health, relative to H1N1, and for responding when this new strain is identified in the swine herd.

Mike Wegner reported on the communications side of the plan. He explained that we have identified 3rd party spokespeople who can present the industry's key message if H1N1 becomes a larger media issue this Fall. We have developed a new set of talking points that has been pre-approved by AMS.

Chris Novak noted the tremendous team effort within our staff and with NPPC and complimented the work of Dr. Paul Sundberg, Dr. Liz Wagstrom, and the Sci Tech and Communication teams.

NPPC UPDATE

Neil Dierks, CEO of National Pork Producers Council (NPPC) gave an update on NPPC's issues and programs. Dr. Dennis DiPetre presented to the NPPC Board on reducing market weight variation that can be as great as 100 lbs between the heaviest and lightest animals marketed. There is a positive benefit of \$2.50 and \$4.00 per pig marketed.

NPPC just completed research on modern farming practices. One finding among consumer opinion leaders was that "hog farmer" was a more acceptable than "pork producer."

BRAND POSITIONING

Ceci Snyder, VP of Domestic Marketing reported on the research to evaluate the current brand position. We've been reevaluating the effectiveness of The Other White Meat and Don't Be Blah marketing efforts. She explained the purpose of research is to analyze the effectiveness of our brand in differentiating pork from competitive meats and motivating consumers buying behavior.

Project Status: year long research has been completed with consumers, food service operators, retailers, processors, producers, and state leadership. Research provides thorough findings on pork's purchase barriers and brand personality. A summary presentation is being completed and will be shared in the next couple of months with industry leadership.

Research results will be shared with Domestic Marketing Committee, Strategic Planning Task Force, and State Pork Associations. The Board

will review the research in detail in September, then will need to make recommendations on a brand agency RFP in November.

CARBON FOOTPRINT

Dr. Paul Sundberg gave a progress report on Carbon Footprinting. The first was May 20th and was attended by Roy Henry and Lynn Harrison. The committee looked at the literature review that the University of Arkansas has done. Continuing with scan level. Requesting packers to help with their information. Packers are responding. We are still on track for detailed lifecycle analysis by the end of the year.

EXPORT PROGRAMS

Dr. Paul Sundberg reported that H1N1 has impacted our international markets. Brazil's currency has been devalued and a depreciation of the peso in Mexico has affected exports with China and Russia. Still strong export market in Mexico. We are working on resolving technical trade issues with Russia. Next week is a strategic visioning session with MEF. Tim Bierman and Paul will be attending.

TQA UPDATE

Chris Novak reported on the progress of TQA and National Cattlemen's Beef Association. As has been presented in previous board meetings, the goal is to extend TQA to the beef industry, to standardize existing transporter/animal handler training programs into a single national program mirroring the one that the NPB administers for the pork industry. The program would allow individuals to certify as both pork and beef handlers in the same training session since many individuals may be handling multiple species. The next steps are to develop a MOU with NCBA; review and agree to detailed administration plan; determine NPB costs to implement; launch Beef TQA in January 2010; and, to launch joint TQA in February 2011.

Motion by Jeff Galle that National Pork Board sees animal care and well-being as a non-competitive issue. Therefore, the National Pork Board will work collaboratively with other livestock industry organizations, such as NCBA, to develop and implement a multispecies Transport Quality Assurance program that is administered by the National Pork Board on a cost recovery basis. Seconded by Alan Wilhoite

MOTION PASSED

ELECTION OF OFFICERS

Elections officers. Those who are running for President were asked to give a short statement.

Henry Moore nominated Tim Bierman for President. Alan Wilhoite seconded.

Dianne Bettin moved for unanimous vote. Dennis Michael seconded.

MOTION CARRIED

Steve called for those running for Vice President to make a short statement. Conley Nelson and Everett Forkner both withdrew their names. Gene Nemecek and Alan Wilhoite were up for Vice President.

Ballots were cast and results calculated. Gene Nemecek was elected Vice President.

Thanks went out to Lynn Harrison for his extra year of effort on the board as past president.

OUTGOING THANKS

The Board presented outgoing President Steve Weaver with a gift from the Board members for his dedication to the pork industry. Chris Novak presented Steve Weaver a gift from Staff in appreciation of his leadership.

ADJOURN

The meeting was adjourned at 6:00 PM

D R A F T
MINUTES
September 9, 2009
Des Moines, IA

OPENING

The meeting of the National Pork Board was called to order at 1:00 PM on September 9, 2009 by President Tim Bierman.

ROLL CALL

The following Pork Board members were in attendance: D. Bettin, T. Bierman, R Brown, E. Forkner, J. Galle, R. Henry, C. Nelson, G. Nemechek, D. Michael, K. Richter, B. Samson, S. Weaver, A. Wilhoite, and B. Zimmerman. Absent: H. Moore

Guests included: Lisa Colby, Brad Greenway, and Dale Norton, proposed new board members. Also attending was Emily DeBord, USDA/AMS. The following NPB staff were in attendance: C. Novak, J. Meimann, P. Aasness, J. Johnson, C. Snyder, P. Sundberg, M. Wegner, C. VandeKrol, and L. Garner.

APPROVAL OF MINUTES

A motion was made by Jeff Galle to approve minutes from the July 20-22, 2009 board meeting and the minutes of the August 28, 2009 conference call. An amendment to the conference call minutes was requested to show that Dianne Bettin and Dennis Michael were absent. **Weaver seconded the motion to approve the minutes as amended.**

MOTION PASSED

BRAND POSITIONING

Ceci Snyder, VP of Domestic Marketing, presented information on brand positioning of “The Other White Meat” and “Don’t Be Blah.” The objective of the research was to develop a new brand position for fresh pork that differentiates it from competitive meat proteins and establishes a unique selling proposition. Snyder reviewed the methodology, the results of consumers and producer focus groups, and key buyer values. She discussed arguments for maintaining TOWM or retiring the brand. Key issues under consideration in the development of a new brand position include: 1. how the industry should balance product promotion with producer/ industry image; and 2. How we address consumer safety and quality questions without directly including those themes within the new brand position.

Snyder noted that in November we will come back to the board to ask for approval of a Request for Proposals soliciting agency proposals for new advertising creative and a new brand position.

Pending board approval and final funding, a soft launch of new Brand position is targeted for the fall of 2010.

STRATEGIC PLAN

John Johnson, VP of Strategic Development and Chris Novak, CEO reported on progress of the Strategic Plan. They explained that the purpose of the Plan is to develop a plausible vision for the future of the U.S. pork industry and to craft an actionable strategy for the National Pork Board. There has been considerable input gathered from sources across the industry from meetings, telephone interviews and surveys. Many common themes were identified throughout the process including Animal Welfare, Environmental Regulations, Biofuel policy, domestic pork consumption, exports, industry consolidation, production efficiency research, and margin reduction.

Challenges identified from the Informed Futurist meetings include animal welfare, nutrition and public health, economics, and technical/scientific challenges. A list of NPB program priorities were produced from information received at the three regional meetings. The top program priorities from those sessions included domestic promotion, industry image, exports, nutrition and food safety. Information gleaned from over 260 on-line surveys listed activist groups, environmental regulation, growth of pork exports and limited access to export markets as some of the forces that will shape the pork industry.

Novak noted that because of the current market situation, the Task Force is considering a planning horizon divided into two different time periods: the immediate future (years 1 and 2), and, the period beyond the industry's economic recovery (years 3-10). The Task Force is considering redefining our critical issues—which should lead toward closer evaluation of the programs needed to achieve the new critical issues. The Task Force is also considering recommendations to the Board that the Board should evaluate changes to the committee and organizational structure to ensure long-term stability and more effective delivery of programs and services.

The next step in the process includes bringing information to the Task Force in September for review and approval. The Task Force will approve its final recommendations in a conference call in early October and present to the Board in November. The board will revise and consider the plan and bring it to state pork annual meetings. The final plan will be rolled out at the annual meeting in March.

OTHER BUSINESS

Joint Animal Welfare Advisory: Sherrie Niekamp, Director of Animal Welfare, gave an update on the joint NPPC/NPB meeting that was held in conjunction with the AASV in Kansas City August 26-27, 2009. In January, the NPPC board put forth to NPB a resolution to establish an Animal Welfare advisory group made up of AASV, NPB, NPPC, and academics that could review animal care practices for the industry. Thirty-six people, including representatives from: academia, producers, veterinarians, and NPB/NPPC staff gathered to identify, prioritize, and discuss key animal well-being issues. Topics of discussion included: gestation housing, transportation, euthanasia, and other practices. The group then ran these issues thru five filters examining: 1. existing scientific research, 2. the availability of alternatives, 3. practicality of alternatives; 4. economic costs/benefits associated with current practice versus alternatives, and 5. the social acceptance of the existing and alternative practices. Recommendations from the group will be sent to the welfare committees of each of the three organizations. The advisory group will plan to meet again later in the year to continue discussions on each of the production practice topics.

H1N1 Update: Cindy Cunningham, Assistant VP of Communications reported on the H1N1 crisis communications plan. The crisis team conducts weekly meetings with NPB staff, NPPC, AASV and USMEF. Cunningham explained the four objectives of the plan:

- Reassuring Consumers that Pork is Safe
- Protecting the health and biosecurity of the U.S. Swine Herd
- Monitoring and reacting to emerging issues within the media
- Defending modern agricultural production practices against unfounded allegations.

She explained that although much effort has been put into changing the name of the strain from “swine flu” to H1N1, getting the message out that pork is safe and you cannot get H1N1 from eating or handling pork is the message that is most important.

Cunningham also noted NPB’s tactics in getting our messages out to different segments of the industry including retailers, packers, foodservice, media and consumers. This includes scheduled Webinars, personal contacts, social media, and direct advertising.

Laurie Bever, Director of Consumer Advertising, presented two options for media recommendations should H1N1 be found in the pig herd. The first option is for \$1M and would create 11,000,000 impressions. Option two would add additional radio spots if we needed to target certain areas of the country. We want to be ready if consumer confidence starts to

show signs of dropping. We will look at asking for support from other entities, pharmaceuticals, and packers if additional advertising is needed.

BUDGET OVERVIEW

Calvin VandeKrol, Controller, reviewed the Plan of Work process. Information was sent out to Task Force members starting in early August with a full document packet sent out last week.

VandeKrol noted that we are working with staff to evaluate 2009 expenses on a daily basis to make sure spending stays in line with revenue projections. For 2009, revenue is down further, but we remain on track to finish with approximately \$4 million in reserves. For FY 2010 – there were no additional changes on the revenue side – leaving proposed national spending of \$46.2 million with an anticipated ending FY 2010 reserve balance of \$4 million—not including the conservative allowance that was applied against expected revenue. For FY 2010, program dollar availability is down 23.9%.

The Board discussed the 2009 youth exhibit prototype budget item (the museum project) that had been put on-hold in April after part of the work had been completed. While some producer support had been voiced for continuing the program, the Board's debate centered on how high a priority this program should be during the current market crisis facing the pork industry. Additionally, Chris Novak noted that additional funding within the FY 2009 budget was needed to carry-out anticipated work on H1N1 communication and consumer polling.

Motion by Bruce Samson to re-direct funds from 2009 budget that were designated for the museum project to planned H1N1 efforts for media monitoring, consumer tracking, and spokesperson outreach (estimated at \$200,000). Seconded by Conley Nelson.

MOTION PASSED

CEO REPORT

Chris Novak, CEO, gave a brief update on personnel changes in the Domestic Marketing Department. With the vacancy of Karen Buchholz's foodservice position, Jarrod Sutton has been promoted to Assistant VP, Channel Marketing, and is now responsible for managing both the retail and foodservice marketing teams.

Novak reported that key activities since July included strategic planning efforts, interaction with Feeding America on a new effort to have commodity and hunger organizations work together to promote common messages, and H1N1 industry outreach.

ADJOURN

The meeting was adjourned at 7:00 p.m.

D R A F T

MINUTES

November, 10 – 11, 2009

Des Moines, IA

OPENING

The meeting of the National Pork Board was called to order at 9:00 AM on November 10, 2009 by President Tim Bierman.

ROLL CALL

The following Pork Board members were in attendance: T. Bierman, R Brown, L. Colby, E. Forkner, B. Greenway, R. Henry, H. Moore, C. Nelson, G. Nemechek, D. Norton, K. Richter, S. Weaver, A. Wilhoite, and B. Zimmerman. Absent: B. Samson

Guests included outgoing Board Members: Dianne Bettin and Jeff Galle. Also attending was Kenneth Payne—USDA/AMS representative, Dale Miller—National Hog Farmer Magazine, Sheila Schmid—Schwartz Farms, and Bill Colby—husband of board member Lisa Colby. The following NPB staff were in attendance: C. Novak, J. Meimann, P. Aasness, J. Johnson, C. Snyder, P. Sundberg, M. Wegner, C. VandeKrol, and L. Garner.

SWEARING IN

Kenneth Payne, representing USDA's Ag Marketing Service, officiated over the swearing-in of incumbent directors Dr. Gene Nemechek and Randy Brown, and newly appointed Board Members Lisa Colby, Brad Greenway and Dale Norton. They pledged to represent all pork producers, to faithfully carry out the duties prescribed under the Pork Act and Order, and to implement programs that will help US pork producers maintain, develop, and enhance the markets for pork and pork products.

APPROVAL OF MINUTES

A motion was made by Steve Weaver to approve minutes from the September 9, 2009 board meeting. Randy Brown seconded.

MOTION PASSED

PRESIDENTS REPORT

2010 Calendar: Discussion was held on moving the November meeting a week later in 2010 to avoid conflicts with other meetings and late harvest. Additionally, the Board discussed continuing to hold the July Board meeting in conjunction with the National Pork Industry Conference (NPIC) or consider other outreach opportunities for the July meeting. It was general consensus that we continue to meet at the NPIC. It will be held Wisconsin Dells, Wisconsin on July 11-14, 2010.

Administrative Committee Report:

- Tim Bierman reported that the Administrative Committee recommends accepting and finalizing the review of Kentucky.
- There has been much progress in Wyoming after two years of difficulties. Anne Miller has agreed to act as the State Contact for them in addition to her Montana duties. Wyoming pork producers conducted an Annual Meeting in August, reorganized the association, and elected a new board. Calvin VandeKrol is

working with Anne to find a Certified Public Accountant who could complete a formal financial audit to ensure Wyoming's books are in order.

- The committee recommends the following states for 2010 reviews: Iowa, Oklahoma, Tennessee, Maine, New Hampshire, and Delaware.
- President Bierman also reported that New York and Oregon, states that are currently enrolled in the Direct Documentation Plan (DDP), are scheduled for audits in 2010. These will be the first audits under the DDP.

Steve Weaver made a motion to approve the Administrative Committee report. Seconded by Brian Zimmerman

MOTION PASSED

Budget Committee Report: Calvin VandeKrol, Controller, gave a brief overview of the 2009 financials (through October YTD), including:

	<u>(000)</u>
2009 Approved Spending Level:	\$ 57,000
Supplemental Requests:	\$ 4,012
2009 Program Cuts/Savings:	(\$ 4,503)
<u>Miscellaneous:</u>	<u>\$ 2,218</u>
Total National Spending: (forecast)	\$ 58,727
<u>Return to States</u>	<u>\$ 11,167</u>
Total Spending: (forecast)	\$ 69,894
2009 Budgeted Revenue	\$ 71,100
<u>2009 Forecast Revenue</u>	<u>\$ 56,803</u>
Forecast Revenue Shortfall	\$ 14, 297
2009 Total Revenue (forecast)	\$ 56,803
<u>2009 Total Spending (forecast)</u>	<u>\$ 69,894</u>
2009 Expected Deficit	(\$ 13,091)
2009 Beginning Undesignated Reserves	\$ 17,456
<u>2009 Expected Deficit</u>	<u>(\$ 13,091)</u>
2009 Ending Undesignated Reserves	\$ 4,365
<u>2009 Year End Cash Reserves</u> (forecast)	
Undesignated Reserves	\$ 4,365*
<u>Designated Reserves</u>	<u>\$ 7,900</u>
Total Reserves	\$ 12,265

* The Board established, in June, a Year-End undesignated reserves target of \$7 million based on forecast revenue of \$61 million.

Chris Novak reviewed historical revenue and national spending and explained the criteria used at Plan of Work to evaluate projects for funding for 2010. He provided a budget breakdown by critical issue and by department.

Calvin VandeKrol then provided an overview of the 2010 budget:

<u>Budgeted Revenue:</u>	\$ 55,165
Return to State:	\$ 11,033
Programs	\$ 37,655
Administration	\$ 1,455
<u>Support Services</u>	<u>\$ 5,022</u>
Budgeted 2010 Surplus/Deficit	\$ 0

A Motion was made by Steve Weaver to approve the Budget as presented. Seconded by Alan Wilhoite.

MOTION PASSED

A motion was made by Steve Weaver to approve the 2010 PASLWOCO budget of \$157,000 for those states meeting approved criteria, as follows:

Arkansas	\$19,000
North Dakota	\$5,000
Oklahoma	\$97,000
Texas	\$19,000
Utah	\$7,000
<u>Wisconsin</u>	<u>\$10,000</u>
Total	\$ 157,000

Seconded by Brad Greenway.

MOTION PASSED

A motion was made by Steve Weaver to approve the proposed 2010 state budgets for 41 state pork organizations that had submitted budgets that met all relevant NPB and USDA-AMS requirements. Seconded by Everett Forkner.

MOTION PASSED

A motion was made by Randy Brown to withhold checkoff funding from the Delaware and Nevada pork organizations until each state's respective budget is filed and approved by NPB and AMS. Seconded by Steve Weaver.

MOTION PASSED

Audit Committee Report: In Bruce Samson's absence, Everett Forkner requested board approval for the following committee recommendations:

- To approve the CPA firm of McGladrey and Pullen to conduct the 2009 audit.

- To approve Nevada’s 2008 financials and to release their funding once approved by AMS
- To continue to withhold state funds from Wyoming and Delaware until all required documents are submitted and approved by AMS.
- To approve \$4,000 for two 2009 state DDP audits, to be conducted by McGladrey and Pullen, for the states of New York and Oregon.

A motion was made by Steve Weaver to accept the Audit Committee report. Seconded by Karen Richter.

MOTION PASSED

STRATEGIC PLAN

Bob Ludwig, Hale Group, provided an overview of the draft Strategic Plan submitted for board approval. Bob noted that H1N1 and the industry’s economic situation made the planning process challenging, but he complimented the Task Force for debating the right issues and ensuring that a long-term view guided the process.

The purpose of the plan was to develop a plausible vision for the future of the U.S. pork industry and to craft an actionable strategy for the National Pork Board. Many sources were tapped for input—including the NPB informed futurist panel, telephone interviews, industry reports, on-line surveys, and regional producer meetings.

The Board discussed how the adoption of the plan would change NPB’s programming and budgeting decisions. An exercise was suggested that would allow the board to evaluate the proposed 2010 budget using the criteria set forth in the plan that: 1. checkoff funded projects should have an industry-wide benefit; 2. should provide a high impact for producers; and 3. should not overlap work conducted by academia or private industry. Chris Novak recommended a conference call, prior to the January Board meeting, to review any questions or concerns Board members might want to address before final consideration of the plan in January.

BRAND POSITIONING

Laurie Bever, Consumer Advertising Director, gave a review of The Other White Meat brand research and re-positioning timeline. Consumer research has indicated that the Don’t Be Blah campaign is not resonating, so the tagline will not be utilized in new marketing materials. The Other White Meat has 91% consumer awareness, but the research indicates that the brand may no longer be differentiating pork from other proteins. Research also showed that the largest barrier to consumer satisfaction is the perception that pork needs to be overcooked. Laurie solicited feedback from the Board on the idea of rejuvenating or replacing The Other White Meat Brand. The Board discussed potential consumer, producer, and organizational implications of a change in pork’s brand. The Board questioned Laurie on producer involvement in the brand development process and encouraged broad participation and communication.

Bever presented plans to identify agencies, select semi-finalists, and select a new agency by mid-February. The new agency could be in place in March. Laurie indicated the Board would have the opportunity to review the proposed brand platform during its scheduled 2010 meetings.

A motion was made by Steve Weaver to provide the Domestic Marketing committee authority to select a new agency that will be instructed to rejuvenate or replace The Other White Meat brand to best meet consumer marketing objectives. Alan Wilhoite seconded.

MOTION PASSED

MARKETING UPDATE

Ceci Snyder, VP of Domestic Marketing, provided an overview of the Domestic Marketing programs including: fall promotion activities, state advertising and involvement, web site and quick bite newsletter, twitter, National Eat Dinner Together week, and tour statistics. Snyder also reviewed the 2010 marketing calendar, goals and strategies.

IMPROVEST OVERVIEW

Dr. Paul Sundberg, VP of Science and Technology, presented an overview of the product, Improvest, which is an immunological control of boar taint. He discussed the implications, benefits, and risks involved with the use of the product. According to Pfizer, the technology is approved in 53 countries and is undergoing regulatory review in Canada, US, Japan, and China. Allowing male pigs to be grown as boars would result in an 8% feed efficiency improvement. Dr. Sundberg explained that we need to address consumer acceptance questions that we expect will come up. NPB staff will be meeting with Pfizer in early December to discuss consumer and regulatory issues surrounding the technology.

DISEASE SURVEILLANCE:

Dr. Sundberg gave a brief H1N1 situation report. USDA has a website that gives presumptive and confirmed case results. Press is routinely notified when the website is updated. He also reported on the USDA funds for surveillance, research and assistance on H1N1 allocations to HHS.

Sundberg gave an overview of the proposed opportunities, process, and objectives of a comprehensive Swine Disease Surveillance program.

A motion was made by Steve Weaver that the National Pork Board supports the development and implementation of a comprehensive and integrated swine disease surveillance system that addresses animal and public health needs. The National Pork Board calls on all producers to work with the veterinarians and submit appropriate SIV surveillance samples into the USDA SIV surveillance program. Seconded by Alan Wilhoite.

MOTION PASSED

EXECUTIVE SESSION

Board Members met in Executive Session to review the Compensation Committee's report on the CEO's Performance Review.

RECESS

The Board recessed its meeting for the evening.

H1N1 UPDATE

Cindy Cunningham, Assistant Vice President, Communications, provided an update on H1N1 influenza. She reported that identification of H1N1 in pigs in Minnesota and Indiana did not generate widespread media coverage. Consumer polling conducted this fall continues to show that a majority of pork eaters feel pork is safe to eat. Cunningham noted this issue has helped our team refine our crisis plan.

Everett Forkner made a motion to commend the National Pork Board CEO, Chris Novak, and other staff who gave the extra time and effort necessary to address and help mitigate the impact of the H1N1 influenza virus to the U.S. Pork Industry crisis. Seconded by Brian Zimmerman

MOTION PASSED

WE CARE

John Johnson, Vice President of Strategic Administration, provided an update on the We Care Program. In April 2009, the board approved \$250K in supplemental funding for We Care image advertising and state cost share program to communicate the We Care message. Johnson presented images of the printed advertising materials and data from the mobile outreach trailer.

Johnson reviewed 2010 plans including a meeting to be held in Des Moines December 8, 2009 of the We Care Advisory Task Force. The Task Force will review tangible deliverables for each of the pork industry's ethical principles.

FARMERS FEED US

Perry Aasness, Vice President, Producer and Industry Relations, provided information on the Farmers Feed Us program. This is an on-line promotional program designed to connect consumers with producers and build consumer trust and confidence in modern production agriculture. In July 2009, the board approved funding for two state initiatives. The promotion launched in OH in July. Perry reviewed the results from that launch as well as from a related on-line survey. Michigan and Missouri are planning to launch a similar program late 2009/early 2010. NPB's proposed 2010 budget would provide funds for three to four additional state projects.

FARMERS FEED AMERICA

Chris Novak presented information on the development of the Farmers Feed America program that would work with our nation's food banks. Agricultural groups are working with Feeding America on mutually beneficial efforts that recognize modern agriculture's role in addressing hunger. Details for the program are still under development, but dollars are included within the 2010 We Care budget to continue working with the coalition.

COSTCO UPDATE

Jarrod Sutton, Assistant VP of Domestic Marketing, provided information on meetings held with Costco—the nation's 3rd largest retailer. Costco has 544 warehouses and had \$72B in sales during 2008. Costco meat buyers and food safety teams have taken the initiative to tour livestock production facilities to evaluate animal welfare procedures. NPB staff had briefed Costco on PQA Plus program progress.

CARBON FOOTPRINT

Allan Stokes, Director of Environmental Programs reported on the NPB Carbon Footprint Initiative. A working group has been formed that includes other members of the pork chain. Stokes reviewed the three phases of the initiative including: a literature review, scan level life cycle analysis and, live swine detailed life cycle analysis. He noted the initiative helps demonstrate the pork industry's commitment to We Care.

ANIMAL WELFARE

Paul Sundberg gave a presentation on the joint NPB-NPPC Animal Welfare Advisory Task Force. The Task Force is to provide the US Pork Industry with recommendations on the animal welfare practices, positions, and communication needs. The group is looking at euthanasia, gestation housing, handling of non-ambulatory animals, pain management, and transportation, among other practices. ~~No timeline is set, yet, for for~~ The original goal is was to have the delivery of final recommendations delivered to the NPPC and NPB Boards of the organizations during the 2010 National Pork Forum. The Task Force has only met once so far, so it is likely this timeline will be extended.

OMS UPDATE

Perry Aasness gave an update on Operation Main Street, which marks its 5th year anniversary in November. OMS is intended to inspire producers to inform, educate, and respond to issues facing the pork industry. Over 800 speeches were given in 2008. A total of 758 speakers have donated 22, 812 volunteer hours to reach approximately 100,000 people over the past five years.

Aasness gave a brief overview of the OMS 2.0 program that has 80 events scheduled with high impact audiences. We Care will continue to be included in the presentations. Board members are encouraged to attend a training session.

FORUM 2010

Mike Wegner and Jim Meimann overviewed 2010 Pork Industry Forum that will be held in Kansas City March 5-7, 2010. Plans for Forum include highlighting the new Strategic Plan, NPB's Brand Repositioning Strategy, and to utilize these two efforts to express optimism for the future of the US pork industry. We are working with NPPC to shorten the 2011 Forum by making a few program changes and eliminating the evening banquet. The objective is to reduce the time demands on producers and save money.

Meimann reported on the progress of the Resolutions and Nominating Committee. We are in the process of determining final slate of candidates for Pork Board and Nominating. Interviews will be held January 7 and 8 in Kansas City.

USPCE UPDATE

David Meisinger, Executive Director, reviewed the background and services provided by the U.S. Pork Center of Excellence including: Pork Information Gateway, Swine Science Online, National Swine Nutrition Guide, Sow Productive Lifetime Guide, Community College Training and Certification Program and Environmental Quality Research Needs. The USPCE's mission is to add value to the pork industry by facilitating research and learning for U.S. pork producers through national collaboration.

POLICY REVIEW

Tim Bierman brought forth to the board for review the Board's 2007 policy regarding director-staff communication. The established policy is:

“If a member of the NPB board of directors receives information about a matter of organizational concern from any NPB staff member, the board member is obligated to take the following actions:

- 1. Contact the NPB CEO or Director of HR and communicate the details of the concern.*
- 2. A meeting will be organized at the earliest possible opportunity. Those participating in the meeting will include the CEO, the HR director, the board member, the staff person with the concern, and any other staff member related to the matter.*
- 3. At the meeting, the concern will be resolved fairly and completely.*

After discussion, the following motion was made:

Brian Zimmerman moved that the 2007 board-staff communication policy be repealed, but that the issue should be addressed by the Administrative Committee in the development of the new Board Policy Handbook. Seconded by Karen Richter.

MOTION PASSED

ADJOURN

The meeting was adjourned at 12:30 p.m.

D R A F T
CONFERENCE CALL MEETING MINUTES

November 22, 2009

OPENING

The meeting of the National Pork Board was called to order at 7:00 PM on November 22, 2009 by President Tim Bierman.

ROLL CALL

The following Pork Board members were in attendance: T. Bierman, R Brown, L. Colby, B. Greenway, R. Henry, H. Moore, C. Nelson, G. Nemechek, D. Norton, K. Richter, B. Samson, S. Weaver, and A. Wilhoite. Absent: E. Forkner and B. Zimmerman.

The following NPB staff members were in attendance: C. Novak, J. Meimann, P. Aasness, J. Johnson, C. VandeKrol, and L. Garner.

NOMINATING ISSUE

Board President Tim Bierman stated that the purpose of the call was to inform the Board of an issue that has come up regarding a member of the Pork Board Nominating Committee and a possible conflict of interest situation.

The job of the Nominating Committee is to solicit, screen, interview, evaluate, and recommend candidates to the Pork Act Delegate Body. These candidates are ranked by the delegates, then, as nominees, for the U.S. Secretary of Agriculture's consideration as possible appointees to the National Pork Board. They also bring forth candidates for seats on the Nominating Committee itself. This winter, a potential 2010 Board of Director candidate has come forward who is the brother-in-law of a Pork Board Nominating Committee Member. When this potential applicant, and the relationship with a current Nominating Committee Member, was first made known, Nominating Committee chair Karen Richter expressed concern that this relationship might violate the Pork Board's Conflict of Interest policy (attached as an appendix to these minutes). The concern was that the family relationship between a candidate and a Nominating Committee member could create a real or perceived conflict of interest (from the standpoint of a Pork Act Delegate or other Board candidates) that could threaten the integrity and credibility of the nominating process.

The Board had also adopted a collateral policy for the Board's Advisory Committees, which includes the Nominating Committee. That Committee Policy is listed at the end of these minutes and states that the Board is the final arbiter in all situations.

Karen asked staff to investigate how the Board's policies would apply to the specifics of this situation. Accordingly, staff contacted legal counsel and the leadership consultant who has assisted the Nominating Committee to address the following questions:

1. How does it look to the outside world if the in-law of a Nominating Committee member is on the slate?
2. Is there a perception of lack of integrity in the system, or of possible partiality by a committee member toward a candidate?
3. If so, should the Nominating Committee member be excluded from discussions of this candidate?
4. Can the candidacy of a relative influence the Nominating Committee members view of all other candidates, consciously or unconsciously?

Both the legal and consulting professionals immediately identified this situation as giving the perception of a conflict of interest. Legal counsel shared the following comments:

“Generally, I think the committee member, at a minimum, needs to disclose the conflict and refrain from participating in the matters that present the conflict. Here, since the sole role of the nominating committee as I understand it relates to nomination of a slate of proposed directors, I don’t see how this committee member can participate in this cycle of nominations. The committee member’s comments on others, good or bad, might be deemed as jaded toward assisting the family member. The member’s silence likewise might lead to attempts to “read the tea leaves.” If the member’s term is up this year, he/she should consider resigning altogether. If not, this member should not participate in any nomination process during the years where family members are announced candidates or incumbent directors seeking reappointment.”

There was good Board discussion to ensure all the relevant facts as known at the time were laid out, that members had a good understanding of the Conflict of Interest policy and of the legal opinion on same. Discussion included: whether or not the Nominating Committee Member should recuse themselves not only from directly interviewing the brother-in-law, but also from interviewing any other Pork Board Candidates? Could the member still be involved in interviewing candidates for the Nominating Committee? What the steps were for a final decision in this process? Was USDA consulted on this matter? It was clarified that USDA’s role in these kinds of issues is to ensure that the Pork Board has a solid business structure and appropriate policies in place, such as a Conflict of Interest Policy, but that USDA expects the Pork Board to manage its affairs and execute its policies as the final arbiter of its policies. Karen Richter made the following motion:

The National Pork Board considers immediate family members serving on the Pork Board Nominating Committee and running as a candidate as a conflict of interest under the Board’s Conflict of Interest policy. The Board recommends the conflict be addressed by the Nominating Committee Member recusing themselves from any Nominating Committee procedures where such a conflict exists.

Seconded by Steve Weaver.

MOTION PASSED

**COMMITTEE
CHANGES**

A motion was made by Steve Weaver, to accept changes previously requested by e-mail, to the members of the Animal Welfare Committee, including the following:

Rotating off of the Committee: Randy Salsbery; Claude Williamson

Committee Chair: Jim Moody, WI

Invite to serve: Jeff Kaisand, IA, Jer Geiger, TN

To serve as an advisor to the committee: Mike Siemens, KS

Ex-officio to the committee: Ashley Peterson – AMI

Seconded by Alan Wilhoite

MOTION PASSED with no dissenting votes.

ADJOURN

The meeting was adjourned at 7:35 PM.

The National Pork Board has a Conflict of Interest policy that was approved by November 13, 2007 that states in part:

**National Pork Board
CONFLICT OF INTEREST POLICY and
Requirements for Committee Membership**

Integrity and Trust

Integrity, trust and impartiality are at the heart of the ability of any person, Board, or Association to function effectively and achieve its mission. Organizations like the National Pork Board draw their mandate and support from impressions they leave with the public and stakeholders, most of whom do not personally know the Board. If the organization appears to be performing consistent with its mission and meeting the expectations of the stakeholders, it gains their support and confidence, and its programs are effective.

Perception

However, if that trust is compromised by the actions of the Association's Board, Committees or staff, the organization's ability to be effective is severely restricted, and it can take substantial effort and time to rebuild that trust.

This is particularly true of an organization like the Pork Board which exists through a public law, draws its resources through the power to tax, operates with everything it does "open" to the public, and ultimately is judged by the degree to which it acts in an objective manner and meet the high standards and sometimes unreasonable expectations to which it is held by these public audiences.

Conflict Of Interest

If the work of the Board puts an individual Board Member or their company in a position, or gives the appearance of being in a position, to exploit a professional or official capacity in some way for their personal or corporate benefit (thus a CONFLICT OF INTEREST), they must fully recuse themselves from all discussion, decision making and voting on the subject.

Requirements for Pork Board COMMITTEE Service

Final Criteria

Approved National Pork Board 11 13 07

Committee Members: voice and vote

Voting Committee Members are:

1. **producers who pay checkoff**
2. **persons who**
 - a. **are actively engaged the production of swine, or**
 - b. **are employed by an entity actively engaged in production of swine, or**
 - c. **are the named representatives of an entity actively engaged in production of swine**
3. **allied industry representatives named with the consent of the committee chair and the Pork Board members of that committee.**

All Committee Members must read, understand and sign a conflict of interests agreement prior to committee service. If such Member has a conflict of interests in a program or research activity related to that committee, they must disclose it to the committee and may be asked, at the discretion of the chair, to recuse themselves from deliberations and decision-making on that topic.

Advisors: voice, NO vote

Non-voting Advisors are non-producer experts, consultants, specialists, etc. providing expert advice to the committee.

- a. They are named with the consent of the committee chair and the Pork Board members of that committee.
 - b. All Advisors must read, understand and sign a conflict of interests agreement prior to committee service. If such advisor has a conflict of interests in a program or research activity related to that committee, they must disclose it to the committee and may be asked, at the discretion of the chair, to recuse themselves from deliberations and decision-making on that topic.
-

Chair: voice and vote

The Chair will be,

- 1) a producer who pays checkoff, or
- 2) a person actively engaged the production of swine, or
- 3) a person employed by an entity actively engaged in production of swine, or
- 4) the named representatives of an entity actively engaged in production of swine

Committee Appointment Process

1. The Committee chair, the members of the Pork Board serving on the Committee and the staff coordinator will annually review needed changes in committee membership.

- a. They will consider length of service on the committee, attendance, and the need for maintaining a solid base of information and history on the committee's work blended with the need for turnover and new ideas.
 - b. They will consider whether a potential appointee should serve as member or advisor. They will take into consideration various potential conflicts of interest and other issues that may give that person the appearance of lack of impartiality in the work of the Committee or TF.
2. They will recommend all membership changes to the NPB Officers, who will in turn recommend all changes to the full Pork Board for approval.
 - a. Changes will be emailed to Board members, who will have 7 days to respond with any concerns.
 - b. If no concerns are registered, the Committee changes will be effective on the 8th day.
 - c. If concerns are registered by any Board member, the process stops until a successful resolution by the concerned Board member and the Committee chair, the members of the Pork Board serving on the Committee and the staff coordinator.

Conflict Of Interests

1. If the work of the Committee puts an individual committee member or their company in a position, or gives the appearance of being in a position to exploit a professional or official capacity in some way for their personal or corporate benefit (thus a CONFLICT OF INTERESTS), they must fully recuse themselves from all discussion, decision making and voting on the subject.
2. There will be an annual Committee orientation to review all potential areas where a CONFLICT OF INTERESTS may appear, and how it can be avoided and what to do when one does occur.
3. The Pork Board will be the final arbiter of CONFLICT OF INTERESTS situations.

D R A F T
CONFERENCE CALL MEETING MINUTES

December 21, 2009

OPENING

The meeting of the National Pork Board was called to order at Noon on December 21, 2009 by President Tim Bierman.

ROLL CALL

The following Pork Board members were in attendance: T. Bierman, R Brown, L. Colby, B. Greenway, H. Moore, C. Nelson, G. Nemechek, D. Norton, K. Richter, B. Samson, S. Weaver, and A. Wilhoite. Absent: E. Forkner and B. Zimmerman. R. Henry was absent.

The following NPB staff members were in attendance: C. Novak, J. Meimann, P. Aasness, M. Wegner, J. Johnson, C. VandeKrol, and L. Garner. Also attending was Emily DeBord, AMS. H. Hora was present as a guest for the first agenda item.

NOMINATING ISSUE

Board President Tim Bierman noted that board members were e-mailed a letter from H. Hora appealing the board's decision of November 22, 2009 that determined that having one family member running as a candidate and another family member serving on the Nominating Committee was a conflict of interest. This determination prevents Hora, as a member of the Nominating Committee, from interviewing Pork Board candidates since her brother-in-law is a candidate. This situation, according to the Board, presents the appearance of a conflict of interest that could undermine the integrity of the delegate nomination process.

Hora reiterated her case to the board that she could recuse herself from interviewing her brother-in-law, but that she should be allowed to interview other candidates. Board members questioned Hora about the perceptions that delegates and candidates might have regarding the fairness of her participation in the process. After a lengthy discussion, a **motion** was made by **S. Weaver to affirm the motion of 11/22/09 that states:**

The National Pork Board considers immediate family members serving on the Pork Board Nominating Committee and running as a candidate as a conflict of interest under the Board's Conflict of Interest policy. The Board recommends the conflict be addressed by the Nominating Committee Member recusing themselves from any Nominating Committee procedures where such a conflict exists.

The motion was seconded by Gene Nemechek.

MOTION PASSED

**LONG RANGE VISION
PLAN**

Discussion was held on the final draft of the Long Range Strategic Vision Plan. Topics included three action items:

- Committee Structure
- Research
- State and National Relations

Board members had previously completed an exercise to score tactics in an effort to illustrate the effect of employing the Strategic Plan criteria of High Impact, No Overlap and Industry Wide Benefit in evaluating NPB activities. The results from the exercise were compiled and discussed. Some found it difficult to use the “no overlap” criteria in the evaluation. The topic will be discussed in more depth at the January Meeting.

COMMITTEE CHANGES

A motion was made by **Randy Brown to accept changes previously requested by e-mail, to the Producers Service Committee, including the following:**

Rotating off the committee: Tammy Zimmerman, Dennis Michael, Clarence Wurtz, Jeremy Lehrman, Randy Brown, and Stan Rosendahl.

The motion was seconded by Alan Wilhoite.

MOTION PASSED

ADJOURN

The meeting was adjourned at 1:10 p.m.

D R A F T
BOARD MEETING MINUTES
Columbus, OH
January 12-14, 2010

OPENING

The meeting of the National Pork Board was called to order at 8:00 a.m. on January 14, 2010 by President Tim Bierman.

ROLL CALL

The following Pork Board members were in attendance: T. Bierman, R Brown, L. Colby, E. Forkner, B. Greenway, R. Henry, H. Moore, C. Nelson, G. Nemechek, D. Norton, K. Richter, B. Samson, and A. Wilhoite. Absent: S. Weaver and B. Zimmerman.

The following NPB staff members were in attendance: C. Novak, J. Meimann, P. Sundberg, P. Aasness, M. Wegner, C. Snyder, J. Johnson, C. VandeKrol, and L. Garner. Also attending was Emily DeBord, AMS.

MINUTES APPROVAL

A motion was made by Conley Nelson to approve minutes from:

- **November 10-11, 2010 Board meeting**
- **November 22, 2009 Board Conference Call**
- **December 21, 2009 Board Conference Call**

Seconded by Everett Forkner.

MOTION PASSED

FINANCIAL REPORT

Calvin VandeKrol and Chris Novak presented an overview of the 2009 unaudited financials, including revenue of \$57.83 million and expenses of \$66.61 million. Calvin broke out expenses by department and presented an accounting of all supplemental requests. Based upon estimated revenue and expenses, the projected ending reserve for 2009 will be \$7.8 million in designated reserves and \$8.67 million in undesignated cash reserves.

Vandekrol reviewed key figures in the FY 2010 Budget including projected checkoff revenue of \$57.56 million and ending cash reserves of \$8.6 million. Approved spending for 2010 is \$55.2 million including \$11.1 million returned to state; \$30 million for program spending; \$4.7 million for program staff; \$6.4 million for support/admin costs; and, \$3 million for The Other White Meat.

STRATEGIC PLAN

John Johnson, Vice President of Strategic Administration presented the proposed Strategic Plan for board discussion and approval. It was noted that this is a “living” document that will change as the industry changes. The board reviewed and discussed the Task Force recommendations, including these elements of the Plan:

- Vision and Mission Statements;
- Critical Issues; and
- Desired Outcomes;

The Board discussed the proposed Criteria for evaluating NPB programs. These criteria, namely, that programs: 1. Have high impact; 2. Not overlap with private industry; and 3. provide industry-wide benefits had already been used define industry priorities during the

FY 2010 Plan of Work Meeting. The Board agreed that Committees should use this formula to narrow and focus their programs before the Plan of Work begins.

Discussion was held on four Task Force recommendations, including the review of NPB's committee structure, establishment of a long-term budget projection, the need for a long-term research strategy, and a collaborative effort to improve state and national relations. Chris Novak noted that staff recommendations for addressing these issues will be brought to the March board meeting for consideration and action.

A motion was made by Gene Nemecheck to approve the Strategic Plan as presented. Seconded by Alan Wilhoite.

MOTION PASSED

ANIMAL WELFARE

John Johnson provided a brief update on Pfizer's immunological castration product. The Board discussed a number of questions related to the launch of this product, including: consumer acceptance, potential trade restrictions, meat quality, product availability, and processor handling and management.

Ceci Snyder, Vice President of Domestic Marketing, presented a consumer research proposal to:

- Assess current consumer understanding of modern pork production, specifically with respect to current castration methods;
- Detail consumer perceptions of pork products relative to modern pork production practices in general, and current castration best practices in particular;
- Assess the potential change in consumer perceptions of pork products resulting from the introduction and use of an immunological castration product.

A motion was made by Randy Brown to approve the reallocation of \$100,000 in domestic marketing funds for the purpose of conducting consumer research studying the impact of immunological castration technology on consumer confidence.

Seconded by Karen Richter.

MOTION PASSED

CANCER STUDY

Next, Ceci overviewed recent meat industry research on the relationship between red meat and cancer. Some epidemiological studies (including the World Cancer Research Fund study) show a positive association between eating red meat and cancer. NPB/NCBA funded cancer research had relative risk findings similar to these earlier studies, but this study's review of the data finds no causality between red meat and cancer. Snyder noted industry funded study does show higher correlations for men versus women and for processed meats versus fresh meat. Ceci explained the methodology of the analysis, definitions of red meat, and the process used to interpret the available data. Summaries of the study indicate that "the evidence is not sufficient to support a clear and unequivocal independent positive association between processed meat

consumption and colorectal cancer...and overall associations were weak in magnitude.” The NPB & NCBA will be publishing a manuscript summarizing the studies. Key messages will focus on the weak causal associations demonstrated by this study.

TRADE OVERSIGHT

Tim Bierman and Chris Novak presented a brief update regarding ongoing discussions with the U.S. Meat Export Federation (USMEF) about current roles and responsibilities in managing trade issues. A meeting has been scheduled for February 1, 2010 between officers and staff of USMEF, NPPC, and NPB to discuss ways to improve communication and coordination between the three groups. Chris indicated that changes would be likely in the 2010 USMEF contract that would help ensure greater clarity and alignment of each organization’s specific responsibilities.

PRODUCER SURVEY

Mike Wegner, Vice President of Communications, presented preliminary highlights of the annual producer survey—conducted December 9 – 19, 2009. A total of 550 pork producers, nationwide, were interviewed. Respondents were systematically selected from a list of producers provided by the National Pork Board.

Some of the results included:

- Half of producers surveyed are not satisfied with the direction of the industry;
- A plurality agree that the industry image is positive;
- 77% support the checkoff;
- A majority of respondents are familiar with “We Care”;
- Two-thirds of Producers are satisfied with NPB efforts in dealing with H1N1;
- 75% believe “The Other White Meat” slogan is a good slogan for 2010;
- Price and profit are the biggest challenge facing producers;

Wegner noted that the Communications Department will host a Webinar in February to provide a more in-depth look at the survey results.

FORUM OVERVIEW

Jim Meimann, Sr. Vice President of Governance and Operations, gave an overview of the upcoming Annual Meeting that will be held in Kansas City, March 4-6, 2010. He noted the theme this year is “Leading a World-Class Food Industry. *Responsible. Sustainable. Professional. Profitable.*” Meimann reviewed the 2009 Advisement that Pork Act Delegates were strongly encouraged to complete PQA Plus and conduct site assessments by Forum 2010. Over 80% of 2009 and 2010 delegates are PQA Plus certified and the goal is 100% by Forum. Only 16% have achieved site status, but a letter was going to states urging greater compliance with this Advisement.

Meimann noted that key topics for Forum include: Strategic Plan, Brand Campaign, We Care, financial updates, OMS Recognitions, and Environmental Stewards Awards. Dale Miller, Editor of the *National Hog Farmer Magazine*, will receive the Distinguished Service Award. The Nominating Committee has finished its’ work on interviewing candidates for positions on both the Pork Board and Nominating Committee. A new scoring system will be introduced at Forum. The new system will show individual ranking for each candidate in five different categories, including: Industry Knowledge, Checkoff Knowledge, Leadership, Communications, and Attitude.

Meimann presented proposed changes to the 2011 Pork Forum. These changes would include: No producer update session; no Saturday banquet; and a change of the Saturday delegate session to start at 7:00 a.m. and conclude at 4:00 p.m. We would incorporate Hall of Fame and Distinguished Service awards into the luncheons and the retiring presidents' tribute would be presented during the delegate session. This tightened schedule would reduce costs on room rates and free up time producers to return to their operations. These program changes are consistent with the poll of the delegates taken at the 2009 Pork Forum.

FARMERS FEED US

Perry Aasness, VP of Producers Services, reported on the results of the Farmers Feed US Ohio promotion. Some of the highlights included:

- 1.76 million earned media impressions;
- 5.48 million paid media impressions in key advertising markets;
- 207,000+ consumer sweepstakes registrations;
- 11,109 opt-ins for future information about food and farmers in Ohio;
- 1,033 facebook fans;
- 330 twitter followers;
- 29,454 registrants clicked on the pork farmer site to register for free groceries;
- 2,494 viewed the pork tour video.

Aasness noted that the next steps are to expand consumer based mini-promotions with retailers, restaurants, farmers markets, etc.; to showcase farm families with a tie back to how they produce safe, affordable food; and, to leverage consumer interest in holidays and other events that have a focus on food and family.

Farmers Feed US was launched in Michigan on November 15th with positive media coverage. Other states, including Missouri, Indiana, and Iowa will launch in January. NPB provided funding for Missouri and Indiana and is providing funding for the Wisconsin FFUS project set to launch later this spring.

SIV SURVEILLANCE

Dr. Paul Sundberg, VP Science and Technology, gave a brief update on the comprehensive integrated swine surveillance program. Stakeholders include USDA, HHS, States, Packers, and the American Association of Swine Veterinarians.

CEO REPORT

Chris Novak reported on staff updates, including the addition of Adria Sheil-Brown, Manager of Nutrition Communication and Research and Mike King, Manager of Science Communications. He noted there is a search underway to replace Mark Boggess.

Novak did a brief 2009 year end review. He proposed a year end program review to be held with Audit and Budget Committee members (and any other board members who wish to attend) the week of March 22. The planned year-end review will include an analysis of successful program, programs needing improvement, which programs were not completed, and what additional programs were added through the year.

Novak noted that 2010 goals would include: strategic plan implementation, board policy handbook development, producer and packer engagement, enhanced ag industry collaboration, current program refinement and improved delivery.

ADJOURN

The meeting was adjourned at 2:15 p.m.

MINUTES
NATIONAL PORK BOARD
Board of Directors Meeting
Kansas City, MO
March 3-4, 2010

OPENING

The meeting of the National Pork Board was called to order at 11:30 a.m. on March 3, 2010 by President Tim Bierman.

ROLL CALL

The following Pork Board members were in attendance: T. Bierman, R Brown, L. Colby, E. Forkner, B. Greenway, R. Henry, H. Moore, C. Nelson, G. Nemechek, D. Norton, K. Richter, B. Samson, S. Weaver, A. Wilhoite and B. Zimmerman.

The following NPB staff members were in attendance: C. Novak, J. Meimann, P. Sundberg, P. Aasness, M. Wegner, C. Snyder, J. Johnson, C. VandeKrol, and L. Garner. Also attending was Emily DeBord and James Brow, AMS.

MINUTES APPROVAL

A motion was made by Conley Nelson to approve minutes from January 12-14, 2010. Seconded by Brad Greenway.

MOTION PASSED

FINANCIAL REPORT

Calvin VandeKrol, Controller, gave an overview of the 2009 unaudited financials and 2010 overview. Total unaudited revenue for 2009 was \$57.86 M. Total unaudited expenses for 2009 were \$66.74 M. The 2009 ending cash reserve was \$8.4 M compared to the original 2009 projected ending cash reserve of \$17.9 M.

VandeKrol reviewed the FY 2010 budget that includes beginning cash reserve of \$8.4 M, checkoff revenue of \$55.1 M; \$11 M returned to states, and projected national program expenses of \$44.1 M. The FY 2010 budget also includes a 5% conservative factor that reduces available funding \$2.9 M.

TRADE ISSUES

Dr. Paul Sundberg and Tim Bierman reported on recent activities related to USMEF's working relationship with NPB. Following a NPB, NPPC and USMEF officers' meeting in Des Moines, an NPB Trade Committee meeting was held in Kansas City with MEF staff to delineate the responsibilities of NPB's Trade Committee, APEX, and MEF. A new contract with MEF is being written to formalize agreements on improving communication, reporting, and dispute resolution.

Nick Giordano, Vice President of Trade for the National Pork Producers Council (NPPC) gave an update on APEX activities. He gave a brief report on Mexico where exports continue to increase. APEX is continuing to build bridges with Mexico on trucking and animal health.

Giordano briefly reported on the Global Broad-Based Initiative (GBI) Project to develop overseas markets for US products. The U.S. Department of Agriculture's Foreign Agricultural Service (FAS) has earmarked Market Assistance Program (MAP) funds for GBI. The focus of the funds will be on biotechnology, food safety, market intelligence, market development and trade capacity building. A GBI proposal to maintain market access for US pork through technical assistance to Mexico was brought to the board for approval.

Everett Forkner moved that NPB endorse the GBI proposal to maintain market access for US Pork through technical assistance to Mexico. Alan Wilhoite seconded.

MOTION PASSED

RESEARCH STRATEGY

The new Pork Industry Strategic Plan identified three areas needing further analysis and a more detailed recommendation to ensure successful implementation: (1) creation of a long-term research strategy; (2) evaluation of existing state & national relations, structure, and resources; and (3) a review of NPB's current committee roles & structure.

The Strategic Plan specifically charged NPB with developing a long-term, multi-year, research strategy by January 2011 that would identify critical issues impacting the profitability of U.S. pork producers. The plan directed NPB to determine the appropriate role of NPB-funded scientific research in addressing these critical issues. Dr. Paul Sundberg, VP of Science and Technology, presented a proposal establishing a Blue Ribbon Panel of pork producers, veterinarians, and academics who would be charged with developing NPB's long-term research strategy. Paul presented a proposed budget for the Task Force of \$75,000 that would be supplemental funds from existing reserves.

STATE AND NATIONAL RELATIONS

Perry Aasness, VP Producer and Industry Relations, presented a proposal for reviewing existing state & national relations. The Strategic Plan calls for NPB to review and explore relationships, resource needs, and collaborative opportunities between NPB and state pork associations. The Task Force membership would include NPB board members, state presidents, state executives, Producer and State Relations Committee members, and allied industry organizations. The proposed budget is \$75,000.

COMMITTEE STRUCTURE

John Johnson, VP Strategic Administration, presented the final strategic plan proposal for reviewing NPB's committee structure. The charge is to review the existing Committee structure including the number of committees and each Committee's mission. The Task Force will be charged with enhancing producer input, maintaining important subject matter expertise, promoting greater cross-disciplinary work, and recommending a committee structure that efficiently addresses critical industry needs. The composition of the Task Force would include 11 members comprised of board members, committee chairs, state executives, and representatives from other Ag associations. The budget proposed would be \$60,000.

POLICY AND PROCEDURE MANUAL

Jim Meimann, Senior VP of Governance & Operations, shared with the Board plans to update NPB's existing policy and procedures manual that governs and informs the board's work. Portions of this manual were developed in 1986, so it needs to be reviewed and updated. The Administrative Committee would review the existing manual, define policies that continue to be relevant, remove those that are not, add necessary policies or guidelines, and organize them. The end result will be a comprehensive, user-friendly policy and procedure manual that can govern the work of the board, committees, and staff. An outside facilitator will assist the Administrative Committee. The proposed budget is \$35,000.

Steve Weaver moved that the board authorize the expenditure of up to \$265K from reserves for implementation of the Strategic Plan initiatives and an update of NPB's Policies and Procedures Manual. Seconded by Randy Brown.

MOTION PASSED

TECHNOLOGY WORKING GROUP

Brad Greenway and Chris Novak gave an overview of the work of the Technology Working Group. This newly formed group met with NPPC producer leaders to consider how new technology innovations, such as immunological castration technology, could impact pork production and international and domestic consumer marketing. Brad indicated the Working Group had discussed NPB's concern regarding the impact new technologies may have on consumer acceptance of pork, NPB's consumer research is scheduled to be done in mid-April—and results will be shared with the Board and key strategic partners.

ADOPT A STATE

Perry Aasness presented a concept where each board member would “adopt” two or three states, in addition to their own, to serve as a board liaison to those respective state pork associations. The goal is to ensure on-going communication between board members and state pork associations. The program would encourage Board Members to make contact, primarily via regular phone calls to the State's President and/or Executive. When possible, Board member may consider attending the state annual meeting, Board of Director Meetings, or other events.

Steve Weaver moved to support the Adopt-A-State concept as presented. Seconded by Brad Greenway.

MOTION PASSED

AIR EMISSIONS

Chris Novak reported that up to \$875,000 in monies could be refunded to National Pork Board from the National Air Emissions study. We have requested half of it returned now, and the remaining dollars will be returned after all accounts are settled. There also remains approximately \$150,000 of scientific equipment that will be returned to NPB's ownership. The Environment Committee has proposed that we use \$250,000 of the refund to fund an analysis of the Air Emissions research results. Discussion was held on the various uses and options for the equipment to gain most value for pork through continued research. These options will be discussed further by the Environment Committee for a recommendation to the Board. Chris noted that the FY2010 Budget approved by the Board had included language stating that reclaimed funds from the Air Emissions Study would be directed toward air emissions modeling based upon the research results.

RECESS

The meeting was recessed for the day.

CALL TO ORDER

The meeting was called to order at 7:30 a.m. on March 4.

FORUM OVERVIEW

Jim Meimann, Sr. VP of Governance and Operations, reviewed the 2010 Forum events and schedule, including: Producer Update Sessions, Candidate Meet and Greet, Resolutions, PQA Plus participation, the new candidate scoring system, and other key topics. Meimann also reviewed proposed changes for the 2011 Forum.

NAIS UPDATE

Paul Sundberg gave an update on the recent USDA announcement that the agency is no longer supporting national implementation of the National Animal Identification System (NAIS). The system has now shifted to a state-based system focusing on traceability of animals in interstate commerce. Previous Board resolutions stated: "The National Pork Board supports the development and implementation of a comprehensive and integrated swine disease surveillance system that addresses animal and public health needs." and "The National Pork Board calls on all producers to work with the veterinarians and submit appropriate SIV surveillance samples into the USDA SIV surveillance program." The Board discussed whether or not producers would object to having their farm's Swine Influenza Virus (SIV) surveillance data entered into an anonymous SIV surveillance stream, by default, when tissue samples were submitted to a diagnostic lab. **The Board's consensus was that producers would not object to their diagnostic lab tissues being eligible by default for an anonymous SIV surveillance program that helps address animal and public health needs.**

BRAND POSITIONING

Ceci Snyder—VP of Domestic Marketing, and Laurie Bever—Director of Consumer Advertising, introduced David Selby and Gwen Friedow from NPB's new advertising agency Schaefer|Condon|Carter. David and Gwen provided background information on their agency, other clients, and services. They also shared the opportunity they see for pork and the proposed timeline for launching a new ad campaign in 2011.

WE CARE OUTREACH

Mark Williams, The Motus Group, shared consumer research, conducted as part of our We Care initiative, which will help identify and inform target audiences regarding the pork industry's key messages and initiatives. The research indicated that most respondents don't relate to animal agriculture—generally thinking more about crop production than livestock production. A large percentage of the people surveyed did not identify any issues with animal agriculture, but when they did, the top concern was food safety.

John Johnson reported on the We Care outreach initiatives. He noted the need to focus on our “engaged” producers and opinion leaders and how we implement our principles on the farm. He also spoke about credibility and ideas on how to add credibility to the We Care program. Johnson gave an overview of a possible opportunity to use Mike Rowe, a celebrity who is passionate about agriculture, and the Barnyard Coalition concept that entails partnering with other commodities to engage Rowe as a spokesperson for agriculture.

CFI

Charlie Arnot, with the Center for Food Integrity (CFI), gave a brief overview of the initiative to create a national strategy for providing accurate information to consumers regarding modern food production. They are establishing leadership teams to address issues including: health and nutrition, food safety, worker care, the environment and animal well being. They will determine the key messages and current issues as they work together to get the word out.

USMEF UPDATE

Jim Petersen, Chair of the U.S. Meat Export Federation addressed the board with an update of their mission statement, membership, offices, and export information. He expressed appreciation for the pork checkoff funding provided to USMEF and the partnership with National Pork Board. He did point out that substantial funding for USMEF's pork programs comes from sources other than the pork checkoff, including: packer/processor memberships, other commodity checkoffs, and in-country retail and trade partners. He expressed concern that USMEF not be tied solely to decisions of the NPB Trade Committee as it relates to pork related activities worldwide, but only those related to checkoff.

ADJOURN

The meeting was adjourned at 2:15 p.m.

DRAFT
MINUTES
NATIONAL PORK BOARD
Board of Directors Conference Call
May 10, 2010

OPENING

The meeting of the National Pork Board was called to order at 7:30 p.m. on May 10, 2010 by President Tim Bierman.

ROLL CALL

The following Pork Board members were in attendance: T. Bierman, R Brown, E. Forkner, B. Greenway, R. Henry, H. Moore, C. Nelson, G. Nemechek, D. Norton, B. Samson, S. Weaver, A. Wilhoite, B. Zimmerman, K. Richter, and L. Colby were absent.

The following NPB staff members were in attendance: C. Novak, J. Meimann, P. Aasness, J. Johnson, and C. VandeKrol. Also attending were James Brow & Kenny Payne, USDA-AMS.

USMEF CONTRACT

The main subject was consideration of contract language and funding levels for the services of the U.S. Meat Export Federation (USMEF) for 2010.

Tim Bierman and Chris Novak provided an update on the NPB-USMEF contract negotiations that had taken place since the Board's April 21, 2010 conference call. Chris and Tim stated that the most recent contract language proposed by USMEF, while not as tightly written as NPB would like, was acceptable. In addition, there was lengthy discussion regarding reallocating international marketing monies from USMEF to other market access and trade program evaluation work.

Several project options were presented: 1. Shift \$250,000 to APEX for market research & analysis in Australia, Brazil, China, Cuba, Russia, and Vietnam; 2. Alternatively, shift \$500,000 to APEX for market research in the above markets plus the ASEAN markets, Canada, & Argentina. Chris noted that there were some questions whether the checkoff could fund market analysis work in Cuba that would need to be investigated further by staff and the Trade Committee; 3. Allocate up to \$50,000 to evaluate USMEF market development tactics; and 4. Solicit proposals from international trade experts to identify the top ten international market opportunities for U.S. pork over the next five years. The cost for this project is not to exceed \$100,000.

After extensive discussion, Steve Weaver moved to reallocate \$650,000 from current USMEF funds for new market access and trade evaluation projects that would be funded at the discretion of the NPB Trade Committee. Randy Brown seconded the motion.

The motion passed unanimously.

Jim Meimann gave the Board a brief overview of a recommendation from the Environment Committee to reallocate funds from the air emissions study. Details of their recommendation will be provided the Board in advance of their June meeting.

Finally, there was discussion of when was the best time for the Board to elect their new officers. Jim Meimann pointed out that due to the lateness of last year's Board appointments by the Secretary, elections had been held in July before new Board members were installed. Jim indicated that some newly appointed board members expressed discomfort at being asked to vote on people they had not yet had a chance to get to know. The Board generally agreed that it would be best to have officer elections in June, prior to the appointment of new board members.

The conference call was adjourned at 8:53 p.m.

DRAFT
MINUTES
NATIONAL PORK BOARD
Board of Directors Meeting
Des Moines, IA
June, 2010

OPENING

The meeting of the National Pork Board was called to order at 9:00 a.m. on June 10, 2010 by President Tim Bierman.

ROLL CALL

The following Pork Board members were in attendance: T. Bierman, R. Brown, L. Colby, E. Forkner, B. Greenway, R. Henry, H. Moore, C. Nelson, G. Nemechek, D. Norton, K. Richter, B. Samson, S. Weaver, A. Wilhoite and B. Zimmerman.

The following NPB staff members were in attendance: C. Novak, J. Meimann, P. Sundberg, P. Aasness, M. Wegner, C. Snyder, J. Johnson, C. VandeKrol, and L. Garner. Also attending was Kenneth Payne and James Brow, AMS; and, proposed board nominees: Wathina Luthi, Derrick Sleezer and Steve Wuergler.

MINUTES APPROVAL

A motion was made by Steve Weaver to approve minutes as amended from:

- **March 3-4, 2010**
- **April 21, 2010 conference call as amended to include Karen Richter and Lisa Colby as attendees.**
- **May 10, 2010 conference call as amended to show that Karen Richter was absent from the call.**

Seconded by Alan Wilhoite.

MOTION CARRIED

POLLING REPORT

Steve Weaver noted that he and Bruce Samson polled all board members to determine a slate of Board officer candidates. He noted Gene Nemechek was the only candidate running for President. Everett Forkner and Randy Brown both expressed interest in serving as Vice President.

FINANCIAL REPORT

Calvin VandeKrol, Controller, reviewed 2010 year-to-date budget developments. Calvin noted 2010 checkoff revenue has increased by 5.6% over the budget. The updated forecast, based upon expected checkoff revenue, budgeted expenses, and proposed supplemental spending would leave the Board with \$12.1 million in reserves.

Everett Forkner, Budget Committee Chair, reported on Budget Committee’s review and recommendations regarding several supplemental funding requests. The list of those requests includes:

Project	Recommendation
Pork Consumer Segmentation Study	\$ 200,000
Pork Carbon Footprint Rollout Strategy	\$ 50,000
Industry Economic Analysis of PRRS	\$ 80,000
Transport Bedding and Aboardng	\$ 120,000
Pork Industry Employee Census	\$ 40,000
Pork Leadership Academy (PLA)	\$ 75,000
PQA Plus (marketing and advertising campaign)	\$ 114,000
PQA Plus cost-share	\$ 30,000
Operation Main Street	\$ 30,000
Operation Main Street - Additional	\$ 10,000
Pork Production Safety Systems	\$ 28,000
We Care Promotional Material (printing cost)	\$ 30,000
We Care Image Campaign State Cost Share	\$ 150,000
Total Supplementals	\$ 957,000

SUPPLEMENTALS

Conley Nelson moved to approve a total of \$957,000 in supplemental requests. Seconded by Henry Moore.

MOTION CARRIED

AUDIT REPORT

Bruce Samson, Audit Committee Chair, and Calvin VandeKrol presented the Audit Committee Report. They reported that the audit was completed and on time and on budget with no material adjustments required. The NPB financial audit was approved by the audit committee and was presented to the board for approval.

On behalf of the Audit Committee, Bruce Samson moved to accept and approve the National Pork Board 2009 audited financials.

MOTION CARRIED

STATE AUDITS

Calvin VandeKrol reported on the status of various state audits. The NPB has completed 2009 Direct Documentation audits for two states, New York and Oregon, both of which were completed on time and on budget. No material adjustments are required in either state.

Calvin noted that 35 of 43 state audits are complete. Of the states with completed audits, seven states have reserves that exceed one year of checkoff revenue; four states have minor internal control issues that need to be addressed; and six states have major internal control issues. The NPB is working with these states to correct these deficiencies. There are eight states, including Delaware, Idaho, Louisiana, Wyoming, Arkansas, California, Georgia, and Nevada that have not completed or submitted proper audits.

On behalf of the Audit Committee, Bruce Samson moved that NPB withhold funds, effective July 15, 2010, from the eight listed states if acceptable year-end audit/forms are not received by June 30, 2010. Funds will be released to these states once proper audit/forms have been approved by NPB and AMS.

MOTION CARRIED

On behalf of the Audit Committee, Bruce Samson moved that NPB withhold funds, effective August 15, 2010, from the six states with major internal control deficiencies if we do not receive remediation plans by July 31, 2010. Funds will be released to these states once a state has developed a NBP-approved remediation plan.

MOTION CARRIED

STRATEGIC PLAN TF REPORTS

Brief updates were given on the three efforts brought forth from the Strategic Plan Implementation TF:

- John Johnson, VP of Strategic Administration, reported that the Committee Structure TF had their first meeting April 19th. The Task Force reviewed current structure and examined different models for grassroots input. Another meeting is scheduled for next week to look at the future of our committee structure.
- Dr. Paul Sundberg, VP Science and Technology, reported on the Long Term Research Strategy TF. This Task Force's objective is to ensure NPB receives a broad view from those who are stakeholders in our research. A survey will be sent to stakeholder groups to start discussion with the TF. They will develop a

White Paper with recommendations to stakeholders groups (to be identified). The paper should be finished by the end of 2010.

- Perry Aasness, VP Producer and State Relations, reported the State and National Relations TF is looking at ways to make state organizations more viable and ideas that will shape how we serve producers in the future. The Task Force will be looking at regionalization, shared staffing, and other models in addition to examining the current return to state formula.

DIETARY GUIDELINES

Adria Sheil-Brown, Manager of Nutrition Communication and Research, reported on the new draft USDA Dietary Guidelines. Adria noted two challenges facing the meat industry that may arise from the new Guidelines. First, the new proposed Guidelines do put a large emphasis on plant-based diets including a chapter on dietary patterns for vegetarians and vegans. Second, the report is recommending a dramatic reduction in sodium—moving from 2,300 mg to 1,500 mg per day. With sodium as one of the full committee's top priorities, processed and enhanced pork are likely to face higher scrutiny.

On a positive note, the Subcommittee on protein concluded that there is not sufficient evidence to link red and/or processed meats with certain types of diseases, most notably, cancer. The NPB will continue to monitor development of the final Guidelines on behalf of pork producers.

BRAND POSITIONING

CeCi Snyder, VP of Domestic Marketing, spoke about the evaluation of the Pork. The Other White Meat brand. She talked about the segmentation study that is being done to better understand the potential of different pork consumer segments and to understand pork's best customers food decisions and barriers to eating pork.

The next steps for product marketing includes evolving The Other White Meat and developing a brand that energizes consumers and pork producers. Transitional advertising will continue between June – December of this year with the new Brand launch slated for March 2011.

SIV SURVEILLANCE

Dr. Sundberg gave a short update on the status of the Comprehensive and Integrated Swine Disease Surveillance system. The SIV goal is to provide data on program and endemic/emerging diseases.

POLICY AND PRACTICES Gene Nemecek reported on proposed changes to the NPB Policy, Practices and Procedures manual. The committee and staff are working with Scott Hauser with McGladrey to revamp the manual in an effort to make it more succinct, relevant, up-to-date, and comprehensive. The new manual will be formalized in September and submitted to the Board for approval in November.

USDA RESEARCH AND PROMOTION GUIDELINES Jim Meimann, Sr. VP of Governance and Operations gave background on the USDA's proposed guidelines for proper oversight of commodity checkoff organizations. AMS's goal is to ensure consistency between all commodity checkoff programs. Meimann noted that we are drafting comments that will be submitted to AMS Administrator Rayne Pegg.

BOARD CALENDAR Chris Novak, CEO, reviewed the possibility of an international board study tour during 2011. Staff will research options, define the purpose, objectives, and costs associated with a possible trip. One study tour concept is to examine the economic impact of Animal Welfare and Husbandry issues within the United Kingdom and/or European Union. The Board discussed the third week of March as a possible timeframe for the tour.

ELECTION OF OFFICERS **Steve Weaver called for a unanimous vote for Gene Nemecek for President. Bruce Samson seconded.**

MOTION CARRIED

Ballots were cast for Vice President between Everett Forkner or Randy Brown. Everett was declared the winner and will take office as Vice President on July 1.

TRUST AND IMAGE John Johnson reported on the Ag Trust and Image Campaign. He reviewed the Barnyard Coalition project that is being developed in partnership with other commodity organizations to utilize Mike Rowe as a spokesperson for agriculture.

TRADE ISSUES John Johnson presented three recommendations from the Trade Committee seeking the board's approval.

A motion was made by Steve Weaver to:

- **Contract with Dermot Hayes, Iowa State University, for review of USMEF market promotion tactics in Japan and Mexico.**

- **Issue an RFP, with a budget up to \$100,000, to identify the top ten international opportunities for U.S. Pork over the next five years.**
- **Contract with APEX for Trade Monitoring, Research, and Analysis in 12 countries with a budget not to exceed \$500K.**

Seconded by Alan Wilhoite

MOTION CARRIED

CHECKOFF

Discussion was held on the issue of bringing a resolution to state annual meetings to address the checkoff rate adjustment. The issue will be brought to the July meeting for further discussion.

STAFF BONUS

A Motion was brought forth from the Budget Committee to approve a 4% bonus for all employees.

MOTION CARRIED

ADJOURN

President Bierman adjourned the meeting at 2:45 p.m.

DRAFT
MINUTES
NATIONAL PORK BOARD
Board of Directors Meeting
Wisconsin Dells, WI
July 13, 2010

OPENING

The meeting of the National Pork Board was called to order at 12:30 p.m. on July 13, 2010 by President Gene Nemechek.

ROLL CALL

The following Pork Board members were in attendance: T. Bierman, R. Brown, L. Colby, E. Forkner, B. Greenway, R. Henry, W. Luthi, C. Nelson, G. Nemechek, D. Norton, K. Richter, D. Sleezer, A. Wilhoite, S. Wuergler and B. Zimmerman.

The following NPB staff members were in attendance: C. Novak, J. Meimann, P. Sundberg, P. Aasness, M. Wegner, C. Snyder, J. Johnson, C. VandeKrol, and L. Garner. Also attending was James Brow, AMS; and, outgoing board members: Henry Moore, Bruce Samson and Steve Weaver.

MINUTES APPROVAL

A motion was made by Dale Norton to approve minutes from the June, 10, 2010 board meeting. Seconded by Brad Greenway.

MOTION CARRIED

SWEARING IN

James Brow, representing USDA's Ag Marketing Service, officiated over the swearing-in of incumbent director Everett Forkner and newly appointed Board Members Wathina Luthi, Derrick Sleezer, and Steve Wuergler. They pledged to represent all pork producers, to faithfully carry out the duties prescribed under the Pork Act and Order, and to implement programs that will help US pork producers maintain, develop, and enhance the markets for pork and pork products.

NPPC UPDATE

Neil Dierks, CEO of the National Pork Producers Council, gave an update on current events including CAFO rule, Environmental Regulations, GIPSA rules, and Greenhouse Gas Legislation. Neil expressed appreciation for the honest, open relationship with the staff and producer leaders of the National Pork Board.

BUDGET REPORT

Everett Forkner, Budget Committee Chair, reported that the committee met to review the FY2010 and FY2011 budget forecasts. He noted that, with the improvement in income, the Committee focused on brand repositioning, agriculture trust and image, and long term research commitments as priorities for the increased revenue.

ECONOMICS UPDATE

Dr. Steve Meyer, president of Paragon Economics, gave an economics update and outlook. He presented costs and profits for 2011 noting that the biggest driver is lower costs and a great corn season. Hog price recovery is better than expected. Short term risks to consider are weather, economic turmoil in Europe, domestic demand impacts from higher retail prices, and unforeseen circumstances (i.e. H1N1). Meyer expects hog supplies will be supportive of prices in the upper 70's to low 80's for the rest of the summer; Q4 prices in the upper \$60's. Steve projected little or no expansion this year, so expects 2011 hog numbers to be close to those in 2010.

FINANCIAL UPDATE

Calvin VandeKrol, Controller, provided an updated 2010 forecast—projecting year-end reserves at \$18.8M compared to budgeted year-end reserve of \$11.2 million. Calvin forecast FY 2010 expenses at \$59.3M—including \$44.3 million in national spending, \$1.4 million in approved supplemental spending requests, and \$13.5 million in Return to State Funds. Chris Novak, CEO, then introduced the FY2011 budget development plans with a review of the major needs for 2011, including: New Brand Positioning launch and the Ag Trust and Image Campaign concept. Chris asked Ceci Snyder, VP of Domestic Marketing, and John Johnson, VP of Strategic Administration to overview these initiatives.

MARKETING

Ceci provided an overview of marketing plans including historical spending, the new five year goals, and expected future needs. Ceci emphasized the importance of effectively delivering a relevant message consumer year round.

Snyder also talked about the benefits of advertising during a poor economy—sharing examples of how companies investing in marketing during a recession have gained market share.

AG TRUST AND IMAGE

John Johnson gave an update on our Ag Trust and Image Campaign, which is a component of our We Care initiative. This concept will be a national campaign targeted at specific high value audiences using a full spectrum of media, print, broadcast, and social avenues. It is a coalition of Ag and Allied industry projected to be run 3-5 years in duration with significant funding commitment of \$20-\$30M per year from the coalition..

FY2011 BUDGET

Chris Novak presented the FY 2011 forecast that relied upon several key assumptions: 1. That revenue would be calculated using the low range market price estimate; 2. That the Board would not use the 5% conservative factor that was applied against the FY 2010 budget; and 3. That industry priorities for pork marketing and consumer attitudes require aggressive spending that would draw down FY10 year-end

reserves. Chris noted that the proposed spending plan would utilize \$11 million in reserve funds during FY 11 with year-end reserves projected to meet the Board's \$7M reserve target.

A motion was made by Alan Wilhoite to eliminate the 5% contingency factor contained in the FY2010 budget, use the low range market price estimate in calculating FY 2011 checkoff revenue, to not impose a contingency factor in FY 2011. Establish a preliminary national spending target for FY2011 of \$67.0M.

The motion was seconded by Conley Nelson.

MOTION CARRIED

CHECKOFF RATE

Everett Forkner overviewed for the Board preliminary discussions held by the Budget Committee on the resource requirements to bring forth an effective and impactful "brand repositioning campaign" and a "trust and image campaign" at the same time. He followed with a review of the committee discussion regarding the potential need for a change in the current checkoff rate. Everett presented the question of whether the Board should provide a recommendation to state delegates proposing an increase in the checkoff rate from 40¢ to 45¢? Chris Novak then shared background on the current checkoff rate, projected long-term needs including increased domestic marketing efforts and a national consumer trust and image campaign, as well as needs for additional state resources.

The Board discussed the timing of any rate change, the reaction of producers who had just suffered two years of losses, and the importance of understanding how a checkoff rate change would impact other industry funding needs. Gene Nemechek recommended that a Working Group be formed to look at the checkoff's long-term resource needs. The group should be representative of key states, should evaluate the need for a checkoff rate increase, evaluate producer attitudes toward a potential rate change, and/or develop recommendations on how any proposed changes should be communicated to the industry. Gene indicated he would work with staff to identify Work Group members with a goal that the group could report recommendations back to the Board in September.

INT'L MARKETING

Tim Bierman updated the Board on the June 28 meeting between USMEF, NPB, & NPPC. The purpose of the meeting was to develop protocols for how the three organizations would jointly develop and manage trade strategies for market access. John Johnson then presented a concept for exploring alternative trade promotion models. The proposal is for the Board to fund an exploratory study evaluating the

costs and benefits of carrying out pork marketing in a different manner and/or with a different partner. The Board agreed the Trade Committee should examine the issue with the understanding that the Board would revisit the study concept during the budget development process.

BOARD STUDY TOUR

The board had previously discussed the concept of an international trip to study animal welfare issues or export markets overseas. The task was given to staff for further exploration and recommendations. Dr. Paul Sundberg recommended that, due to several trade policy issues in Asia, a trip there could be problematic. With the industry's priority on industry image issues, the board might consider travel to Britain and France. In Britain, potential meetings would include:

- World Society for the Protection of Animals
- Food Animal Initiative at Oxford
- BPEX (UK equivalent to check-off)
- Red Tractor Assurance and RSPCA audit/labeling programs
- Farm Animal Welfare Council
- Major retailers, e.g., Marks & Spencers, Tesco
- On farm opportunities

In France, a visit with the World Organization for Animal Health (OIE), the organization working on international animal welfare standards, would be a very important meeting for the future of our industry.

COMMITTEE TF

John Johnson gave an update of the progress of the Committee Structure Task Force. A draft report notes there are strengths that must be retained including access to, and development of, producer expertise. Weaknesses to be improved include committee isolation (silo mentality) and lack of committee ownership of the organization's strategic goals and objectives. The Task Force is recommending more direct communication between the board and committees. Specifically, the Task Force is recommending the establishment of three new board critical issue subcommittees. Other recommendations include re-configuring existing committees from 11 to 8 and implementing specific size and term limits. The final Task Force meeting is scheduled for July 22 in Des Moines, with final recommendations to the board in September.

BOARD POLICY BOOK

Jim Meimann, Sr. VP of Governance and Operations, updated the board on the progress of updating the Policy Handbook. The Administrative Committee is updating and eliminating outdated policies to create a more useful tool for the Board. The goal is to make the information concise, accessible, and manageable. The Committee is evaluating the Board's standing committees—including recommendations for combining the Board's budget and audit committees, realigning committee tasks, and

creating an Executive Committee. Another meeting of the committee will be held in September at Plan of Work.

REGIONAL PLAN

Perry Aasness, VP Producers and State Relations, presented a plan for the Board's consideration that would address inconsistencies in regional board representation. The concept calls for ex-officio positions that would allow for representation of a region that did not have an officially appointed board member. After some discussion, the Board recommended that staff work with the Administrative Committee on refining the proposal and present options to the board in September.

RECOGNITION

Outgoing Board Members, Bruce Samson, Steve Weaver and Henry Moore were recognized and thanked for their exemplary service, as was Past President, Tim Bierman.

ADJOURN

President Nemecheck adjourned the meeting at 6:00 p.m.

DRAFT
MINUTES
NATIONAL PORK BOARD
Board of Directors Conference Call
August 27, 2010

OPENING

The meeting of the National Pork Board was called to order at 7:05 a.m. on August 27, 2010 by President Gene Nemechek.

ROLL CALL

The following Pork Board members were in attendance: T. Bierman, R Brown, L. Colby, E. Forkner, B. Greenway, R. Henry, W. Luthi, J. Maschhoff, C. Nelson, G. Nemechek, D. Norton, K. Richter, D. Sleezer, A. Wilhoite, S. Wuergler and B. Zimmerman.
Absent: Alan Wilhoite

The following NPB staff members were in attendance: C. Novak, J. Johnson, P. Aasness, C. Snyder, C. VandeKrol, Jarrod Sutton, Stephen Gerike and L. Garner. Also attending was James Brow, AMS.

SPENDING TARGET

Everett Forkner reported that the Budget Committee had a meeting to discuss changing the spending level for 2011 from \$67 million to \$62 million. He explained that although it would mean more cuts out of this year's proposals, it still leaves an extra \$5 million that can be used to sustain brand repositioning in 2012 and ag trust and image work. It will also force us to take a more disciplined approach in reviewing the proposed FY 2011 expenditures – and ensure greater likelihood that the final program recommendations are reflective of our strategic objectives.

Everett Forkner moved on behalf of the Budget Committee to decrease the FY 2011 spending target to \$62 million.

MOTION CARRIED

SUPPLEMENTAL

Jarrod Sutton provided information on a request for supplemental funding in the amount of \$200,000 for a McDonald's McRib promotion. This promotion will create great visibility for pork and strengthen our long-term relationship with McDonalds. The supplemental will help ensure the Pork Mark will be placed on in-

store promotional materials. The promotion will be included in all 14,339 locations across the U.S. and will be dominantly featured from November 2 – 22, 2010.

Everett Forkner moved on behalf of the Budget Committee to approve \$200,000 in supplemental funding for the McDonald's promotion.

MOTION PASSED

Jarrold Sutton reminded the Board that the McDonalds promotion is currently covered under a Confidentiality Disclosure Agreement, so Board Members should not divulge the details of the promotion until the information is made public by McDonalds later this year.

ADJOURN

President Gene Nemechek adjourned the call at 7:40 a.m.

DRAFT
MINUTES
NATIONAL PORK BOARD
Board of Directors Meeting
Des Moines, IA
September 9-10, 2010

OPENING

The meeting of the National Pork Board was called to order at 12:30 p.m. on September 9, 2010 by President Gene Nemechek.

ROLL CALL

The following Pork Board members were in attendance: T. Bierman, R. Brown, L. Colby, E. Forkner, B. Greenway, R. Henry, W. Luthi, J. Maschhoff, C. Nelson, G. Nemechek, D. Norton, K. Richter, D. Sleezer, A. Wilhoite, S. Wuergler and B. Zimmerman.

The following NPB staff members were in attendance: C. Novak, J. Meimann, P. Sundberg, P. Aasness, M. Wegner, C. Snyder, J. Johnson, C. VandeKrol, and L. Garner. Also attending was James Brow, AMS.

MINUTES APPROVAL

A motion was made by Conley Nelson to approve minutes from the July 13, 2010 meeting and August 27, 2010 conference call. Seconded by Randy Brown.

MOTION CARRIED

STATE AND NATIONAL RELATIONS TF

Perry Aasness, VP Producers and State Relations and Karen Richter, updated the Board on the progress of the State and National Relations Task Force. The Task Force has worked with a consultant, Drake & Company to interview stakeholders, examine other organizational models, survey state pork organization leaders, and begin developing a White Paper that summarizes current challenges and recommendations. Steve Drake reviewed the survey results and staffing models that had been shared with the Task Force.

COMMITTEE STRUCTURE TF

John Johnson, VP of Strategic Information, reviewed the charge and progress of the Committee Structure Task Force. The Task Force was to evaluate NPB's Committee system to determine the best way that our Committees could help the organization achieve the Strategic Plan's Desired Outcomes. The proposed final report identified strengths and weaknesses of the current structure and presented recommendations for restructuring and aligning NPB's committees. John presented the proposed appointment process, term limits, and committee size recommended by the Task Force. The Board agreed to solicit feedback from current Committee Chairs so that information could be incorporated into the Board's final decision-making process at its November meeting.

RESOURCE WORKING GROUP

Gene Nemecek overviewed the Long-Term Resource Working Group's preliminary discussions. The Working Group had been charged in July with looking at long-term checkoff revenue needs. Gene mentioned there were industry concerns regarding the timing of any checkoff rate proposal as well as how any change in the mandatory checkoff might affect other industry revenue needs. The Working Group was interested in getting a better understanding of producer attitudes toward any changes in the checkoff rate. The group recommended working closely with NPPC to assess future revenue needs for the industry.

ADMINISTRATIVE COMMITTEE REPORT

Karen Richter, Admin Chair, updated the board on revisions being made to the Board's Policy and Practices Manual. Jim Meimann noted the key areas for amendment include:

- A. Redefining the roles of the Administrative, Budget, Audit, and Compensation Committees:
- The Finance Committee would combine the Budget Committee and Audit Committee and deal with Board and State budgets, plan of work, annual audits, and other financial matters;
 - The Administrative Committee would:
 - 1) Deal with general operations issues not covered by Exec or Finance Committee;
 - 2) Oversee programs, projects, contracts and overall operations;
 - 3) oversee implementation of the Pork Act & AMS Research and Promotion Guidelines;
 - 4) Oversee State Pork Association checkoff related activities and monitor compliance.
- B. Creating an Executive Committee to replace the Compensation Committee.
- The Executive Committee would:
 - 1) Handle sensitive operational, personnel, and ethical issues;
 - 2) Ensure programs and projects are effectively administered;
 - 3) Monitor overall program performance throughout the year to ensure delivery of expected results;
 - 4) Collaborate on the appointment of all Standing, Governance, Program and Critical Issues Committees;
 - 5) Oversee the performance of the CEO and manage compensation adjustment process.
 - An Executive Committee would broaden the Board's leadership by electing 4 officers who would chair specific committees:
 - President- Executive Committee Chair
 - Vice President –Administrative Committee Chair
 - Treasurer –Finance Committee Chair

- Past President –Nominating Committee Chair
- Executive Committee/Officer Election process
 - Each Executive Committee position would be elected annually by the Pork Board;
 - No automatic succession to the next officer seat;
 - Elections would be held at the June Board meeting prior to the new Board being appointed;
- C. Examining other current Board policies and recommending revisions, including:
 - a. Code of Conduct
 - b. Conflict of Interest Policy
 - c. Alcohol Policy

Jim and Karen noted that the Administrative Committee intends to provide a final draft to the Board for consideration during the Board's November meeting.

BOARD STUDY TOUR

Dr. Paul Sundberg gave a report outlining the potential agenda should the board adopt a motion to travel to the EU for an international study tour. Potential meeting highlights could include:

- World Society for the Protection of Animals
- Food Animal Initiative at Oxford
- BPEX (UK equivalent to check-off)
- Red Tractor Assurance and RSPCA audit/labeling programs
- Farm Animal Welfare Council
- Major retailers, e.g., Marks & Spencers, Tesco
- Producer-to-Producer Visits
- World Organization for Animal Health (OIE)
- International Meat Secretariat

Chris Novak noted the trip would be highly focused on sustainability for the US industry and how changes in Europe might affect the US industry's We Care initiative. Discussion was held on strategic considerations and several options were discussed including a full board trip vs. individual international travel opportunities.

A motion was made by Everett Forkner to conduct a study tour to England & France in March of 2011 to examine livestock industry sustainability issues. Seconded by Brian Zimmerman.

MOTION PASSED

REGIONAL PLAN

Perry Aasness, VP Producer and State Relations, presented a plan for the Board's consideration that would address inconsistencies in regional board representation. The concept calls for ex-officio positions that would allow for representation of a region that did not have an officially appointed board member. The proposal would address any current or future situations where a significant segment or region is without any direct connection or representation on the Board. This would be a non-voting position subject to annual review by the board. Perry overviewed the selection process and the roles and responsibilities of the representative.

The following motion was brought forth from the Administrative Committee: To invite a representative from the SE Region of the US to attend and participate, without vote, in Pork Board meetings and related board functions through July 2011, with expenses covered by the Board.

After a brief discussion, the Board agreed there were other means for ensuring input to the Board rather than creating a temporary mechanism.

The **MOTION** was **WITHDRAWN** by the **Administrative Committee**.

BUDGET REPORT

Everett Forkner, Budget Chair, led a discussion reviewing the Plan of Work process. Several suggestions included: having the rationale available electronically to show on the screen instead of hard copies; more time for breakouts; offer an optional conference call prior to POW; add an extra hour in the morning to go back into breakouts; and, conduct a follow-up survey via e-mail.

Calvin VandeKrol, Controller, reviewed key financial data; gave an overview of POW process; and, presented a summary of the FY2011 budget. He noted that November agenda items will include: approving fixed costs, recalculating FY2011 national spending, and approving the final proposed FY2011 Budget.

Everett Forkner stated that it is important we do preparation and planning on future needs for increased revenue. Would be good to develop a "needs and opportunities" list for the November meeting including 5 year projections.

US FARM & RANCH

Chris Novak gave a brief update of progress of the US Farm & Ranch Alliance. He reported that in October the Alliance will be formally requesting other groups to commit to membership.

A motion was made by Roy Henry that National Pork Board endorse the goals of the US Farm & Ranch Alliance and support membership in the alliance. Seconded by Alan Wilhoite.

MOTION PASSED

PQA PLUS

Stacy Revels, Certification Programs Manager, gave an update of the work of the PQA Plus Task Force. Stacy summarized discussions that had taken place within the PQA Plus Task Force and the Producer Services Committee relative to whether a test should be a required component of the PQA Plus program beginning in 2013. The Task Force had narrowly voted down including a test, but the Producers Services Committee has passed a motion favoring a test. Therefore, the issue was brought before the board for discussion.

A motion was made by Roy Henry that directs the PQA Plus Task Force to evaluate an individual testing requirement for PQA Plus certification that reflects varying levels of operation management responsibility. Any testing requirement would be included in the PQA Plus program beginning in 2013.

MOTION PASSED

AIR EMISSIONS

Allan Stokes, Director of Environmental Programs, gave an update on the National Air Emissions Monitoring Study. The collection of air emissions data has been completed, so the US EPA is beginning a process of analyzing the data to determine its emissions estimating methods. Allan reviewed for the Board the Environment Committee's previous budget requests for funding to create a Process-Based Air Emissions Model that would help pork producers understand the air emission effects of specific, on-farm, practices. The model will be helpful in discussing with EPA how the collected air emissions data should be used to project emissions coming from diverse farms and regions. Accordingly, the environmental committee issued an RFP seeking bids to construct a Process-Based Emissions Model. The Environment Committee selected Applied Geosolutions as the contractor to complete the task. Since the project cost exceeds \$100,000, approval of the Board is required for the project.

A Motion was made by Brad Greenway to fully fund the full 2-year effort proposed by Applied Geosolutions at \$848,279 from 2010 available funding including returned NAEMS funds. Seconded by Alan Wilhoite.

MOTION PASSED

**NEW PORK
TECHNOLOGY**

John Green, Director of Strategic Marketing, reviewed results of recent consumer research that examined consumer reactions to new technology that could replace the castration of male pigs. The Board had approved funding in January to complete this consumer research. John Green reviewed the objectives of the research, the initial hypotheses, and the research process. The qualitative research component included 30 individual, in-depth, interviews with consumers in three different markets (Seattle, Chicago, Ft. Lee, NJ). The research identified that consumers could have a negative reaction to the technology, depending upon the type of media they see, and that, in general, consumers perceive few tangible benefits from the technology.

Green noted the next steps are to meet internally to review and discuss the complete findings and then meet October 25th with Pfizer to share and discuss respective research results.

SIV SURVEILLANCE

Dr. Paul Sundberg reported that USDA, CDC and National Pork Board will be working on a communication plan for the SIV Surveillance program. He provided a brief comparison of both anonymous and traceable surveillance processes. Surveillance is anonymous unless an owner wants the sample to be traceable. In that case, written permission from the owner needs to be included. Anonymous data can only be identified by state. There will be no cost to participate in SIV surveillance.

ADJOURN

President Nemecheck adjourned the meeting at 12:40.

MINUTES
NATIONAL PORK BOARD
Board of Directors Meeting
Des Moines, IA
November 17-18, 2010

OPENING

The meeting of the National Pork Board was called to order at 12:30 p.m. on November 17, 2010 by President Gene Nemechek.

ROLL CALL

The following Pork Board members were in attendance: T. Bierman, R. Brown, L. Colby, E. Forkner, B. Greenway, R. Henry, W. Luthi, J. Maschhoff, C. Nelson, G. Nemechek, D. Norton, K. Richter, D. Sleezer, A. Wilhoite, and S. Wuergler. B. Zimmerman was absent.

The following NPB staff members were in attendance: C. Novak, J. Meimann, P. Sundberg, P. Aasness, M. Wegner, C. Snyder, J. Johnson, C. VandeKrol, and L. Garner. Also attending was James Brow, AMS.

MINUTES APPROVAL

A motion was made by Brad Greenway to approve minutes from the September 9-10, 2010 board meeting. Seconded by Randy Brown.

MOTION CARRIED

RESEARCH

Dr. Paul Sundberg presented the following research proposal for approval:

- *Establishing Bedding and Boarding Requirements for Finisher Pigs Through Scientific Validation – Macro-study.* The purpose of the research is to develop industry recommendations for internal trailer environment management protocols that will optimize internal trailer temperature, maintain pig comfort and core body temperature, and minimize transport losses. This proposal is to be funded in the amount of \$205,374.

A motion was made by Dale Norton to approve funding of this research proposal. Seconded by Derrick Sleezer.

MOTION CARRIED

COMMITTEE CHANGES

Dr. Paul Sundberg requested the following changes to the Animal Science Committee Membership:

- Additions: Mat Culbertson, NC; Beau Peterson, IL
- Deletions: Keith Erlandson, IA; Mike Bayes, OH

A motion was made by Alan Wilhoite to approve changes to the Animal Science Committee. Seconded by Steve Wuergler.

MOTION CARRIED

ADMINISTRATIVE COMMITTEE REPORT

Karen Richter, Admin Chair, updated the board on the progress of the Board Policy and Practices Manual revisions. Once the board approves the recommended changes, the new manual will be placed on an intranet site that will allow easy access and search capabilities. Jim Meimann reviewed key changes within the new Policy manual, including:

- establishment of an executive committee;
- reconfiguration of the administrative and finance/budget committees;
- new criteria for board members serving on NPB committees; and
- reinstatement of an alcohol policy.

On a related matter, Jim noted the Board had been asked if minors could vote for Pork Act Delegates. Jim reviewed the authority provided in the Pork Act that states that the National Pork Board has authority and responsibility with regard to state Pork Act Delegates elections to:

“... administer all ... nominations and elections. . . . with the assistance of the Secretary.”

The USDA confirmed the Board’s authority, under this paragraph, to establish a minimum age for participation in Pork Act governance. Accordingly, the Administrative Committee is proposing an addition to the Board Policy Handbook that would:

Require that 18 be the minimum age to vote for delegates to the Pork Act Delegate Body, serve as a delegate, or serve as a Member of the Board.

Karen concluded her report by offering the following motion on behalf of the Administrative Committee:

Accept the Policy and Practices Manual, as amended, including changes to the Alcohol and Pork Act age requirement.

MOTION CARRIED

Karen provided a brief report on the 2010 State Administrative Reviews. State Administrative Reviews remain underway in Oklahoma, Tennessee, Delaware, Maine, and New Hampshire. Karen reviewed the procedures for state administrative reviews—as well as the criteria used to prioritize the timing of a state’s administrative review. Based upon these criteria, the Administrative Committee is recommending that Oregon, Washington, Nevada, West Virginia, Louisiana, and Ohio be scheduled for Administrative Reviews during 2011. Finally, Karen noted that Iowa’s Administrative Review had been successfully completed. The Administrative Committee recommends to the Board that Iowa’s review be approved as submitted.

A motion was brought forth from the Administrative Committee that the Board approve the Administrative Committee’s recommendations as outlined in the Committee’s report.

MOTION CARRIED

COMMITTEE TF

John Johnson, VP of Strategic Information, reported on the recommendations of the Committee Structure Task Force. The report identified strengths and weaknesses of the current system, as well as recommendations to improve procedures, increase dialogue between the Board and Committees, and ensure better alignment of the Board and Program Committees with the direction set forth in the Strategic Plan.

John highlighted the Task Force’s recommendations, including:

- establishment of new Board “Critical Issue Subcommittees,” that would be responsible for improving alignment of the Board and Committee Chairs with respect to the strategic plan goals;
- reducing the size of committees to no more than 20 members (not including Board representatives);
- ensuring consistent application of Committee Member and Chair length of service terms;
- combining the Nutrition and Pork Safety Committees;
- combining the Producer Services and Producer-State Relations Committees;
- incorporating the Niche Marketing Committee as a subcommittee of the merged Producer-State Services Committee and that the board work to assure that producers who specialize in niche production be included on all board committees.

The goal is to assure we have a committee structure that is more efficient and more focused on achieving the goals outlined in the five-year strategic plan.

Board decisions would include:

- Are Critical Issue Committees of the board desirable to enhance communication?
- Is the consolidation from 11 to 8 committees appropriate?
- What is the ideal committee size?
- What are the appropriate term limits?
- Decision on whole of the TF Report?

A motion was made by Alan Wilhoite to accept and implement the TF report with the following modifications:

- **Replace the Critical Issue Board subcommittees with direction for each committee to have a Committee Leadership Team Meeting (Board members on committee, Chair, Vice Chair, and Committee Staff) prior to each committee meeting to discuss organizational goals and objectives, specific and measurable metrics, budget planning, and future challenges;**
- **Adhere to the recommended committee size of 20, with the understanding that additional non-voting “advisors” may be appointed to the committee with board approval;**
- **Adhere to the recommended term limits for committee members and committee chairs. In exceptional cases, the board may grant an extension.**

Seconded by Steve Wuergler.

MOTION CARRIED

BUDGET REPORT

Calvin VandeKrol, Controller, gave an update of the 2010 YTD financial results along with an updated FY 2010 forecast. Checkoff revenue is forecast 21% higher than budgeted—of which we have received 85% YTD or \$59.8m. National Spending is expected to be at \$46.6m, including: \$44.4m budgeted plus \$1.6m in supplemental requests and \$2.2m of state/allied partnerships minus \$1.6m in cost-savings. Year-end undesignated cash reserves are now forecast at \$18.4m.

VandeKrol presented the FY 2011 budget including income statement and capital expenditures:

(dollars in millions)

Checkoff Revenue	\$66.4
<u>Other Revenue</u>	<u>\$0.5</u>
Funds Available	\$66.9
Return to State	\$(13.3)
<u>National Spending</u>	<u>\$(62.3)</u>
Total Spending	\$75.6
Funds Available	\$66.9
<u>Total Spending</u>	<u>\$75.6</u>
Projected Surplus/Deficit	\$(8.7)
Beg Cash Reserve	\$18.7
<u>Projected Deficit</u>	<u>\$(8.7)</u>
End Cash Reserve	\$10.0

A motion was brought forth from the Budget Committee to approve the FY 2011 budget of \$75.6m.

MOTION CARRIED

The Budget Committee moved that the Board approve the FY 2011 PASLWOCOO budget of \$157,000 with the following allocations:

- **Arkansas** **\$18,000**
- **North Dakota** **\$3,000**
- **Oklahoma** **\$95,000**
- **Texas** **\$18,000**
- **Alabama** **\$3,000**
- **Michigan** **\$12,000**
- **Wisconsin** **\$8,000**

MOTION CARRIED

VandeKrol presented an overview of the 43 state budgets that were seeking committee approval.

The Budget Committee moved that the Board:

- 1. Approve 40 of 43 FY 2011 state budgets as presented**
- 2. Withhold checkoff funding from Louisiana until such time that Louisiana properly files an FY 2011 budget and the budget is approved by accounting staff, controller, and USDA-AMS.**

MOTION CARRIED

PORK TECHNOLOGY IMPACTS

John Green, Director of Strategic Marketing, reported on the results of an economic analysis that examined the cost and benefits of new immunological castration technology. John noted there is no foolproof way of know whether consumer opinions, as expressed in a survey, would actually mirror actual consumer behavior in grocery store. The qualitative consumer research conducted by the Pork Board, however, suggests consumers are likely to have reservations about consuming pork produced with this technology. To that extent, the risk factor contained within this model is difficult to calculate. Some highlights from the analysis include:

- The economic impact of the technology is based on the rate of producer adoption. Complete adoption throughout the industry increases the returns to the industry while limited adoption reduces the benefits without reducing the risk.
- The technology offers significant benefits to producers adopting the technology and consumers based upon decreased feed costs and increased meat production. Non-adopters suffer losses due to competitive disadvantage and lower market prices.
- Total gains on the production side are offset, somewhat, by lower market prices—but absent any consumer rejection—the gains outweigh potential losses.
- If a small percentage of consumers (3%) reject pork based upon the use of the technology, the gains on the production side are completely offset—with lower prices resulting in significant losses for the industry.

The next steps include a NPB directed quantitative study with a presentation at the January board meeting. The Board considered different responses that NPB might consider—relative to both Pfizer as well as pork industry food chain partners—but withheld action until completion of the quantitative consumer survey.

EXECUTIVE SESSION

An Executive Session was held to review the CEO's performance.

The Executive Committee moved that the Board approve the CEO's 2010 performance review and compensation adjustments.

MOTION CARRIED

RECESS

The meeting was recessed for the day.

RECONVENE

The meeting was reconvened at 7:00 a.m. on November 18, 2010 by Vice President, Everett Forkner.

RESEARCH TF REPORT

Dr. Paul Sundberg, VP of Science and Technology, reported on the findings from the Research Task Force that was charged with developing a long-term, multi-year research strategy to identify the critical issues impacting the profitability of U.S. pork producers and the most appropriate role for the Board in scientific research. The TF recommends the formation of a Science and Technology Research Steering Committee that would determine the appropriate role of the NPB in Scientific Research. This new Committee would ensure adequate resources to impact our critical issues, evaluate research to improve effectiveness, and enhance communication of research results throughout the pork industry.

Chris Novak reviewed with the Board the history behind the Research Task Force—which had been developed to address producer concerns raised during the strategic planning process. Chris noted that producer surveys had consistently ranked NPB’s research investments as a low priority. The goal had been that the Task Force might address this lack of knowledge/support through a more inclusive process that might help build long-term support for needed research investment. Chris asked the Board to delay final action on the Task Force report until a more complete process could be developed to secure additional industry input and better address several of the questions outlined in the strategic plan.

NPPC UPDATE

Neil Dierks, CEO of the National Pork Producers Council, gave an update on several issues, including: the GIPSA rule on livestock contracting, risk management, activist challenges to the pork industry, and the 2010 election ramifications for the pork industry.

SOCIAL MEDIA

Teresa Roof, Public Relations Manager, gave a presentation on social media and how to use Facebook, Twitter and blogs. She noted social networking is the most popular form of online activity and that 3 of 4 Americans use social technology. 93% of social media users believe a company should have a presence in social media. Kathy Lee Fredrickson, On-Line Editorial Manager, presented information on the brand side, including her work with bloggers and cooking with pork.

BRAND UPDATE

Ceci Snyder, VP of Domestic Marketing, and Laurie Bever, Director of Consumer Advertising updated the board on consumer testing and the progress made developing a new brand for pork. The current timeline calls for consumer research to test different creative messages in December. The selected concept will be presented to the Board and Domestic Marketing Committee in early January. State calls and packer meetings will be held through January and February to test the concept with industry partners. The Domestic Marketing Committee and Board will preview the finished concept March 2 with the public launch to follow at Pork Forum. The consumer launch, including broadcast advertising, is scheduled for April.

CHECKOFF 25th YEAR

Mike Wegner, VP of Communications, noted the Pork Act was signed into law on December 23, 1985. Pork Board is planning to celebrate this 25th anniversary during 2011. There have been many successes over the years that will be communicated to producers at Forum and Expo.

FORUM

Jim Meimann, Sr. Vice President, Governance and Operations, reported on Forum activities. He reviewed the proposed changes that were approved by the board last year in an effort to shorten the meeting while maintaining the important components of our annual meeting. Changes will include: no Saturday banquet, more “general” sessions, a noon awards presentations; and adding a retiring president’s tribute dinner.

INTERNATIONAL TRIP

John Johnson reported plans are being finalized for the March trip to London and Brussels. He reviewed the proposed itinerary that will run Saturday, March 19 through Saturday, March 26. The trip will include meetings with the US Embassy, World Society for Protection of Animals, Tesco (a UK retailer), BPEX (the British Pork promotion organization), and the Farm Animal Welfare Council. Farm visits are being planned as well as meetings in Brussels with the European Union Commission, OIE, and Copa-Cogeca.

STATE PROGRAMS

Perry Aasness, VP of Producer and State Relations, reported on the Adopt-A-State program that works to connect each state with a Pork Board member. The program is designed to help strengthen the dialogue and working relationship between NPB and the state pork organizations.

State annual meetings are coming up and a presentation format is being developed for those who will be attending these meetings. Key topics will be: the new brand strategy, We Care, and the US Farmers & Ranchers Alliance. Presentation materials will be distributed to all Board members once finalized.

VULNERABILITIES ASSESSMENT

Cindy Cunningham, Assistant VP of Communications, gave an update on the new assessment plan that is designed to identify threats to the pork industry by soliciting input from producer leaders, staff, states, and committee members. The programs will help NPB anticipate and prepare for emerging issues. Mike & Cindy are holding department meetings in December to focus on identifying vulnerabilities—which will then be consolidated and prioritized. In January, NPB will ask states and committee to review the identified vulnerabilities and assist with the prioritization process. A GAP analysis identifying existing resources and needs will take place in March and April. The needs identified within this GAP analysis will be presented to the committees for incorporation into each Committee's respective FY 2012 budget planning.

EXPENSE REPORTS

Calvin VandeKrol reviewed the on-line expense report system with board members. This system simplifies NPB's expense submission and reimbursement process. Calvin briefly reviewed current expense policies, expense report requirements, and board allowances.

CEO REPORT

Chris Novak shared highlights on three key activities:

- Farmer and Rancher Alliance: Dale Norton is the National Pork Board representative on the Alliance Board. A contractor has been hired by the Alliance to facilitate the day-to-day work. A fundraising strategy is being developed to raise the \$25-\$30 million in annual contributions needed to effectively run a national campaign.
- PQA Plus: Two vendors—Validus and USDA's Ag Marketing Service—have been selected to conduct PQA Plus compliance surveys. On-farm inspections should start late this year.
- USMEF: A meeting is scheduled for early December with USMEF leadership to follow-up on issues and procedures identified at a June leadership meeting. Key topics will include Russian market access, trichinae, Korean opportunities, and NPB's trade evaluation projects. We anticipate having a new Trade staff person on board early in 2011.

ADJOURN

The meeting was adjourned at 2:00 p.m.

MINUTES
NATIONAL PORK BOARD
Board of Directors Meeting
Oklahoma City, OK
January 12 – 14, 2011

OPENING The meeting of the National Pork Board was called to order at 7:00 a.m., Friday, January 14, 2011 by President Gene Nemechek at the Skirvin Hotel, Oklahoma City, OK.

ROLL CALL The following Pork Board members were in attendance: T. Bierman, R Brown, E. Forkner, B. Greenway, R. Henry, W. Luthi, J. Maschhoff, C. Nelson, G. Nemechek, D. Norton, K. Richter, D. Sleezer, A. Wilhoite, and S. Wuergler. L. Colby was absent.

The following NPB staff members were in attendance: C. Novak, J. Meimann, P. Sundberg, P. Aasness, M. Wegner, C. Snyder, J. Johnson, C. VandeKrol, and L. Garner. Also attending was James Brow, AMS. Guests included: Dr. Steve Meyer, Paragon Economics; Roy Lee Lindsey, Oklahoma Pork Producers; and, Dr. Jim Bradford, Pfizer Animal Health.

MINUTES APPROVAL A motion was made by **Karen Richter to approve minutes from the November 17-18, 2010 board meeting. Seconded by Alan Wilhoite.**

MOTION CARRIED

NEW TECHNOLOGY Dr. Jim Bradford, Pfizer Animal Health, presented information on a new immunological castration technology that Pfizer is seeking to introduce in the United States. The product's is currently being reviewed by the US Food & Drug Administration (FDA).

**NEW PORK TECHNOLOGY
CONSUMER STUDY**

John Green, Director of Strategic Marketing, reported on the findings of a December 2010 National Pork Board study evaluating consumer reactions to immunological castration. The purpose of the study was to assess the potential impact, if any, that immunological castration may have on pork demand. John reviewed the sample designs, messages, and findings. Following John's presentation, the Board discussed the Pork Checkoff's role in mitigating any consumer or food chain response to the technology that might disrupt consumer markets for pork.

The board discussed the need for confidentiality regarding Pfizer's product because some of the information shared by Pfizer is subject to a Non-Disclosure Agreement that is required by the FDA. It was noted, however, that a great deal of information is available via public sources, so conversations based upon publicly available information were permissible.

TECHNOLOGY POLICY

Chris Novak, CEO, presented a proposed Technology Policy Statement as the next step in putting together a policy to address current and future technologies that might impact our industry. The preamble recognizes that new and emerging technologies are vital to maintain productivity, but at the same time recognizing our industry's obligation to build and maintain consumer trust in our products and practices. To that end, the proposed resolution lays out the steps our industry will adopt to address these new technologies. Chris asked that the Board withhold further action on the Technology Policy until further consideration at the March Board Meeting.

The Board did discuss what additional steps should be taken to ensure that food chain partners were aware of coming technology changes in the pork industry. Brian Zimmerman offered the following motion to provide guidance to staff:

That the National Pork Board supports the implementation of a communication strategy that will facilitate an industry dialogue on emerging pork industry technologies.

The motion was seconded by Derrick Sleezer

MOTION PASSED

DISTINGUISHED SERVICE AWARD

The board reviewed the current process of selecting the Distinguished Service Award winner and proposed a new system which would develop a formal nomination process to ensure a more thorough identification of deserving candidates. The new process would provide the past presidents with more comprehensive biographies and more detailed criteria on which to base the selection. As in the past, the Board would have final approval of the selected candidate.

The board reviewed several options for selecting the 2011 Distinguished Service Award recipient, including:

- accept the recommendation of the past presidents
- utilize the board survey results for selecting the winner
- pare the list down to the top 3 candidates and take a second board vote to select the winner.

A motion was made by Julie Maschhoff to pare the list down to the top 3 candidates and take a second board vote to select the winner.

Seconded by Karen Richter.

MOTION PASSED

Dr. John Mabry was selected the 2011 Distinguished Service Award recipient.

FINANCIAL REPORT

Calvin VandeKrol, Controller, gave an overview of the 2010 preliminary financial results. Calvin indicated that NPB finished 2010 with cash reserves at \$22.4 million versus the projected \$18.7 million—based upon higher revenues and lower spending than originally projected.

2011 Budget Overview: Calvin reviewed the 2011 budget that projects \$76.6 million in total available funds and ending cash reserves of \$17.7 million.

2012 Budget: VandeKrol reviewed the timeline for the 2012 budget. The new vulnerability assessment process will affect the budget process in addition to the Board's review of the strategic plan goals and objectives. Staff will begin developing program tactics in April and May. National spending will be approved in July and the committees will meet to approve tactics in August. The budget committee and staff will meet in August, the Plan of Work meeting will review the staff proposal, then the final budget will be submitted to the Board for approval in November.

VandeKrol noted that a review of FY 2010 results will take place February 24th in Des Moines with the Budget and Audit Committees. They will review the scorecard, discuss successes and challenges, and consider any budget process changes needed for FY2012.

Calvin also reviewed pending state budgets.

A motion was made by Randy Brown to approve Louisiana's 2012 state budget as presented. Seconded by Steve Wuergler.

MOTION PASSED

STATE AND NATIONAL REPORT

Perry Aasness, VP of Producer and Industry Relations, reviewed the recommendations of the State and National Task Force:

1. That states be encouraged to work cooperatively to ensure viability as well as compliance. The TF recommends consideration of one of four staffing models for states faced with limited or declining resources.
2. That NPB conduct a series of regional meetings in 2011 to engage states in a dialogue about the TF recommendations;
3. That NPB explore appropriate financial incentives to encourage states to adopt one of the four staffing models;
4. That the Return to State Formula remain unchanged;
5. That NPB increase the eligibility thresholds for state participation in the Direct Documentation Program from the \$30,000 to \$100,000;
6. That NPB create a State Services Center to help ensure programs and services available to states are readily accessible.

Next steps are to share results of the recommendations with states, to provide a report to Pork Forum delegates, to hold regional meetings in 2011 for state presidents and state executives, and to consider possible incentives as part of the 2012 budget process.

A motion was brought forth from the State and National Relations Committee for board approval of the above Task Force Recommendations.

MOTION PASSED

EU PRODUCTION ISSUES John Johnson, VP of Strategic Administration, presented an overview of European Union production issues, including:

- focusing on Animal Rights vs Animal Welfare. Johnson explained that some of the organizations in the EU fall under the Animal Rights umbrella, including Animal Liberation Front, PeTA, and Mercy for Animals, while HSUS and Farm Sanctuary fall in the middle of the spectrum and RSPCA, Humane Farm Animal Care, Animal Welfare Institute and American Humane Association are considered Animal Welfare organizations.
- Johnson spoke of the five freedoms that include: Freedom from Hunger and Thirst; Freedom from Discomfort; Freedom from Pain, Injury or Disease; Freedom to Express Normal Behavior; and, Freedom from Fear and Distress. These five freedoms are the core of the EU's animal welfare regulatory regime.
- John gave an overview of the Red Tractor Assurance Program and the EU's Real Welfare project.
- Johnson gave a brief overview of VION which is the largest meat processor in Europe and owned by 18,000 producers. The Board will meet with VION during their trip to the EU in March.

PQA+

John Johnson reported on the PQA+ requirement for all program committee members. He explained that the industry commitment was to achieve PQA Plus Certification by June 30, 2010 and site assessment by December 31, 2010. The question is how to send the message that our commitment to the We Care principles is genuine, while providing enough flexibility for committees to implement. The management team recommended the following:

- The requirement for PQA + site assessment only applies to committee members who own, or work for companies who own, production facilities.
- To provide some flexibility, if a committee member is identified as being not compliant with this policy, they will be requested to commit, in writing, to achieving site status within one year with the clear understanding that the grace period will not be extended. If they fail to achieve site status within the year, they will no longer serve on a committee.
- Site Assessment is not required for committee members from allied industry or other entities who do not own production facilities.

A motion was made by Julie Maschhoff to accept the PQA + requirement stated above for all committee members with the requirement that the grace period not extend beyond 2011. Seconded by Brad Greenway.

MOTION PASSED

FORUM 2011

Jim Meimann, VP of Governance and Operations, gave an overview of the March Annual Meeting that will be held in Phoenix. The theme of the meeting is “*Your Pork Checkoff: A Silver Anniversary and A Golden Opportunity.*”

Meimann noted that presentations on Trust and Image, the Pork Checkoff’s 25th Anniversary, and the launch of the new Brand Campaign will be highlights of the Annual Meeting. The schedule this year will incorporate awards into the lunches to free up Saturday night for folks to fly home.

Meimann noted that there are eight candidates for Pork Board and three candidates for the NPB Nominating Committee. These candidates will be introduced following the Producer Update Session on Thursday. Candidates are paired up with members of both the Nominating Committee and Pork Board who will escort them to the Welcome Reception where they will have a chance to visit with delegates.

ADJOURN

The meeting was adjourned at 2:50 p.m.

MINUTES
NATIONAL PORK BOARD
Board of Directors Conference Call
February 4, 2011

OPENING

The conference call meeting of the National Pork Board was called to order at 7:30 a.m., Friday, February 4, 2011 by President Gene Nemechek.

ROLL CALL

The following Pork Board members were in attendance: T. Bierman, R. Brown, L. Colby, E. Forkner, B. Greenway, R. Henry, W. Luthi, C. Nelson, G. Nemechek, D. Norton, K. Richter, D. Sleezer, and S. Wuergler. J. Maschhoff and A. Wilhoite were absent.

The following NPB staff members were in attendance: C. Novak, J. Meimann, P. Sundberg, P. Aasness, M. Wegner, C. Snyder, J. Johnson, C. VandeKrol, and L. Garner. Also attending was James Brow, AMS.

ANNOUNCEMENT

President Gene Nemechek announced that he has resigned his position at Tyson Foods and will be moving to North Carolina to take a position with Pfizer Animal Health working with pork producers and veterinarians in a sales support capacity starting February 14, 2011. He said that it was his wish to remain on the Pork Board for the remainder of his term (18 months), if he could meet all qualifications in this new role, and if the Board desired that he stay.

Gene explained that this change of employment may present some issues as he does not believe that Pfizer owns or sells hogs and pays checkoff. Nemechek said he was exploring his options, including whether he could own some pigs himself and pay checkoff. USDA Representative Jim Brow indicated that AMS is reviewing policies under the Pork Act and Order to determine what constitutes a “producer” and whether Gene would meet that qualification.

Additionally, Gene noted that in his role with a pharmaceutical company, there would be issues related to this company or another animal health company that would present a potential conflict of interest between Pfizer’s interests and the interests of the Board. Gene stated that he would be willing to recuse himself from any discussions that might be considered a conflict of interest.

A concern was raised about the public perception of having an Animal Health products representative serving on the Board. Some members of the board expressed their support for Gene, personally, and expressed their desire to get a quick answer from USDA.

RESOLUTIONS UPDATE

Everett Forkner, as Chair of the Resolutions/Advisements Committee reviewed the two advisements and one resolution submitted by state pork organizations for action at the annual meeting. These motions include

:

- PRRS Elimination from Minnesota
- Balanced Information on Food Production from Wisconsin
- Increase in Checkoff Rate from South Dakota

Forkner noted the Resolutions/Advisement Committee met by conference call on February 1 and had great discussion. The Committee identified needed information that would help the delegates in considering these motions.

The Board discussed the Checkoff Rate Resolution and how it would be handled at Forum. They concurred with the strategy laid out by the Committee to ensure that ample financial information was presented to the delegates. The Board discussed the substitute motion being offered by the Resolutions Committee that would refer further consideration of a checkoff rate change to the joint NPB-NPPC resource working group. The Board agreed it was important to review this issue from a broad industry perspective and ensure good communication throughout the industry.

ADJOURN

The call was adjourned at 8:15 a.m.

MINUTES
NATIONAL PORK BOARD
Board of Directors Meeting

Phoenix, AZ
March 2-3, 2011

OPENING

The meeting of the National Pork Board was called to order at 2:15 p.m., Wednesday, March 2, 2011, by President Gene Nemechek at the Marriott Desert Ridge Hotel, Phoenix, AZ.

ROLL CALL

The following Pork Board members were in attendance: T. Bierman, R Brown, L. Colby, E. Forkner, B. Greenway, R. Henry, W. Luthi, J. Maschhoff, C. Nelson, G. Nemechek, D. Norton, K. Richter, D. Sleezer, A. Wilhoite, S. Wuergler and B. Zimmerman.

The following NPB staff members were in attendance: C. Novak, J. Meimann, P. Sundberg, P. Aasness, M. Wegner, C. Snyder, J. Johnson, C. VandeKrol, and L. Garner. Also attending was James Brow, AMS.

MINUTES APPROVAL

A motion was made by Alan Wilhoite to approve minutes from the January 12-14, 2011 Board Meeting and the February 4, 2011 Conference Call. Seconded by S. Wuergler.

MOTION CARRIED

VULNERABILITY ASSESSMENT

Mike Wegner, VP of Communications and Cindy Cunningham, Assistant VP of Communications, worked with the board to complete a vulnerability assessment survey. The survey will help to identify the top 10 issues that make the industry most vulnerable. The goal is for the checkoff to be more proactive rather than simply reacting to emerging issues. Over 200 producers and experts have had input into this process, which is helping move us to a new level of preparedness. The results of this vulnerability assessment will be presented to committees in June 2011 as a part of the budget planning process.

CHECKOFF RESOLUTION

Chris Novak, CEO, provided background on the South Dakota Resolution that calls for the delegate body to consider raising the checkoff rate from \$.40 to \$.45 per \$100.00. Chris shared that Steve Meyer's latest projections for 2011 predicts record checkoff income for FY2011 coupled with near-record reserves. The checkoff revenue discussion was started when we thought reserves would fall below \$7m—limiting our ability to continue new consumer image and brand campaigns. Chris noted the volatility in the market would affect producer profitability for the coming year. Discussion was held on future revenue needs and the role the board should play addressing this resolution, if any, both this year and in future years.

The board concluded that a meeting with the South Dakota delegates to share information and develop a consensus position would be in order.

TECHNOLOGY POLICY

Chris Novak presented proposed language to be included in the new Technology Policy resolution that addresses the role of the board when it comes to new technologies and our industry. Critical questions were presented to the board and discussion was held. Directors worked on the language contained in the new policy. The document will be distributed to state executives for their comments. The draft resolution will be sent back to the board with changes and reviewed at the next board meeting.

FINANCIAL REPORT

Calvin VandeKrol, Controller, gave a presentation on the 2011 forecast. He explained that the FY2011 budget used Steve Meyer's lowest price forecast to calculate expected revenue, but given recent changes in the market, the mid-point price forecast would be a better indicator of expected revenue. Calvin noted that, in addition to the \$23m in undesignated cash reserves, the Board has additional designated cash reserves of \$8m (including \$5m for employee retention and \$3m for TOWM).

A motion was made by Brad Greenway to adjust the FY2011 Revenue Forecast by using the mid-point price projection. Seconded by R. Brown.

MOTION CARRIED

COMMITTEE STRUCTURE

John Johnson, VP of Strategic Administration, reported on the work of the Committee Structure Task Force. He noted that a roster has been developed for committee membership complying with term limits. A new committee member orientation for 2011 will be held in conjunction with new board member orientation on June 20-21, 2011.

Johnson said that the PQA Plus policy has been communicated to all committees and committee staff is tracking the status of all members. NPPC is also considering a similar policy.

SHARE POINT UPDATE

Chuck Cozad, Director of Technical Services, briefly presented information on the Pork Connection, which is available for communication of events, information and documents of interest to the Board. The BOARD TAB will include access to the policy manual. The share point tab also includes board announcements and meeting information. Automatic e-mails will be sent to board members when new items are added. Members can click the link within the e-mail to be connected to the documents. Board Members can contact the service center with questions on how to access the site.

FORUM OVERVIEW

Jim Meimann, Sr. Vice President, Governance and Operations, gave an overview on upcoming meetings and events during Pork Forum. The theme of Forum is “*A Silver Anniversary and a Golden Opportunity*,” as we are celebrating the 25th year of the checkoff. Past Presidents have been invited to a special dinner and will also be guests at a luncheon that will include a panel discussion of the checkoff’s early days.

Meimann reviewed the schedule for the delegate session as well as plans for the Producer Update Session, State Contact meeting, small state meetings, resolutions, nominees and a Trust and Image presentation. Forum 2012 will be held March 1-3 in Denver, CO.

CEO REPORT

Chris Novak, CEO, reviewed the Strategic Plan Desired Outcomes. The three goals identified in the Plan include: Operating Freedom, Enhanced Demand and Competitive Global Advantage. There are also 11 objectives included within the Desired Outcomes. Novak noted that some of the specific objectives need a little more exploration and debate. The goal of the discussions will be to ensure that the programs and the investments we make line up with, and match, what we have said we are going to accomplish.

Novak called on board members to review the Competitive Global Advantage critical issue suggesting more direction and guidance may be needed on this particular critical issue. Dr. Paul Sundberg suggested that we may need to do more work on defining specific and measurables that we can properly evaluate. Specific questions for discussion included how the industry defines “highly competitive”; and how the industry could benchmark US competitiveness against international competitors.

Our April 27th Conference Call will include presentation of the new Desired Outcomes for board approval.

SUPPLEMENTALS

Paul Sundberg informed the Board that we had received two supplemental requests for funding from USMEF in the amount of \$500,000 for work in Japan and \$250,000 for Korea. These proposals will be presented to the Trade Committee for their evaluation. The board discussed whether to expedite consideration of these requests or hold consideration until a complete supplemental package could be presented to the Board in June. Dr. Sundberg will share the board’s consensus with the Trade Committee that there is an urgent need in Korea, but that the Japanese proposal can be considered later in the year.

EXECUTIVE SESSION

The board was adjourned into an executive session at noon.

ADJOURNMENT

The Board Meeting was adjourned at approximately 1 PM.

MINUTES
NATIONAL PORK BOARD
Board of Directors Conference Call
April 27, 2011

OPENING

The meeting of the National Pork Board was called to order at 6:00 p.m. Wednesday, April 27, 2011, by President Gene Nemechek.

ROLL CALL

The following Pork Board members were in attendance: T. Bierman, R Brown, L. Colby, E. Forkner, B. Greenway, R. Henry, W. Luthi, C. Nelson, G. Nemechek, D. Norton, K. Richter, D. Sleezer, A. Wilhoite, S. Wuergler and B. Zimmerman. Absent was: J. Maschhoff,

The following NPB staff members were in attendance: C. Novak, J. Meimann, P. Sundberg, P. Aasness, M. Wegner, C. Snyder, J. Johnson, C. VandeKrol, and L. Garner. Also attending was James Brow, AMS.

AMEND MINUTES

Jim Meimann, Sr. VP of Governance and Operations, explained that at the meeting in Oklahoma City on January 14, the Board adopted a motion by the Administrative Committee to approve the Administrative Review of the Oklahoma Pork Council. However, it was not listed on the meeting agenda and was inadvertently omitted in the minutes, even though it was discussed and adopted at that meeting. The minutes of that meeting were approved at the March meeting. Below is the language originally adopted at the January meeting:

Oklahoma Pork Council (OPC) Administrative Review Approval *Mike Telford (who conducted the on-site Admin Review of the Oklahoma Pork Council, Chris Novak, Calvin VandeKrol and Jim Meimann have reviewed the response by the Oklahoma Pork Council to the weaknesses identified in the Administrative Review. There were no major weaknesses and OPPA is generally running quite well. Telford has been in regular communication with Roy Lee Lindsey negotiating acceptable solutions to the areas of weakness identified. It is staff's opinion that OK has made a proper response in all areas, that it has added a Policy and Procedures Manual containing all required polices, and that the final report on this Admin Review can be approved by the Administrative Committee and the National Pork Board.*

A motion was brought forth from the Administrative Committee to recommend approval of the Oklahoma Administrative Review.

MOTION PASSED

Therefore, the January minutes were amended on this Board Conference Call with the following motion to amend the January 14, 2011 minutes:

A motion was made by Karen Richter to amend the January 14, 2011 minutes to reflect the Board's approval of the Oklahoma Administrative Review.

Seconded by Randy Brown

MOTION PASSED

APPROVALS

The board regularly approves changes to committees via e-mail. As confirmation of these approvals, the following motion was brought forth.

A motion was made by Dale Norton to approve the following committee changes:

- **New merged Producer and State Services Committee (1/9/11)**
- **Changes to the Domestic Marketing Committee (2/2/11)**
- **Environmental Committee Membership (3/10/11)**
- **Pork Safety, Quality and Human Nutrition Committee (4/1/11)**
- **Animal Science Committee (4/21/11)**

Seconded by Steve Wuergler.

MOTION PASSED

The board regularly approves changes to research proposals greater than \$100,000 via e-mail. As confirmation of these approvals, the following motion was brought forth.

A motion was made by Conley Nelson to approve the following research proposal:

- **Three Genomics proposals that were recommended by the Animal Science Committee for funding. (4/5/2011).**
-

Seconded by Karen Richter.

MOTION PASSED

The Nominating Committee is comprised of two first term elected members; two 2nd term elected members; and, a Chair and two additional members who are all appointed by the current president of the board.

Recommendations for the new appointed members include: Tim Bierman—Chair, Randy Brown and Dwight Potter.

A motion was made by Brian Zimmerman to appoint Bierman, Brown and Potter to the 2011-2012 Nominating Committee.

Seconded by Everett Forkner.

MOTION PASSED

STRATEGIC PLAN DESIRED OUTCOMES

Chris Novak, CEO, reviewed the three Strategic Plan goals and the objectives under each goal. Discussion was held on the possibility of redefining several of the Desired Outcomes (DO) to set more specific & measurable goals. The board discussed a number of different options for defining how we should work to maintain the industry's global competitiveness. The following recommendations were put forward with a recommendation that staff continue to refine these proposed objectives:

Global Competitiveness

- NPB will facilitate and fund research that can be used to address technical barriers in expanding domestic and foreign markets (maintain as is).
- **NEW:** Provide research and information to improve lifetime sow productivity 10% by 2014 (need to refine with more input from Animal Science—should include sow productivity and delivery of finished pigs to market).
- **NEW:** Help build the next generation of swine employees, managers and scientists (refine)

Operating Freedom

- NPB, working with NPPC and state pork organizations, will provide pork producers with the tools to assist them in the development of a favorable business climate within their local communities (maintain as is).

The Board discussed a proposal for creating a farm-to-fork traceability system, but agreed that more information and study were necessary, beginning late in 2011, to determine the appropriate focus of such an initiative.

**SUPPLEMENTAL
FUNDING APPROVAL**

Ceci Snyder, VP of Domestic Marketing, requested approval for a supplemental request for \$262,000 to be used for communication on new cooking temperature guidelines under development within USDA. This request has been in the budget for the last three years, but had been decreased in FY2011 because of continued delays by USDA.

A motion was made by Brian Zimmerman to approve the supplemental request for Cooking Temperature communications pieces in the amount of \$262,000. Seconded by Everett Forkner.

MOTION PASSED

A Motion was made by Randy Brown to approve a USMEF supplemental request for \$240,000 for Korea. Seconded by Karen Richter.

MOTION PASSED

**SUPPLEMENTAL
FUNDING PROPOSALS**

Staff presented a number of concepts that had been developed for Board funding consideration. Chris Novak noted that the proposals were being presented to the Board during this conference call, but that time would be reserved on the June Board Agenda for full consideration, and action, on the proposed items:

- **Fall Brand Launch**—Domestic Marketing is proposing \$5 million for an integrated Fall campaign that would extend the Pork. Be Inspired brand launch and address a projected declining in Fall market prices.
- **Vulnerability Assessment**—A more in-depth assessment was done with higher than anticipated costs because of weather and program changes. The preliminary request is for an additional \$27,000.
- **Administrative Expenses**—a budget error on a annual contract reduced funding for The Pork Profit Maximizer from \$36,000 to \$3,600. Additional administrative expenses include membership dues for the Pork Alliance & Council for Agriculture Science & Technology.
- **Carbon Footprint**—\$50,000 in additional funding to support the roll-out of the Life Cycle Analysis & Carbon Footprint calculator are required.
- **Sow Housing and Transportation**—Funding is needed to complete research work started by the Animal Welfare Committee (\$51,155 & \$24,000, respectively).

- **Pork Quality Research**—new research to build on 2009 research that identified chilling methods as critical for enhancing tenderness, pH, and food safety.
- **Foreign Animal Disease Research**—four proposals to extend Classic Swine Fever research (\$188,510), enhance pre-harvest management of Foot & Mouth Disease (\$150,000), decontaminate pork processing equipment (\$333,000*), and identify the survivability of FADs on pork processing equipment (\$500,000).
- **Research Task Force**—development is underway to renew the Research Task Force effort initiated last year. The new Task Force will evaluate the swine industry’s research infrastructure and identify ways to better leverage checkoff research. Estimated cost is \$100,000.

STATE BUDGET

Jim Meimann reviewed information on the Ohio fiscal year budget changes. He reported that all materials have been approved by USDA.

A motion was made by Wathina Luthi to accept the budget for Ohio. Seconded by Steve Wuerger.

MOTION PASSED

JAPAN RELIEF

The board previously approved, via e-mail, funds to provide humanitarian relief to Japan after major tsunami destruction there. As confirmation of these approvals, the following motion was brought forth.

A motion was made by Dale Norton to approve funding in the amount of \$100,000 for humanitarian relief to Japan that would support our marketing interests. Seconded by Karen Richter.

MOTION PASSED

PRODUCER VISITS

A report was given on the progress of the visits to 25 key producers. The Producer Services and Sci-Tech staff will be visiting these producers to get input from them on their needs and concerns as well as to get feedback on our research and educational programs. Gene Nemecheck suggested that if there are board members available in that area at the time of those visits, that they try to attend these meetings.

CEO REPORT

Chris Novak, CEO, gave a report on the following issues:

- The Lovern lawsuit is now in the hands of USDA. Mr. Lovern is citing conspiracy between Smithfield and WalMart on a baby back ribs labeling, and listing National Pork Board in the suit. Our legal counsel is working with USDA to ensure the National Pork Board is dropped from this complaint.
- Meadowbrook Farms paid checkoff and now they are in bankruptcy, so they are trying to reclaim those checkoff dollars to pay off debtors. The amount is \$37,000. Legal counsel has submitted a response citing the Board's legal claims to the funds.
- Chris is doing interviews for replacing Perry Aasness.
- Paul Sundberg reported that Mark Knauer will be leaving us on May 6 to work as an assistant professor in extension and research at North Carolina State. He will do some contract work with us during this coming summer.
- Novak reported on his meeting with the Western Regional states in Las Vegas this month. The meetings went well and he noted a common theme of states wanting more communication and administrative assistance from NPB, but not citing needs for additional funding.

ADJOURN

President Nemecek adjourned the meeting at 7:25 p.m.

MINUTES
NATIONAL PORK BOARD
Board of Directors Meeting
Des Moines, IA
June 7, 2011

OPENING

The meeting of the National Pork Board was called to order at 7:30 a.m., Tuesday, June 7, 2011, by President Gene Nemechek at the Hy-Vee Conference Center in West Des Moines, IA.

ROLL CALL

The following Pork Board members were in attendance: T. Bierman, R. Brown, L. Colby, E. Forkner, B. Greenway, R. Henry, W. Luthi, J. Maschhoff, C. Nelson, G. Nemechek, D. Norton, K. Richter, D. Sleezer, A. Wilhoite, S. Wuergler and B. Zimmerman. The following new board members, who will take office in July, were in attendance: Jan Miller, Henry Moore, and Glen Walters.

NPB staff members present included: C. Novak, J. Meimann, P. Sundberg, M. Wegner, C. Snyder, J. Johnson, C. VandeKrol, J. Criss and L. Garner. Also attending was James Brow, AMS.

MINUTES APPROVAL

A motion was made by Karen Richter to approve minutes from the March 2-3, 2011 Board Meeting and the April 27, 2011 Conference Call. Seconded by R. Brown.

MOTION CARRIED

AUDIT REPORT

Calvin VandeKrol, Controller, gave a brief 2011 revenue update with projected year ending reserves of \$20.9M. Looking forward, the board will set the FY2012 national spending target at the upcoming meeting in July.

Alan Wilhoite, Audit Committee Chair, and Calvin VandeKrol presented the Audit Committee Report. They reported that the audit was completed by McGladrey & Pullen on time and on budget with no material adjustments required. The financial report was approved by the audit committee and was presented to the board for approval. Staff were excused for a brief Executive Session to allow the Board to address questions about the audit to the Audit Committee. Following the executive session, a motion was brought forward from the Audit Committee to:

Accept and approve the National Pork Board 2010 audited financials.

MOTION CARRIED

STATE AUDITS

Calvin VandeKrol reviewed the annual state audit reports. To date, 41 of 43 state audits were complete— Idaho and Nevada are not yet complete. Of the 41 states with completed audits:

- 9 states (GA, LA, HA, MS, FL, WY, CA, NC and TN) currently have reserve levels that exceed AMS limitations;
- 4 states (MN, GA, NC & AZ) have major internal control issues (segregation of duties) that need to be addressed;
- 2 states (TN & MI) have minor internal control issues that need to be addressed;
- NPB is currently withholding funds from ID, LA, DE, & NV until approved budgets, year-end reports, and remediation plans have been submitted and approved by NPB & AMS; and
- The state association in West Virginia has been dissolved.

VandeKrol reported that National Pork Board has hired Scott Smith as the new state support compliance manager. Scott will work directly with states to provide financial and budgetary assistance.

A motion was brought forth from the Audit Committee to:

Approve the 2010 state audited financials for 41 states with acceptable year end reports/audits.

MOTION PASSED

A motion was brought forth from the Audit Committee to:

Withhold Pork Checkoff funds, effective July 15, 2011, from Idaho and Nevada if acceptable year-end audit forms are not received by June 30. Funds will be released to those states once proper audit forms have been approved by NPB and AMS.

MOTION PASSED

A motion was brought forth from the Audit Committee to:

Withhold funds, effective August 15, from Minnesota, Georgia, North Carolina, and Arizona, as a result of major internal control deficiencies, if NPB does not receive remediation plans by July 31, 2011. Funds will be released to these states once a state has developed an NPB-approved remediation plan.

MOTION PASSED

A motion was brought forth from the Audit Committee to:

- 1. Approve the 2008 year-end report, 2009 audit, and the 2010 budget for Delaware and release their funds;**
- 2. Approve the 2009 audit for Louisiana and release their funds;**
- 3. Approve the 2009 audit for Idaho and release their funds.**

MOTION PASSED

BUDGET REPORT

VandeKrol reviewed the NPB’s current reserve policy. He noted that maintaining an adequate level of capital reserves is critical for any business to maintain operations, address emergency threats, and provide for legal obligations. Calvin explained that the Board maintains designated reserves, which are set aside for a specific obligation, and undesignated reserves that may be utilized for any purpose the board deems appropriate. Reserves cannot exceed one year in checkoff revenue. The Board discussed the need for large reserves, in the event of a major industry crisis, yet acknowledged that dollars above a reserve target should be invested in programs that create value for the industry. On a motion brought forth from the Budget Committee, the board:

Approved an undesignated reserve target of 2-months average expense, currently \$8.2 million, and maintain the designated reserve base remain at \$7.8 million.

MOTION PASSED

FY 2011 SUPPLEMENTAL SPENDING APPROVAL

The following projects were submitted to the Board for consideration as supplemental spending during FY2011:

Domestic Marketing

- 2011 Fall Marketing Supplemental Proposal: \$5,000,000

Science and Technology

- Foreign Animal Disease Research – FMD Carriers: \$150,000
- Foreign Animal Disease Research – Preharvest: \$188,510
- Environment – Carbon Footprint: \$50,000
- Animal Welfare
 - Transportation Research Project: \$24,000
 - Animal Welfare – Sow Housing Research: \$51,155

Trade

- USMEF – Japan Value-Add Chilled Pork Initiative: \$455,000
- APEX: Trade Monitoring, Research and Analysis: \$500,000

Communications

- Vulnerability Assessment Costs: \$50,000

Administrative

- IT Database Upgrade: \$200,000
- Membership Dues: \$25,000
- Economic Consulting: \$36,000
- Building Cooling System: \$13,000

Producer Services

- 2010 We Care Expenses: \$55,000
- PQA Plus Verification Costs: \$75,000
- OMS – Vet School Training: \$35,000
- USPCE – Swine Science & Manager Certification: \$78,843

A motion was brought forth from the Budget Committee to:

Approve Supplemental requests in the amount of \$6,986.508.

MOTION PASSED

Calvin VandeKrol noted that the purpose, process and timeline for the *Pigs Across State Lines Without Change of Ownership* (PASLWOCO) program is being reviewed.

A motion was brought forth from the Budget Committee to:

Move the PASLWOCO timeline to ensure adequate funding and more timely information to states.

MOTION PASSED

REGIONAL MEETINGS

Bryn Poliska updated the Board on recent regional state association meetings that grew out of guidance from the strategic plan and the recent State & National Task Force. The Task Force objective was to help states maintain viable organizations that could effectively serve the U.S. pork industry. Poliska reported that concerns at the Western Regional meeting focused on the lack of future producers and need for more administrative assistance. The Northeast Regional observations included struggles with limited funding and the possibility of merging states into a regional group rather than individual state associations.

U.S. FARMERS AND RANCHERS

Dale Norton reported on the U.S. Farmers and Ranchers Alliance, of which he serves on the board. Norton noted that 40 commodity groups are affiliated with the Alliance. So far, \$8M dollars have been committed this year with \$3M from National Pork Board and \$3M from USB. USFRA's intent is to raise \$15M the first year with a \$25-\$30 million annual budget over the next 3-5 years. Dale noted that the initial concept and message from the Alliance is "healthy food for all." He also stated that this program is something that all of agriculture should support—above and beyond the contributions from pork and soybeans. The USFRA's website address is www.USFRAonline.org.

COOKING TEMP

Paul Sundberg, Vice President of Science and Technology, gave background on the process that was started in 2006 to lower the cooking temperature of pork. Risk assessments were completed and approvals finally passed USDA to lower the cooking temperature to 145 degrees at 15 seconds with a 3 minute rest.

Ceci Snyder, Vice President of Domestic Marketing, gave an overview on our communications and public relations efforts to get the word out on the new temperature. The effort included ag media, retail marketing, state association outreach, and web sites.

PRODUCER OUTREACH

John Johnson, VP of Strategic Administration, updated the board on outreach efforts being planned to meet with select producers across the country. The plan is for staff members from Science and Technology, Producer Services, Domestic Marketing, and Communications to visit with key producers to learn more about their operations, their concerns, and their needs. Our team will update producers on the Pork. Be Inspired brand launch, PQA Plus, We Care, USFRA, carbon footprint efforts, and ongoing research. NPB will notify state execs in those states and invite them to attend. Gene Nemechek asked that Board Members be included in these meetings, as appropriate.

TECHNOLOGY POLICY

Chris Novak reviewed the draft Technology Policy that the Board had discussed during its January and March meetings. The policy was proposed to provide a framework for how the Board should evaluate future pork industry technologies. Directors discussed and worked on the language contained in the new policy.

A motion was made by Brad Greenway to accept the revised policy. Seconded by A. Wilhoite.

MOTION PASSED

ADMINISTRATIVE REPORT

Karen Richter, Chair of the Administrative Committee, reported that the Committee will be meeting Wednesday, June 8, 2011 to discuss 2010 state administrative reviews as well as 2011 state reviews. The committee will also revisit the Distinguished Service Award process and Policy Manual updates to incorporate the new officer position descriptions.

VULNERABILITY ASSESSMENT

Cindy Cunningham, Assistant VP of Communications, reported on the results of the vulnerability assessment survey. The survey identifies the top 10 issues that make the industry most vulnerable. The goal is for the checkoff to identify strategic issues that can become crises that would interrupt our normal flow of business or threaten the reputation of the National Pork Board or the industry. The top 10 priorities include: reputation of modern agriculture, foreign animal disease, market disruption, feed availability, animal health products, animal welfare beyond gestation stalls, human health issues, human nutrition issues, transportation and animal handling, and culled animals. The gap analysis for each of these priorities assessed available resources and needs in 5 key areas: research, information materials, available expertise, critical partnerships, and existing programs.

Cunningham explained that we will want to be able to use this information as committees build their FY 2012 budgets. Priority vulnerabilities will be forwarded to state pork associations and results sent to various associated audiences.

ELECTIONS

President Nemechek announced the results of the officer polling that was done by Brian Zimmerman and Alan Wilhoite. Everett Forkner is running for President. Nemecheck called for floor nominations for the office of President.

A motion was made by Dale Norton that nominations be closed and that the Board unanimously approve Everett Forkner as President of the National Pork Board. Seconded by B. Greenway.

MOTION PASSED

Gene Nemecheck called for nominations for Vice President. Brad Greenway nominated Conley Nelson; Lisa Colby nominated Karen Richter; and Dale Norton nominated Roy Henry.

A motion was made by Dale Norton to close the nominations. Seconded by Randy Brown.

MOTION PASSED.

The candidates made brief remarks and ballots were distributed. The ballots were gathered and counted by J. Meimann and G. Walters.

Conley Nelson was elected Vice President of the National Pork Board.

Gene Nemecheck called for nominations for Treasurer. Derrick Sleezer nominated Karen Richter and Dale Norton nominated Roy Henry.

A motion was made by Dale Norton to close the nominations. Seconded by B. Greenway.

MOTION PASSED.

Karen Richter was elected Treasurer of the National Pork Board.

Jim Meimann noted that under the new Board policy, the President will chair the Executive Committee; the Vice President will chair the Administrative Committee; and the Treasurer will chair the Finance Committee.

CEO REPORT

Chris Novak, CEO, gave several updates, including:

- PQA Plus numbers had previously reported 77% of hogs coming from farms that had been site assessed. The NPB's 3rd party database firm had, however, inadvertently double counted some of the premise ID #'s, resulting in an inflated number. The current level is closer to 68%, so year-end targets will be adjusted to document progress against the actual figures.
- ROI Study: We are looking to move away from the standard 5-year look back on the ROI study. The goal is to conduct an evaluation that meets NPB's obligations under the Pork Act, yet provides more useful information to producers about the checkoff program's effectiveness.

EXECUTIVE SESSION

The board was adjourned into an executive session.

ADJOURNMENT

The Board Meeting was adjourned at 5:45 P.M.

MINUTES
NATIONAL PORK BOARD
Board of Directors Meeting
Lake Delton, WI
July 12, 2011

OPENING

The meeting of the National Pork Board was called to order at 1:00 p.m., Tuesday, July 12, 2011, by President Everett Forkner at the National Pork Industry Conference, Lake Delton, WI.

SWEARING IN

James Brow, representing USDA's Ag Marketing Service, officiated over the swearing-in of incumbent directors Conley Nelson, Karen Richter and Roy Henry and newly-appointed Board Members Jan Miller, Henry Moore and Glen Walters. They pledged to represent all pork producers, to faithfully carry out the duties prescribed under the Pork Act and Order, and to implement programs that will help US pork producers maintain, develop, and enhance the markets for pork and pork products.

ROLL CALL

The following Pork Board members were in attendance: E. Forkner, B. Greenway, R. Henry, W. Luthi, J. Maschhoff, J. Miller, H. Moore, C. Nelson, D. Norton, K. Richter, D. Sleezer, G. Walters and S. Wuergler. Absent: L. Colby and R. Brown.

The following NPB staff members were in attendance: C. Novak, P. Sundberg, M. Wegner, C. Snyder, J. Johnson, C. VandeKrol, J. Criss, Jim Lummis, Jennifer Strozier (intern), and L. Garner. Also attending was James Brow, AMS and immediate past board members: Gene Nemechek, Tim Bierman, Alan Wilhoite and Brian Zimmerman. Dr. Steve Meyer was a guest presenter.

MINUTES APPROVAL

A motion was made by K. Richter to approve minutes from the June, 7, 2011 Board Meeting. Seconded by D. Sleezer.

MOTION CARRIED

APPROVALS

The board regularly approves changes to committees via e-mail. As confirmation of these approvals, the following motion was brought forth.

A motion was made by D. Sleezer to approve the following committee changes:

- **Environmental Stewards Committee (5/24/11)**
- **Animal Welfare Committee (6/24/11)**
- **Swine Health Committee (6/28/11)**

Seconded by S. Wuergler

MOTION PASSED

MARKET REPORT

Dr. Steve Meyer shared an FY2012 forecast. He reviewed supply and demand and explained his method for forecasting Checkoff revenue. Meyer sees some growth the first half of next year. He is skeptical domestic demand can stay as strong as it has, but if the new marketing campaign performs well, that could change. He also mentioned that exports could be hurt, should the dollar weaken. He noted that demand has been extremely strong this year.

Meyer noted that U.S. corn is tied to oil prices and that is helping the industry at the moment. Ethanol will use more corn than feed this year and next, according to Meyer. Current 2011 feed costs are down some, but still in record territory. Pork exports are up 19% YTD. With very dry conditions in beef states, he sees higher beef prices coming and doesn't see those prices turning anytime soon. He sees sizable losses in the broiler industry.

Meyer noted that the March Hog and Pigs Report was bearish with litter size driving hog numbers. The sow market has been strong—which has driven rapid adoption of newer genetics and continued growth in litter size. With record high cash hogs two weeks ago, packers were aggressive and supplies current. We are seeing tighter packer margins— but margins are still well above the pre-2010 average.

In closing, Meyer noted that the incentive for expansion is growing, but producers are still wary about corn yields and input costs. Beef will be a major driver through 2011-2013 with lower numbers and slow turn around. Competition from chicken will wane some—which should help the pork sector. Meyer predicts July corn futures next year to be \$5.20.

FINANCE REPORT

Calvin VandeKrol, Controller, provided an overview of the Board's 2011 financial status. He noted we are projected to end the year with a cash reserve of \$18 million—up substantially from the \$14 million year-end reserve forecast in June.

Jill Criss, Vice President, Operations & Human Resources, reported on a supplemental request for building renovations and improvements that would include restructuring of the boardroom wall (\$20,000) and cooling system repairs (\$12,000).

A motion was brought forth from the Finance Committee to approve a supplemental request of \$32,000 for building renovations and improvements.

MOTION PASSED

VandeKrol reviewed 2012 revenue and spending targets. Based upon Steve Meyer's projections, the Board is anticipating \$76 million in revenue for FY2012 with a national spending target of \$67 million.

VandeKrol reviewed the 2012 PASLWOCO preliminary requests from states. He explained that as we went through the State and National Task Force, one of the concerns from states was that they were losing money from pigs moving out of their state as feeders and not receiving checkoff and thus they didn't have the resources to address their needs. We received \$460,000 in requests this year.

A motion was brought forth from the Finance Committee to increase PASLWOCO funding from \$157,000 to \$250,000.

MOTION PASSED

A motion was brought forth from the Finance Committee to approve the mid-market price estimate in calculating FY 2012 revenue. Establish a preliminary 2012 national spending target of \$67.0 million that includes \$61.3 million in checkoff revenue and \$5.7 million in undesignated reserves.

VandeKrol reviewed the 2012 budget process and timeline. He noted that staff began entering program tactics in June and the 2012 spending target approved by the board at this meeting. The Plan of Work meeting is scheduled for September 7 – 9 in Des Moines

REGIONAL MEETINGS REPORT

Karen Richter, Chair of the State and National Relations TF, reported on the results of the regional meetings. She noted that each region identified many different issues, but all recognized that the industry is changing. Following the Northeast Regional (NY, NH, ME, RI, CT, MA), several of the states are already discussing changes to their organizational structure.

Chris Novak, CEO, reported that a written summary of the regional meetings is being prepared. Chris noted that NPB staff need to identify possible action steps—specifically for gaining producer and state feedback on any recommended changes. NPB staff will work to develop a plan for the Board's consideration in September with a goal of finalizing recommendations by the end of this year.

USFRA UPDATE

John Johnson, VP of Strategic Administration, gave an update on the U.S. Farmers and Ranchers Alliance. He reported that 45 farm and ranch organizations are now affiliated with USFRA. Dale Norton serves on the board and executive committee as Treasurer and Chris Novak serves on the CEO advisory council. A strategic communications plan has been developed and we are working to achieve industry alignment on messages. There are plans for the execution of a national launch in the fall of 2011. We have received first approvals from USDA for checkoff investment in a campaign to engage producers.

Johnson noted that progress and momentum has been good and that 2011 was a formative year. National Pork Board's continued funding at the \$3M level for 2012 will maintain momentum and pork's leadership role. An assessment at the end of 2012 will guide future involvement.

A motion was made by D. Sleezer to continue to support the USFRA at \$3 million in FY 2012. Seconded by J. Miller.

MOTION PASSED

ADMINISTRATIVE COMMITTEE

Jill Criss presented proposed changes to the Board Policy Handbook, which had been approved by the Administrative Committee:

Program Committee Service Policy has been restructured to make the committee assignment timing and process consistent with the NPB Committee Structure Task Force Report.

Board Treasurer Job Description: changes to the Treasurer role to enhance compliance with AMS Guidelines and Board.

Operating Reserve Requirement Policy: harmonizes the policy to be consistent with actions taken at June Board meeting regarding undesignated reserve levels.

A motion was brought forth from the Administrative Committee to adopt these changes to the Board Policy Manual.

MOTION PASSED

Karen Richter overviewed the Administrative Committee's Distinguished Service Award recommendations. She explained that new procedures and criteria for the award had been developed and shared with the Past Presidents for comment. While the

Committee appreciated this input, the committee is recommending to maintain the Distinguished Service Award process that was established at the June 8, 2011 Administrative Committee Meeting.

The Administrative Committee moved to adopt the Distinguished Service Award criteria and process established by the Administrative Committee.

MOTION PASSED

ISSUES MANAGEMENT Mike Wegner, VP of Communications, reviewed the recent Mercy for Animals incident that happened at Iowa Select Farms. He summarized the steps Pork Board took in responding to the video.

DOMESTIC MKTG Ceci Snyder, Vice President of Domestic Marketing, overviewed the brand launch tracking study that was done with MRI Ad tracking services. A high percentage of those in the study bought the product after viewing the ads.

Snyder presented information on the upcoming Fall Advertising Campaign that will target increased pork sales in the Hispanic Market in California from September 12 thru October 9. A national radio ad buy and a retailer outreach plan is also in the works.

Snyder gave an update on 2011 foodservice programs including an update on the new website, the monthly newsletter, as well as new print and online foodservice advertising. She reviewed changes to the chef programs and new item promotions.

PRODUCER VISITS Mike Wegner reported on the visits he and several producers and staff have made to key producers in North Carolina. Comments that came from the visits included concerns that, due to the Iowa Select video, the We Care program was not getting down to the farm level where it was needed. The producers expressed interest in a stronger, on-farm, implementation effort. Another take back was that these entities are very pleased with the new USFRA, but they remain concerned about high feed prices. Consensus was that these visits were very productive and should continue.

NEW BUSINESS Chris Novak updated the board on several topics.

- Staff news: Stacey Revels left NPB and her replacement, Dinah Peebles has started. Barry Kenney is retiring in October.
- The Pork Safety and Quality, Nutrition Committee will propose the formation of a new committee focused on public health and worker safety. The Board will consider this recommendation in September.

- MEF: Chris attended the recent USMEF meeting in Denver. USMEF is making great progress on the Dermot Hayes' Japan study.
- AMS will be in our offices the last week of July for a management review. They will look at our governance, internal controls, and financial management to make certain we have appropriate policies in place.
- Some staff and producers made a trip to Fair Oaks Dairy in NW Indiana. It is a large scale working farm with an educational site. They give tours to over 400,000 visitors each year. They are interested in adding pork, poultry and beef components to the farmstead. The concept will go to the Producer Services committee for funding consideration.

ADJOURNMENT

The Board Meeting was adjourned at 5:45 P.M.

MINUTES
NATIONAL PORK BOARD
Board of Directors Conference Call
August 22, 2011

OPENING

The Board of Directors Conference Call was called to order at 6:00 p.m., Monday, August 22, 2011, by President Everett Forkner.

ROLL CALL

The following Pork Board members were in attendance: R. Brown, L. Colby, E. Forkner, B. Greenway, R. Henry, W. Luthi, J. Maschhoff, J. Miller, C. Nelson, D. Norton, K. Richter, D. Sleezer, G. Walters and S. Wuergler. Absent: H. Moore.

The following NPB staff members were in attendance: C. Novak, P. Sundberg, M. Wegner, C. Snyder, J. Johnson, C. VandeKrol, J. Criss, B. Winkelman and L. Garner. Also attending was James Brow, AMS.

MEETING REPORT

President Everett Forkner reported on his recent trip to New York City to attend the 21st Century Pork Club meeting. This is a group of leading pork producers and packers who meet to share information and industry updates.

Forkner updated the board on the discussion that was held regarding a recent animal activist video. National Pork Board staff present at the meeting included Sherrie Niekamp and Jarrod Sutton who updated the group on our ongoing efforts to strengthen the PQA Plus program. The attendees agreed they want to continue using National Pork Board's PQA Plus program and noted they would like to see 100% participation. The 21st Century Pork Club members put forth a unanimous agreement to eliminate the use of blunt force trauma by the end of 2012.

NOTE: President Forkner left the meeting at this time to attend to other business obligations. Vice President Conley Nelson Chaired the remainder of the meeting.

STRAWMAN UPDATE

Karen Richter, Chair of the Finance Committee, reported on the recent Strawman meeting held in Des Moines on August 17 and 18. The meeting was attended by senior management as well as finance committee members Derrick Sleezer, Karen Richter, and Dale Norton. Karen noted that the Finance Committee had met via conference call August 16 to adopt two proposed changes to the FY2012 budget. Specifically, the Committee recommends:

1. Increasing the FY2012 spending target from \$67 million to \$69.3 million. This change would keep FY2012 spending at \$69 million—consistent with current FY2011 projections. The projected FY2012 year-end undesignated reserves would go from \$12.3 to \$10 million with the increased spending—almost \$2 million above the Board’s reserve target. Finally, the Committee agreed that the \$2.3 million moved from reserves into the FY 2012 budget would allow NPB to fund several additional projects that have been proposed for next year.
2. Increasing PASLWCO (Pigs Across State Lines Without Change of Ownership) spending from \$250,000 to \$350,000. The Board, at its July meeting, had approved an FY2012 increase for PASLWOCO—increasing funds for this state program from \$157,000 to \$250,000. Based upon feedback from state pork leaders, the Committee agreed that more could be done to support state needs until a longer-term solution could be implemented as a part of the FY 2013 Budget.

Karen moved, on behalf of the Finance Committee, to increase the FY2012 spending target to \$69.3 million.

MOTION PASSED

Karen moved, on behalf of the Finance Committee, to increase FY 2012 PASLWCO spending from \$250,000 to \$350,000.

MOTION PASSED

PLAN OF WORK

Calvin VandeKrol, Controller, provided an overview of the upcoming Plan of Work process. An overview of the budget and supporting rationale will be sent out to the Plan of Work participants in preparation for the meeting.

ADJOURN

Vice President Conley Nelson adjourned the meeting at 7:10 p.m.

MINUTES
NATIONAL PORK BOARD
Board of Directors Meeting – Des Moines, IA
September 6-7, 2011

OPENING The Board of Directors Meeting was called to order at 2:00 p.m. Tuesday, September 6, 2011, by President Everett Forkner.

ROLL CALL The following Pork Board members were in attendance: R. Brown, L. Colby, E. Forkner, B. Greenway, R. Henry, W. Luthi, J. Maschhoff, J. Miller, H. Moore, C. Nelson, D. Norton, K. Richter, D. Sleezer, G. Walters and S. Wuergler.

The following NPB staff members were in attendance: C. Novak, P. Sundberg, M. Wegner, C. Snyder, J. Johnson, C. VandeKrol, J. Criss, B. Winkelman and L. Garner. Also attending was James Brow, AMS.

MINUTES APPROVAL A motion was made by **K. Richter to approve minutes from the July 12, 2011 Board Meeting and the August 22, 2011 Conference Call. Seconded by B. Greenway.**

MOTION CARRIED

APPROVALS The board regularly approves requests for committee changes and large projects via e-mail. To confirm these approvals, the following motion was brought forth.

A motion was made by S. Wuergler to approve the following research proposals and state budgets:

- **PRRS Research Proposal**
 1. **#11-119 for \$125,000 (Comparison of Porcine High Fever Disease)**
 2. **#11-143 for \$152,267 (Diagnosis of multiple agents in serum and oral fluid samples).**
 3. **#11-106 for \$106,751 (An interferon-inducible PRRSv isolate).**
- **Environmental Research Proposal**
 1. **#11-086 for \$101,561 (Integration of GHG Emissions and Tradeoff Cost Models for Swine Barn Operations)**
 2. **#11-133 for \$298,783 (A Life Cycle Analysis of the Water Footprint for U. S. Pork Production)**

- **Approval of the Minnesota and Iowa 2012 state budgets.**

Seconded by Karen Richter.

MOTION PASSED

2012 CALENDAR

Discussion was held on dates and educational opportunities for the following 2012 board calendar events:

- January 2012 Meeting. Chicago is being considered as a destination that would accommodate educational and retail/foodservice opportunities.
- Expo 2012: The board would like to keep the same schedule used in 2011 starting with Financial Committee meeting the afternoon of Monday, June 4. The Board will meet Tuesday, June 5 all day. Expo will be held June 6-7-8.
- July Board/NPIC Meeting: This meeting is held annually in conjunction with National Pork Industry Council held in Wisconsin Dells, WI. Discussion was that it is a good meeting for us to attend and could there be a possibility of having a greater presence in the form of breakfast or another Pork Board event.
- Plan of Work/Board Meeting: The Board and Plan of Work meetings in September 2012 will be moved to a Wednesday-Friday format, September 5-7.

AMS MGMT REVIEW

Chris Novak gave an update on the AMS Management Review process. The review took place on July 25-28, 2011 and consisted of a two-man team from AMS who reviewed our budget system, contract approval process, checkoff remittances, expense reports, and governance policies and procedures. The primary objective of the review was to make sure all activities, financial recordkeeping, and policies of the NPB are in accordance with the Act and Order. The review covered a three-year timeframe.

Jim Brow, AMS Representative, commented on the Review's exit interview that was conducted with NPB staff. Highlights of the review included:

- AMS State Budget Approvals must be completed before fiscal year begins. This problem was addressed last year.
- The new AMS Checkoff Guidelines require AMS approval of various board policies that have not previously been submitted for approval.
- Salary changes and bonuses should have documented, internal, authorization.

- Contract bidding records need to include the competing bid information and/or documentation justifying the winning bid if it was not the lowest bid submitted.
- Final project reporting is requested including outcomes and/or a final report on contracts/projects. AMS recognized the Scorecard for providing much of this information.
- Out of \$7.7 million in checkoff assessments sampled, there was less than \$1.00 in variance.
- Purchase Order system is best in class for checkoff boards.

BY-LAWS

Jim Meimann, Sr. VP, Governance and Operations, noted that the AMS Guidelines require that our By-Laws be up-to-date. With recent changes to our officer structure and Board Policy Manual, changes are needed to bring our By-Laws in line with the new policies. Jim reviewed the proposed changes that had been sent to the Board 30 days in advance of the meeting. These changes include:

- Adding the office of Treasurer
- Clarifying the process for filling officer vacancies
- Defining the duties of the President
- Defining the duties of the Vice President
- Defining the duties of the Treasurer
- Restructuring the Standing Committees of the Board
- Defining the role of Special and Advisory Committees

A motion was made by B. Greenway to formally approve changes to the Bylaws as sent to the board 30 days in advance. Seconded by R.Brown.

BOARD RESERVE POLICY

Chris Novak, CEO, explained that clarification was needed on the Board's June motion regarding the Financial Reserve Policy. The Administrative and Finance Committees had reviewed the Board's June action and recommended the following motion:

Maintain an undesignated reserve of 2 months average operating expense (currently \$8.2 million) with a designated reserve base of \$7 million and a designated reserve target of \$7.8 million. The reserve target will be established annually by the Controller in conjunction with the Finance Committee.

MOTION PASSED

ADMIN COMMITTEE

Conley Nelson provided a report of the Administrative Committee. The Committee identified the states that should have administrative reviews conducted by the National Pork Board during 2012. The Committee brought forth the following motion:

The National Pork Board will conduct State Administrative Reviews during 2012 with the following State Pork Checkoff organizations: Ohio, Wisconsin, South Dakota, Kansas, Kentucky, Michigan, and Virginia.

MOTION PASSED

ROI STUDY

John Johnson, VP for Strategic Administration, presented details on the Return on Investment (ROI) Study that the National Pork Board must conduct every five years. John shared that staff had considered an alternative approach to evaluating the checkoff's ROI, but noted that the cost of an alternative approach was significantly higher and that NPB currently lacked the data necessary to effectively utilize this alternative approach. Accordingly, NPB is proceeding with a traditional ROI analysis that will get underway using \$50,000 included within the FY2011 budget. An additional \$60,000 is proposed in the FY 2012 budget to complete the analysis.

STATE & NATIONAL REPORT

Bill Winkelman, VP of Producer and State Services, provided an update on the State-National Relations process that was continuing from the 2010 State & National Relations Task Force effort. Bill, and Bryn Jenson, Producer Outreach Marketing Director, reviewed the highlights of four regional meetings with the State Associations this Spring/Summer. A common theme among several states was concern over rising administrative burdens and an increased demand for checkoff resources at the same time that checkoff revenue distribution was changing with increased movement of pigs across state lines.

Bill and Bryn summarized actions taken to date designed to meet some of these needs. The actions include:

- Development of a sliding scale for matching funds that better assists small states with fewer resources;
- Creation of an NPB State Services Center that adds new support services to assist states in meeting administrative and programming challenges;
- Expansion of the Direct Documentation Program to include states with budgets up to \$100,000 (raised from \$30,000);
- An increase in 2012 budget for state cost-share programs, including: PASLWOCO, Domestic Marketing Cost Shares,

Education Sponsorship, PQA Plus grants/cost shares, and We Care cost shares;

- A review of NPB's current inventory management vendor (20/20, Inc.);
- Increased FY2012 PASLWOCO funding.

Jensson reviewed next steps needed to finalize the State & National Task Force's effort. These steps include finalization of additional financial support mechanisms, improved communication mechanisms, and ongoing discussions in New England regarding opportunities for regionalization. A sub-group of three state executives and three producers will meet this Fall to finalize the financial recommendations. A set of final recommendations will be presented to the Board for consideration during the November Board meeting.

PROPOSED NEW COMMITTEE

Dr. Paul Sundberg, VP of Science and Technology, presented a request from the Pork Safety, Quality and Nutrition Committee that a new committee be established to address Public Health & Worker Safety issues. This committee would deal with the issues of MRSA, influenza, antibiotic use and resistance, occupational health and safety, and other zoonotic diseases that do not specifically fit within the current committee system. This proposed committee would be comprised of pork producers, representatives of state associations, and academic experts.

After a discussion regarding how this new Committee would fit with the direction established by the NPB's recent Committee Structure Task Force, Conley Nelson moved to:

Authorize the creation of a new public health and worker safety committee. The committee should report back to the Board with a proposed new name and mission statement.

Seconded by D. Norton.

MOTION PASSED

PRRS ECONOMIC IMPACT UPDATE

Dr. Lisa Becton, Director, Swine Health Information & Research introduced Dr. Derald Holtkamp from Iowa State University. Dr. Holtkamp gave a presentation on the assessment of the economic impact of PRRS virus on U.S. pork producers. Since the last economic analysis was published in 2005 which estimated that productivity losses from PRRS virus cost the US pork producers \$560 million dollars annually. This new study was done to

question whether the incidence, severity, and/or impact of PRRS may have changed since the 2005 study.

EXECUTIVE SESSION

An executive session was held to discuss the CEO performance review process. Conley Nelson moved that the Board:

Adopt a formal CEO evaluation process for 2011 as outlined by Career Resources Group (CRG).

Seconded by J. Maschhoff.

MOTION PASSED

The Board discussed whether the proposed 2011 process—which includes a comprehensive 360-degree evaluation and an organizational culture assessment—should be an annual process that is included within the Board’s Policy Handbook. Following a brief discussion, Brad Greenway moved that:

The Administrative Committee develop a comprehensive policy that formalizes the CEO review and evaluation process.

Seconded by D. Norton.

MOTION PASSED

PQA PLUS

Dinah Peebles, Certification Programs Manager, updated the board on the status of the PQA Plus program. Current statistics for program participation include 52,494 individuals certified and 15,260 sites assessed. There are 64 PQA Plus Certified trainers and 1,169 advisors. Peebles noted that third party verification visits are currently being conducted by Validus and USDA-AMS-ARC.

A revised PQA Plus program will be done in 2012 with release in 2013. The Advisory Team will meet to discuss revisions, go thru the content and materials and compile and write the information using a third party. Field studies and tests will also be done with revisions based on those tests. The materials will also be translated into Spanish. The rollout of the new revision is targeted for June 2013. Trainers will be brought back in for additional training.

Sherrie Niekamp, Director of Animal Welfare, reported on her recent attendance at the 21st Century Pork Club meeting where discussion was held on the PQA Plus program. They acknowledged that new challenges have come about due to events

of the last few months. The group initiated six action items including:

- 100% participation in the PQA+ Program
- Development of a Blue Ribbon panel to deal with undercover videos
- Develop one on one relationships between producers and packers
- Importance of having one program rather than many
- Work with AMI to eliminate using undercover videos as competitive opportunities
- End blunt force trauma by the end of 2012

These items were referred to NPPC and NPB for their consideration.

PORK. BE INSPIRED TRACKING RESULTS

John Green, Director Strategic Marketing, reported on the results of the pork tracking study. This is normally an annual study, however, due to the new campaign, and to reflect seasonality changes, it is being done twice this year. The study evaluates the effectiveness of our marketing programs. The summary findings are:

- That, in the short time the Be Inspired campaign has been in the market, it appears to be gaining traction with our new target.
- Those consumers aware of pork marketing efforts are much more likely to view pork as inspiring and creative
- Those consumers aware of pork marketing efforts report higher consumption compared to those who are unaware.

AIEMPG

A report on the American Importers and Exporters Meat Products Group (AIEMPG) was given by Ole Nielsen of ON Marketing Inc. Members of the AIEMPG are leading importers, exporters and distributors of European, US, and Canadian Pork products. He reviewed their objectives and marketing tactics as well as current membership and their products. This group currently is the 6th highest contributor to the pork checkoff. In 2010, their marketing program resulted in over 4M incremental pounds with promotions costing \$197,233. The return on investment was 21 new pounds per dollar or \$.05 per pound.

POW OVERVIEW

Calvin VandeKrol, Controller, provided an overview of the Plan of Work Meeting that will be held immediately following the board meeting. Key points include

:

- ***FY2011 Forecast:*** projected revenue for 2011 is \$79.2 million with year-end undesignated cash reserves of \$18.3 million.
- ***FY 2012 Budget:*** The board approved the mid-point price for revenue projections resulting in a projection of \$78.3 million for FY2012 checkoff revenue. The Board had previously approved FY2012 national spending at \$69.3 million. National spending plus \$15.6 million in state spending would reduce undesignated reserves \$6.0 million, leaving \$12.3 million as the FY2012 year-end undesignated cash reserve.
- **Strawman Overview:** \$79,616,150 requested with a spending target of \$69,300,000. The opportunities list is \$10,316,150.

VandeKrol noted that it will be the role of the Plan of Work participants to represent all producers to provide direction to the Plan of Work Task Force and to set a positive tone for consideration of the industry's priorities and the recommended budget items. The three criteria producers must use when determining which budget items to fund are: high impact, no overlap, and industry-wide benefit.

ADJOURNMENT

The Board Meeting was adjourned at 11:20 a.m.

**MINUTES
NATIONAL PORK BOARD
Board of Directors Conference Call
October 21, 2011**

OPENING

The Board of Directors Conference Call was called to order at 12:00 Noon, Friday, October 21, 2011, by President Everett Forkner.

ROLL CALL

The following Pork Board members were in attendance: R. Brown, L. Colby, E. Forkner, B. Greenway, R. Henry, J. Miller, H. Moore, C. Nelson, D. Norton, K. Richter, D. Sleezer, G. Walters and S. Wuergler. Absent: W. Luthi and J. Maschhoff.

The following NPB staff members were in attendance: C. Novak, J. Meimann, M. Wegner, C. Snyder, J. Johnson, J. Criss, B. Winkelman and L. Garner. Also attending was James Brow, AMS.

APPROVALS

The board regularly approves supplemental requests over \$100,000 via e-mail. As confirmation of these approvals, the following motion was brought forth.

A motion was made by Karen Richter to approve the following research proposals:

Sent to Board on 9/14 from Steve Larsen:

- *Effects of pork vs chicken/fish in a DASH diet on blood pressure regulation in older adults with hypertension.(\$110,701)*
- *National Pork Retail Benchmarking Study.(\$228,931)*

Sent to Board on 9/14 from Chris Hostetler:

- *Effects of Prewaning factors on Sow Lifetime Productivity(\$131,767)*

Sent to Board on 9/26 from Chris Hostetler:

- *Validation of Digestible and Metabolizable Energy Prediction Equations, and Determination of Net Energy of Corn DDGS Sources Varying in Fat and Fiber content in Growing Pigs.(\$160,740)*

Sent to Board on 10/14 from Patrick Webb:

- *FMDV Persistence in Swine(\$225,000)*

Sent to Board on 10/18 from Paul Sundberg:

- *Depletion of penicillin G residues in sows after intramuscular injection.(\$127,000)*

Seconded by Randy Brown.

MOTION PASSED

FAIR OAKS DAIRY

John Johnson, VP of Strategic Administration, updated the board on the results of the RFP that was sent in September soliciting firms who could assist in a feasibility analysis on the Fair Oaks Dairy proposal. This study was requested by the Plan of Work Task Force in order to create a foundation for a future board decision relative to funding contributions to support the project. The officers are recommending expediting the feasibility study so the Board would have the information available early next year.

A working group reviewed the four proposals and are recommending awarding the project to Market & Feasibility Advisors (MFA) at a cost of \$64,000.

In addition, we wanted to consider possible funding for the conceptual and design work associated with this project. We received a bid from Mike Veenhuizen for \$15,295 in conceptual work.

The goal is to have the feasibility study and conceptual work done by January, 2011 to be presented at the January board meeting. A final decision on the commitment would be brought to the board for their approval in the spring of 2012.

After board discussion, a motion was made by Brad Greenway:

Approve \$80,000 for a feasibility and consumer research study of the Fair Oaks Pork Adventure concept, conducted by Market and Feasibility Advisors, and to support conceptual engineering work.

Seconded by Dale Norton

MOTION PASSED

ADJOURN

President Forkner adjourned the meeting at 12:45 p.m.

MINUTES
NATIONAL PORK BOARD
Board of Directors Meeting – Des Moines, IA
November 15-16, 2011

OPENING

The Board of Directors Meeting was called to order at 8:00 a.m. November 15, 2011, by President Everett Forkner.

ROLL CALL

The following Pork Board members were in attendance: R. Brown, L. Colby, E. Forkner, B. Greenway, R. Henry, W. Luthi, J. Maschhoff, J. Miller, H. Moore, C. Nelson, D. Norton, K. Richter, D. Sleezer, G. Walters and S. Wuergler.

The following NPB staff members were in attendance: C. Novak, P. Sundberg, M. Wegner, C. Snyder, J. Johnson, C. VandeKrol, J. Criss, B. Winkelman, Jim Meimann and L. Garner. Also attending was James Brow, AMS.

MINUTES APPROVAL

A motion was made by W. Luthi to approve minutes from the September 6-7, 2011 Board Meeting and the October 21, 2011 Conference Call. Seconded by S. Wuergler.

MOTION CARRIED

APPROVALS

The board regularly approves requests for committee changes and large projects via e-mail. To confirm these approvals, the following motion was brought forth.

A motion was made by C. Nelson to approve the following research proposal: John McGlone (Texas Tech University) \$205,374 for year two of the transport study evaluating the use of bedding and boarding, sent to the Board via e-mail on 11/09/2011.

Seconded by W. Luthi

MOTION PASSED

STATE & NATIONAL REPORT

Karen Richter, Treasurer and past chair of the State and National Relations Task Force, and Bill Winkelman, VP Producers and Industry Relations presented final recommendations from a sub-group of the State & National Task Force. Winkelman presented recommendations for a State Association Viability Pilot Program. This program would be available to selected states with less than \$250,000 in annual checkoff revenue. Pilot projects will be reviewed by Pork Board, based on established benchmarks, two years after funding/implementation to determine whether the

program should be expanded to other states. The criteria/purpose is: 1) to insure access to professional staff; 2) meet compliance and administrative criteria; 3) facilitate meetings of producers; and 4) insure visible presence/voice for the industry in the state.

There are some New England states who have expressed interest in regionalization and some other states that may have an interest in pursuing the possibility.

The sub-group is also recommending an expansion of the Pigs Across State Lines Without Change of Ownership (PASLWOCO) program. The sub-group noted that more pigs are moving across state lines today versus when the program was created, so the recommendation was developed to address the needs of those states that have lost checkoff revenue as a result of this change.

A Motion was made by Conley Nelson to accept the following State and National Task Force recommendations on PASLWOCO:

- *Continue using the current Return to State calculation;*
- *Amend the submission timeline to allow PASLWOCO funds to be incorporated into the State's Annual Budget;*
- *Remove current restrictions on PASLWOCO fund use;*
- *Provide a full payout to states beginning January 2013*

Seconded by Dale Norton.

MOTION PASSED

A Motion was made by Glen Walters to accept the State and National Task Force recommendations on the State Association Viability Pilot Program including:

- *Creation of a fund, up to \$350,000, to strengthen the viability of state pork associations;*
- *Funds will be used for 2-3 pilot projects that can help states ensure visible presence for the pork industry in the state or region; and*
- *The program will be reviewed after 2 years to determine the success of the program and/or the need to expand the program to other states*

Seconded by Jan Miller.

MOTION PASSED

ADOPT-A-STATE

Bill Winkelman reviewed the Adopt-A-State board assignments. Each board member is assigned 2-3 states to serve as a Board liaison to state pork associations. The goal is to ensure on-going communication between board members and state pork associations.

PACKER-RETAILER ADVISORY GROUP

Jarrold Sutton, Assistant VP, Channel Marketing, gave a brief review of the progress of the Improvevst advisory group. Pfizer presented the new product, Improvevst, to the RAC & PPIC in April. Retailers and Packers expressed concerns about consumer acceptance of pork produced using this new product. It was proposed that a subcommittee of producers, packers, and retailers, identify consumer messages that would effectively address consumer concerns.

The Hale Group has been hired, with funds re-directed from issues management and management oversight, to facilitate this Communication Advisory Group (CAG). The CAG will consist of 5 retailers, 5 packers, 3 producers; the group's first meeting was a November 14, 2011 webinar; a follow-up meeting is planned for November 28, 2011 in Dallas.

COMMITTEE APPOINTMENTS

John Johnson, VP Strategic Administration, presented the attached list of committee appointment recommendations for board approval.

A motion was made by Brad Greenway to accept the committee appointment recommendations as presented.

Seconded by Steve Wuergler.

MOTION PASSED

Johnson explained the committee structure task force's recommendation on term limits. A term limit requirement will ensure a constant influx of new members. Each committee member is eligible for two 3-year terms with the following exception:

- 75% of the committee members would be governed by the term limit
- 25% of the committee membership will serve at the discretion of the committee chair, but in no case would anyone serve more than three, 3-year terms.

A chair shall serve no more than 2 consecutive years as chair.

**ADMIN COMMITTEE
REPORT**

2012 Distinguished Service Award

Conley Nelson provided the Administrative Committee's report. He reviewed the status of the 2012 Distinguished Service Award. This process was updated and changed by the Administrative Committee this year. New forms were sent out to the past presidents asking them to rank all 32 candidates, in order that the list could be reduced to a more manageable size. However, there were some challenges with the system as some of the voters did not rank all candidates, so efforts will continue to simplify the ranking process. A conference call with the Past Presidents was held and three candidates were nominated and ranked for the Board's final selection of the recipient. Several other ideas were generated to make the system work more efficiently in the future and to ensure the input of the Past Presidents throughout the process.

A motion was brought forth from the Administrative Committee to select Barry Carpenter as the recipient of the 2012 Distinguished Service Award.

MOTION PASSED

**BOARD POLICY
HANDBOOK CHANGES**

Jim Meimann, Sr. VP of Governance and Operations, reported several amendments the Administrative Committee was recommending to the Board Policy Handbook:

- **Board Member Program Committee Service**
 - When a board member serving on a program advisory committee leaves the Board, the member may be invited to fill an open "producer" committee member slot on that program committee. If no open slot exists, the former board member may not continue as a member of that committee beyond the end of the calendar year in which they leave the Board.
 - A former board member's time of service on a program committee starts over when that person leaves the board.

A motion was brought forth from the Administrative Committee to accept the above changes to the policy on Board Service on Program Committees.

MOTION PASSED

- **Program Committee Vice-Chair Selection**

The Administrative Committee reviewed the process for selecting Committee Vice Chairs. The current policy required Committees to select a Vice Chair. The Board discussed the merits of the Board appointing, rather than the Committee electing, Vice Chairs to better ensure leadership training and succession. After some discussion, the Board amended the Administrative Committee's recommendation as follows:

- The Pork Board will appoint all committee chairs and vice chairs, however, Board Members will not serve as Chair or Vice Chair of a program committee. The Pork Board Members on the Committee will counsel with the outgoing chair, the staff coordinator, and other relevant parties, including existing Committee Members, as to the best person to serve as chair and vice chair, and will recommend to the full board for its approval.

A motion was brought forth from the Administrative Committee to amend the Board's Program Advisory Committee Policy as proposed.

MOTION PASSED

- **CEO's Annual Performance Review**

The Executive Committee recommended to the Board amendments to the Board Policy on CEO Performance and Compensation—based upon the process adopted for the 2011 CEO review, to incorporate language on use of a 360 degree feedback tool. The Board agreed it was important to have Board Members surveyed annually on the CEO's performance, and achieved consensus on this policy:

- The CEO annual performance review also includes a 360 degree feedback tool that will go to a number of audiences. These audiences will include Board members, and may include direct reports, indirect reports and external stakeholders. The list of all responders should be made annually and agreed upon by the executive committee and the CEO.

A motion was brought forth from the Executive Committee to adopt the above changes to the CEO Performance and Compensation Policy.

MOTION PASSED

FINANCIAL REPORT

Calvin VandeKrol, Controller, presented year-to-date 2011 financial information. Calvin presented an FY 2011 supplemental request for \$312,000 to address personnel salary changes made during the year as well as to fully fund the staff bonus program at the 8% level approved in the FY2011 budget.

A motion was brought forth from the Finance Committee to approve the fixed cost supplemental request of \$312,000.

MOTION PASSED

VandeKrol reviewed the 2012 Forecast and adjustments to the FY2012 Plan of Work. He broke down the budget by department as well as showing historical comparisons. The 2012 budget summary is as follows:

Checkoff Revenue	\$78.4m
Reserves:	\$ 6.0m
Interest Revenue	\$.5m
Available Funds	\$84.9m
RTS	\$15.7m
Funds Available	\$69.2m
Nat'l Spending	\$69.2m

CAPEX budget consists of Software (\$365k), Hardware (\$238k) and other (\$205k). The \$6.0 million in reserve funds is forecast to reduce year-end reserves from \$19 million in 2011 to \$13 million at the end of FY 2012.

A motion was brought forth from the Finance Committee to approve the 2012 budget of \$84.9m and the 2012 CAPEX budget of \$808,000.

MOTION PASSED

Reserve Requirements: Maintain an undesignated reserve of 2 months average operating expense (currently \$8.2m) with a designated reserve base of \$7.0m and a designated reserve target of \$7.8m. The reserve target will be established annually by the Controller in conjunction with the Finance Committee.

A motion was brought forth from the Finance Committee to set the 2012 undesignated reserves at \$9.2m in accordance with Board policy. The designated reserve will remain at \$7.7m.

MOTION PASSED

State Budgets: 35 out of 36 states have submitted their budgets. Of these 35 states, 6 states that are on a fiscal, rather than calendar, year (LA, OH, FL, SC, MN and IA) have already been reviewed and approved. Nevada's budget is currently outstanding and we are withholding state Checkoff funding. To date, Nevada has made little effort to address the open issues.

A motion was brought forth from the Finance Committee to approve 41 of 42 2012 state budgets as presented.

MOTION PASSED

A motion was brought forth from the Finance Committee to continue withholding Checkoff funding from Nevada until such time that Nevada properly files their 2012 budget, 2010 and 2009 year-end financials, and these documents are approved by accounting staff, NPB Controller, and AMS.

MOTION PASSED

PASLWOCO:

A motion was brought forth from the Finance Committee to approve the 2012 PASLWOCO budget of \$349,795 with the following allocation: AL \$3,905; AR \$40,000; CO \$10,000; MI \$15,000; MO \$48,000; MT \$192.00; NE \$19,250; ND \$6,000; OK \$159,790; TX \$25,000; UT \$15,000; and WI \$7,658.

MOTION PASSED

Calvin presented a request to the Board to approve a new credit card policy that would consolidate existing credit card usage and offer corporate credit cards to key staff and Board Officers. The new policy will be in accordance with AMS Guidelines and will be managed by Accounting to ensure proper use.

A motion was brought forth from the Finance Committee to approve a policy, 1) allowing a corporate card that would be used to pay airfare, meeting/travel expenses and certain accounts payable, and 2) that individual cards – with specific credit limits-be authorized for Board Officers and key staff.

MOTION PASSED

2011 Audit: NPB's audit will move from GAAS to GAGAS as required by the 2010 USDA AMS Guidelines. The audit will take place around mid-April 2012. McGladrey & Pullen will conduct the audit. The New York Pork Producers, which are part of the Direct Documentation Program (DDP), are also due for a 2011 Audit. McGladrey & Pullen will conduct the New York Pork Producers Audit, on behalf of NPB, as a component of DDP.

A motion was brought forth from the Finance Committee to approve McGladrey and Pullen as auditors for the 2011 National Pork Board GAGAS audit and to use McGladrey & Pullen as auditors for the 2011 New York Pork Association audit.

MOTION PASSED

USMEF PROJECT

Dr. Dermot Hayes updated the board on the results of the USMEF Retail Evaluation Project that evaluated U.S. pork retail promotions in Japan and Mexico.

The results from the Mexico suggest that the checkoff dollars spent on promotions caused a small but significant increase in sales. The cost of selling each kilogram of pork during the promotion was high, but there is evidence that those consumers who bought the product came back for more after the promotions were over.

In Japan, two retail chains were included in the project: Yaoko and Fujisan. The Japanese results are mixed. Both chains experienced an increase in sales due to the promotions, but the cost of each additional kilogram sold was high. One chain had a follow-on impact and the second did not.

Dr. Hayes noted that these promotions work best when the product is new to the consumer so that consumers who are impressed with the taste and price of the US pork come back for more. This seems to have been the case in Mexico and with one chain in Japan. The lack of a follow-on effect with the second chain in Japan suggests that some Japanese consumers use the promotions to buy pork at a discount, but do not return when the prices revert to normal levels.

PQA+

Dinah Peebles, Certification Programs Manager, updated the board on the status of the PQA Plus program. Current statistics for program participation include 52,958 individuals certified and 16,548 sites assessed. The total percentage of hogs coming from PQA Plus Site Assessed farms is 76.64% and climbing steadily.

A revised PQA Plus program will be done in 2012 with release in 2013. The rollout of the new revision is targeted for June 2013. Trainers will be brought back in for additional training.

Discussion was held on ideas to possibly do site assessments every other year, rather than the current schedule of every three years. The objective is to try to strengthen the program so there is greater credibility with customers, but still recognize a producers' ability to meet all new requirements. Final program changes will be submitted to the Board for approval.

FORUM UPDATE

Mike Wegner, Vice President, Communications, reviewed the Forum agenda for Pork Forum 2012. It will be held at the Hyatt Grand in Denver, March 1-3. National Pork Board will have the morning sessions this year. We are in the planning stages for our joint awards and speaker events with NPPC.

EXECUTIVE SESSION

An executive session was held to address personnel issues related to the staff bonus and compensation program and the CEO performance review.

ADJOURNMENT

The Board Meeting was adjourned at Noon.

MINUTES
NATIONAL PORK BOARD
Board of Directors Meeting – Chicago, IL
January 11-14, 2012

- OPENING** The Board of Directors Meeting was called to order at 8:00 a.m. January 12, 2012, by President Everett Forkner.
- ROLL CALL** The following Pork Board members were in attendance: R. Brown, L. Colby, E. Forkner, B. Greenway, R. Henry, W. Luthi, J. Maschhoff, J. Miller, H. Moore, C. Nelson, D. Norton, K. Richter, D. Sleezer, G. Walters and S. Wuergler.
- The following NPB staff members were in attendance: C. Novak, P. Sundberg, M. Wegner, C. Snyder, J. Johnson, C. VandeKrol, J. Criss, B. Winkelman, J. Meimann and L. Garner. Also attending was James Brow, AMS.
- MINUTES APPROVAL** **A motion was made by Dale Norton to approve the minutes of the November 15-16, 2011, Board of Director’s Meeting. Seconded by Karen Richter.**
- MOTION CARRIED**
- FAIR OAKS PROJECT** The Board continued consideration of the funding request for a Pork Adventure Center as a part of the existing Fair Oaks Dairy Center. The Board traveled to Fair Oaks Dairy to view the facility and to review a feasibility report prepared by independent consultants; architectural and engineering design concepts; consumer research; and the Pork Adventure’s fundraising plan. The Board identified additional information needed for further project consideration at the next scheduled Board Meeting.
- PQA PLUS UPDATE** Bill Winkelman, VP Producer and Industry Relations, provided an update on the recommendations of the PQA Plus Task Force. The Task Force is evaluating changes that would enhance consumer trust by educating pork producers on good production practices while measuring and tracking continuous improvement consistent with the Ethical Principles. The TF recommendations include: establishment of a PQA Plus test, provision for on-line certification, and changes to third-party database accessibility. The Task Force is recommending the revised PQA Plus program include Good Production Practices on: Public Health, Environment, Swine ID, Swine Health and Worker Safety.
- The Task Force recommendations will be taken back to the appropriate committees.

DOMESTIC MKTG

Ceci Snyder, VP of Domestic Marketing, gave highlights of the fall supplemental advertising initiative and latest Pork. Be Inspired tracking study. The supplemental media budget was \$4,053,050 on cable and early morning networks with an 18% increase in rating points over the initial television advertising launch. The Fall supplemental TV schedule ran from Sept 19 to Oct 23 with over 2000 spots on network morning news and 20 cable networks including the new networks of Discovery, DIY, FX, SyFy and One. Additionally, as a part of the 2011 supplemental, the NPB collaborated with Farmer John on an expanded Hispanic marketing campaign that included online flash banners in three markets (LA, San Diego, & Fresno) that generated 4,783,809 media impressions and resulted in a 327% increase in unique visitors to the new Hispanic website: www.PorkElSaborDeMilPlatillos.com.

Snyder noted that with National Pork Board's \$400,000 McDonald's McRib investment that the pork pic was featured on the sandwich clamshell—which generated over 50 million consumer impressions. The Pork Checkoff partnership connects pork to the McRib.

Snyder introduced Mr. Raul Reyes, Category Director, Breakfast/Burgers/Other for McDonald's Corporation. Reyes provided background on the company management and on how their marketing process works. He noted that McDonald's purchases 100% U.S. Pork. He noted that the McRib has been offered as a local Limited Time Offer option in September thru March with 80% of the system participating in the 2010 and 2011 promotions of the sandwich.

DAIRY MGMT INC

Staff of Dairy Management, Inc. gave an update on the Dairy Checkoff Program, as well as DMI's structure, initiatives and challenges. Their funds come from a 15¢ per 100lbs of milk checkoff rate. They have 120 staff to run their programs with a goal of growing dairy sales and demand 25% by 2020. Approximately \$238 million in dairy checkoff funds are collected through a variety of dairy checkoff programs. Some of their challenges include: reducing the sodium content in cheese products and instituting a better system for coordinating research.

ILLINOIS PORK

Members of the Illinois Pork Association, together with their CEO, Jim Kaitschuk, presented an overview of various state promotion and image efforts, including the noted success of DaBurger™--a ground pork sandwich marketed in conjunction with the Chicago Bears. They presented information on promotional activities and

requested \$150,000 in NPB support for expanding DaBurger marketing to other food service venues. They noted that the expansion of the promotion with this product is an ideal means to reach consumers with a positive farming message while increasing demand for pork.

After board discussion, Karen Richter made the following motion:

To capitalize on projected availability and pricing of ground protein, the National Pork Board approves \$150,000 for a ground pork pilot project. \$100,000 will be directed to support Illinois Pork's multi-state initiative and \$50,000 will support national ground pork marketing and consumer analysis.

Seconded by Wathina Luthi

MOTION CARRIED

FINANCIAL REPORT

Calvin VandeKrol, Controller, presented an overview of the 2011 financial results, 2012 forecast information, and year-end reserves.

In a summary of the 2011 unaudited financials, Calvin noted:

- Year-end analysis will be completed by January 27;
- Revenue increased \$17 m or 23% over budget;
- Expenses increased \$7.3 m or 9.7% over budget;
- Reserves increased \$9.6 m or 65%.

Providing the 2012 financial forecast, VandeKrol presented the following summary:

- Checkoff Revenue \$84.0m
- Reserve Drawdown \$ 1.5m
- Interest Revenue \$.5m
- Total Revenue \$86.0m

- Return to State \$16.8m
- National Spending* \$69.2m

*National spending consists of:

- \$52.7m Programs
- \$13.5m Support/Fixed/Overhead
- \$ 3.0m TOWM

The board will have a meeting after forum for a year-end summary and to review the 2011 Scorecard, successes, and challenges.

JUNIOR SWINE ASSN

Cally Hass and Sarah Schwab with the National Junior Swine Association (NJSA) provided an overview of NJSA's organization, goals, and future programming. The NJSA is the largest youth livestock organization in the nation that is funded by donations and sponsorships. They award over \$18,000 in scholarships annually. Their goal is to move toward alignment with the commercial swine industry. They would also like to add a swine industry achievement program.

PRODUCER SURVEY

Mike Wegner, Vice President of Communications, presented highlights of the annual producer survey—conducted November 7-14, 2011. A total of 554 pork producers, nationwide, were interviewed. Respondents were systematically selected from a list of producers provided by the National Pork Board.

Some of the key results include:

- A wide majority (76%) have a positive outlook of the industry
- 82% are in support of the Checkoff; 8% are in opposition. These are both record highs and lows.
- Since 2010, more producers believe the image of the industry has improved
- Feed cost and hog health are the biggest challenges
- Feed and PRRS are the most beneficial efficiency research
- No shift in the opinion about PQA Plus testing
- Most producers anticipate no change to their operation size in the next 12 months.

TRADE REPORT

Becca Hendricks, Assistant VP, Trade, gave a trade supplemental report and Hispanic Marketing update. Pork exports continue a record pace with 4.02 billion pounds and \$4.93 billion in value exported through November 30, 2011. We are on track to exceed \$5 billion in export value for the first time in history. This export value is equal to \$54.68 per head. For 2011, the top U.S. Pork export markets in volume include: Mexico, Japan, China, Canada and South Korea. In export value, Japan is first with Mexico, China, Canada and South Korea following. Supplemental funding in 2011 included: Korea \$240,000, Japan \$455,000 and APEX \$500,000. She gave an overview of U.S. Pork promotional activities and opportunities in some of those markets.

Hendricks reported on a developing concept for a joint NPB-USMEF expanded Hispanic marketing campaign that would include both U.S. and Mexico components. Becca is working with the Iowa Soybean Association (which is interested in investing in an expanded pork marketing effort), USMEF, and the domestic marketing team to develop new tactics for consideration in 2012.

AVMA OVERVIEW

Dr. Elizabeth Curry-Galvin, American Veterinary Medical Association (AVMA), gave an overview of the organization, governance structure, and initiatives. AVMA is the largest veterinary professional organization in the world with 82,000 members. She noted that their new strategic plan was just approved and focuses on economics, education, and engagement. She explained that their oversight steering committee is working with FDA on antimicrobials. AVMA has a position that if FDA has to prohibit a certain drug, that the ban be as narrow as possible.

ANIMAL CARE RISK ASSESSMENT

John Johnson, VP, Strategic Administration, reported on Industry Risk Assessment and Animal Care Review Panel. Following a recent animal activist video, discussions were held with NPPC regarding tactics and projects that could be used, industry-wide, to ensure a better understanding of the challenges facing the industry. Two tactical recommendations stemmed from these discussions: a Food Chain Sustainability Risk Assessment and Animal Care Review Panel. The Assessment will be used to facilitate evaluation of existing programs and serve as a foundation for discussions of next steps in continuous improvement for the pork industry. This assessment will include in-person interviews, a web-based survey, and listening sessions. The cost will be shared 50/50 with NPPC and will be completed by spring of 2012.

The Animal Care Review Panel will, in the event of a future video, incorporate the use of a panel of recognized animal welfare experts to investigate and identify needed improvements. A formalized process will be put in place to identify experts and to communicate this process to channel partners. Preliminary plans call for the panel to be housed at the Center for Food Integrity. A pool of 8-10 panel experts will be identified who can review new videos, provide comment to customers and media, and oversee a formal investigation.

CONSUMER COMMUNICATION

Jarrold Sutton, Assistant VP Channel Marketing, presented information related to the work of the Improve Communication Advisory Group (CAG). In April it was proposed that NPB form a subcommittee to identify communication messages that would address potential consumer concerns regarding Improve. Retailers and packers had expressed concern regarding worker safety, size of animals and consumer acceptance. The CAG was formed to allow retailers and packers to work together to identify common messages that could best address consumer questions. Several meetings were held in November and January to discuss the communication challenges, likely target audience, and anticipated consumer questions.

The Communication Advisory Group recommends that the National Pork Board should test key messages with consumers to verify that these messages are appropriate. Chris Novak indicated that staff was still reviewing the CAG's results and that additional recommendations would be brought to the March Board Meeting.

FORUM UPDATE

Mike Wegner, Vice President, Communications, and Jim Meimann, Sr. VP of Governance and Operations, reviewed the Forum agenda and activities. The theme of the 2012 Forum will be: *America's Pork Producers: Building a Better Tomorrow*. The meeting will be held at the Hyatt Grand in Denver, March 1-3. Administrative and Finance Committees will meet the afternoon of Tuesday, February 28. The full Board will meet starting at 8:00 a.m on Wednesday, February 29. The Pork Act Delegate meetings are scheduled for morning sessions this year. We are in the planning stages for our joint awards and speaker events with NPPC.

The candidates for both Pork Board and Nominating Committee have been through interviews and will be up for election on Saturday morning, March 3. We are in the process of reviewing Resolutions and Advisements and will have a conference call with the committee in the next two weeks following state meetings.

ADJOURNMENT

The Board Meeting was adjourned at 2:00 p.m.

**MINUTES
NATIONAL PORK BOARD
Board of Directors Meeting – Denver, CO
February 28-29, 2012**

February 28, 2012

STRATEGIC PLAN

The Board of Directors met with the Chairs of NPB's program committees to review progress under the current strategic plan.

February 29, 2012

OPENING

The Board of Directors Meeting was called to order at 7:30 a.m. February 29, 2012, by President Everett Forkner.

ROLL CALL

The following Pork Board members were in attendance: R. Brown, L. Colby, E. Forkner, B. Greenway, R. Henry, W. Luthi, J. Maschhoff, J. Miller, H. Moore, C. Nelson, D. Norton, K. Richter, D. Sleezer, G. Walters and S. Wuergler.

The following NPB staff members were in attendance: C. Novak, P. Sundberg, M. Wegner, C. Snyder, J. Johnson, C. VandeKrol, J. Criss, B. Winkelman, J. Meimann and L. Garner. Also attending was James Brow, AMS. Guests included: Mike Platt, Dale Miller and Rod Smith.

MINUTES APPROVAL

A motion was made by K. Richter to approve the minutes of the January, 2012, Board of Director's Meeting as amended:

- **To strike the words Consumer Advisory Group and replace with Communication Advisory Group.**

Seconded by R. Brown.

MOTION CARRIED

APPROVALS

The board regularly approves requests for committee changes and large projects and research proposals via e-mail. To confirm these approvals, the following motion was brought forth.

A motion was made by B. Greenway to approve the following research proposal: Knox Research Proposal previously approved by the board via 3-mail on 2/6/2012: *The impact of the timing of relocation of replacement gilts from pens to stalls on gilt fertility and sow longevity: \$122,571, University of Illinois.*

Seconded by R. Brown.

MOTION CARRIED.

FINANCIAL REPORT

Calvin VandeKrol, Controller, presented an overview of the 2011 financial results, 2012 forecast information, long term budget, preliminary supplemental funding requests, and year-end reserves.

2011 Financial Update: NPB ended the fiscal year with a \$1.8 million surplus due to higher than projected revenue. National spending came in at \$59m with an additional \$7.6m in supplemental spending. Total reserves, including designated and undesignated funds at the end of FY2011 are \$33m.

2012 Financial Review: Dr. Steve Meyer, Paragon Economics, is currently projecting \$84m in checkoff revenue for FY2012. The increased estimate, up from \$78.3 million, is predicated on an increase in slaughter numbers. With national spending budgeted at \$69.2 million and Return to States estimated at \$15.6 million, the resulting year-end cash reserves are projected to be \$23.4 million.

Supplemental Requests: Currently, we have \$2.6m in potential supplemental requests. Supplemental requests will be presented to the Board at the June World Pork Expo Meeting.

FAIR OAKS PROJECT

The Board continued consideration of the funding request for a Pork Adventure Center as a part of the existing Fair Oaks Dairy Center. John Johnson, Vice President of Strategic Administration, reviewed the process that started a year ago and presented new information that had been developed since the January presentation at the Fair Oaks facility.

After much discussion, the following motion was made by Dale Norton:

The National Pork Board will donate \$1M to support the Fair Oaks Pork Adventure Education Center with an additional \$1M to be donated contingent upon FOPA securing an additional \$7.6M. The commitment of the second million is contingent upon: 1) approval of the NPB Board of Directors at the time the fundraising goal is reached; 2) NPB approval of the messages proposed for the Educational Center.

Seconded by S.Wuergler.

MOTION CARRIED.

NEW TECHNOLOGIES

Ceci Snyder, VP of Domestic Marketing, gave a brief re-cap of the work of the Improvest Communication Advisory Group. The advisory group identified ten questions that consumers might ask about the technology and offered possible answers to these questions. The group recommended that the National Pork Board test these messages with pork consumers to assess the effectiveness of the alternative messages. On behalf of the CAG, Ceci requested the Board approve \$50,000 to complete the message testing.

A motion was made by Brad Greenway to approve \$50,000 in supplemental funding to complete the Improvest Communication Advisory Group message testing.

Seconded by Karen Richter.

MOTION CARRIED.

**ADMINISTRATIVE
COMMITTEE REPORT**

Jim Meimann, Sr. VP of Governance and Operations, gave a report from the Administrative Committee.

A motion was brought forth from the Administrative Committee to approve the New Hampshire and Maine 2010 Administrative Reviews.

MOTION CARRIED.

Meimann noted that TN, OR, WA, NV, PA, LA and MO all have administrative reviews in process.

NPB continues to work with producers from several northeastern states on the possible development of the North East Pork Association (NEPA). A follow-up meeting is scheduled during Pork Forum to discuss interest and next steps.

Meimann noted that we are working with AMS to resolve several FOIA's that have come thru recently from PRCM, CSPI, OCM and HSUS. Some of the requests are unclear, broad and without focus. Along with other issues, all are asking for fee waivers, which would put the financial burden on National Pork Board.

Jim also discussed the Pork Act Delegate appointment process. The appointments this year were not announced by USDA until February 16, which was the latest it's ever been. We are working with USDA to improve the process.

Meimann reviewed the possible need to establish eligibility requirements for any floor nominations that might come from the delegates for the Board or Nominating Committee.

A motion was brought forth from the Administrative Committee to require producers who are nominated from the floor to be PQA Plus Certified and Site Assessed or they will be disqualified as a candidate.

MOTION CARRIED.

PQA PLUS UPDATE

Jim Meimann, Sr. VP of Governance and Operations gave an update on “Advisor Status” Guidelines, which include the following:

- Advisors are trained and certified by NPB;
- Advisors sign an agreement that includes a termination clause;
- Advisors may represent a company, but the advisor status stays with the individual;
- An advisor could continue to provide training if they should be terminated by their company (NPB may seek further information from the company on the reasons for termination—as permitted by applicable employment laws);
- The Pork Board’s Administrative Committee is the adjudicatory body for reviewing any claims made regarding an individual’s Advisor status;
- Termination of “Advisor Status” is official upon notification to Advisor.

FORUM OVERVIEW

Jim Meimann reviewed the Forum agenda and activities. The theme of the 2012 Forum is: *America’s Pork Producers: Building a Better Tomorrow*. The Pork Act Delegate meetings are scheduled for morning sessions this year.

Meimann reviewed the agenda as well as the three advisements that will go before the delegate body, including: Improvements to the PQA Plus Program, Pork Production Standards, and Sustainability.

Candidates for Pork Board include: Lisa Colby, Emiley Gaskill, Brad Greenway, Ed Keller, Carl Link, Craig Mensink, Jan Miller and Dale Norton. Nominating Committee candidates are: Bill Crawford, David Newman and Bill Tentinger.

CEO REPORT

Chris Novak provided updates on two recent committee meetings. First, the new Producer, Public Health and Worker Safety Committee met to develop its Mission Statement. The formation of this committee was approved by the board in November, 2011. The first meeting was held February 8 -9, 2012.

A motion was made by J. Miller to approve the following Mission Statement of the Producer, Public Health and Work Safety Committee:

To acquire and provide science-based information that will protect and improve producer and public health, promote a safe farm work environment and enhance consumer confidence in U.S. pork production.

Seconded by Brad Greenway.

MOTION CARRIED.

Next, Chris presented highlights from the February 13-14 joint NPPC/NPB Trade Committee meeting. The Committees had approved the following three joint resolutions:

- Use of PQA Plus and TQA as a method of delivering information on handling and managing a FAD/crisis, with a secondary goal of encouraging more of an export mentality with producers.
- Continued work with APHIS on surveillance and response efforts in the US, and direct staff to work with APHIS on comprehensive risk-based surveillance on trichinae.
- Risk-based comprehensive surveillance based on animal health traceability for swine disease in the US.

The NPB Trade Committee has recommended Brian Zimmerman as the new Committee Vice Chair. In addition, the Committee has reviewed its strategic plan goals and is recommending a change. The proposed new industry export goal would be: increase US pork exports by \$2 billion and 1 million metric tons by the end of 2016 (compared to 2011 year – end data). The Committee is seeking the Board’s approval of this new goal. Additional information will be sent to the Board for further consideration in May.

EXECUTIVE SESSION

President Forkner called for a closed Executive Session.

ADJOURNMENT

The Board Meeting was adjourned at 1:00 p.m.

MINUTES
NATIONAL PORK BOARD
Board of Directors Conference Call
March 15, 2012

OPENING

The Board of Directors Conference Call was called to order at 7:30 p.m. on March 15, 2012, by President Everett Forkner.

ROLL CALL

The following Pork Board members were in attendance: E. Forkner, B. Greenway, W. Luthi, J. Miller, H. Moore, C. Nelson, D. Norton, K. Richter, D. Sleezer, G. Walters, and S. Wuergler. Absent: R. Brown, L. Colby, R. Henry, and J. Maschhoff.

The following NPB staff members were in attendance: C. Novak, C. Snyder, P. Sundberg, C. VandeKrol, and S. Niekamp. Also attending was J. Brow—USDA.

**FOOD CHAIN REQUEST
FOR PROPOSALS**

During an information session, Chris Novak reviewed with the Board the provisions of the 2012 Pork Forum Delegate Resolution ST-1. The resolution directed the National Pork Board to:

1. Fund additional research that optimizes sow housing system types and enables producers to make informed sow housing decisions to continually improve their farms;
2. Provide pork producers with the information and education they need to implement responsible sow housing on their farms, and;
3. Ensure that customers understand the animal welfare, environmental and producer sustainability consequences of their marketing decisions.

To implement the provisions of this resolution, the NPB Management Team recommended that the Board consider authorizing a request for proposals (RFP) that would allow NPB staff to identify a consultant who could enhance NPB's existing communication with food chain partners.

After a brief discussion, the Board agreed that expedited action to develop this plan was critical. As a result, Derrick Sleezer made the following motion:

Authorize a Request for Proposal to create a food chain outreach program and develop other tools to address the 2012 Pork Forum Delegate Resolution ST-1.

Seconded by S. Wuergler.

MOTION CARRIED.

ADJOURN

President Forkner adjourned the meeting at 7:42 p.m.

MINUTES
NATIONAL PORK BOARD
Board of Directors Conference Call
April 13, 2012

- OPENING** The Board of Directors Conference Call was called to order at 12:35 p.m. April 13, 2012, by President Everett Forkner.
- ROLL CALL** The following Pork Board members were in attendance: E. Forkner, B. Greenway, R. Henry, J. Maschhoff, J. Miller, H. Moore, C. Nelson, K. Richter, D. Sleezer, and S. Wuerigler. Absent: R. Brown, L. Colby, W. Luthi, D. Norton and G. Walters.
- The following NPB staff members were in attendance: C. Novak, C. Cunningham, M. Wegner, C. Snyder, J. Johnson, C. VandeKrol, J. Criss, B. Winkelman, and L. Garner. Also attending was James Brow, AMS.
- LEAN FINELY TEXTURED PORK** Cindy Cunningham, Assistant VP Communications, gave an update on the issue of Lean Finely Textured Beef and National Pork Board's approach to this public controversy. While pork is processed differently than beef, staff prepared statements that could be used to address similar issues that might be raised regarding pork processing.
- AMI MEETING** AMI met with producers and staff of the National Pork Board and National Pork Producers Council in Des Moines on March 27. The meeting focused on the food industry issues, key messages, and communication regarding our PQA Plus, We Care, and food chain initiatives.
- DOMESTIC MARKETING** Ceci Snyder, VP, Domestic Marketing, provided an overview of two potential marketing opportunities with Quick Serve Restaurants. Each could require supplemental funding, but no action was requested at this time.
- USDA VISITS** Novak gave an update on the recent visits with USDA/AMS on April 3. He and Jim Meimann met with Krysta Hardin, Edward Avalos, Craig Morris, and Jim Brow. They talked about Board and Delegate appointment procedures. They pointed out that having delegate appointments made two weeks before the actual Pork Act Delegate Meeting was unacceptable. Undersecretary Avalos acknowledged that efforts are underway within USDA to establish a new protocol that could help ensure more timely appointments.
- NEXT CALL** The next conference call will be held on May 2 at 6:00 p.m. Central Time.
- ADJOURN** President Forkner adjourned the meeting at 1:50 p.m.

MINUTES
NATIONAL PORK BOARD
Board of Directors Conference Call
May 2, 2012

OPENING

The Board of Directors Conference Call was called to order at 6:00 p.m. on May 2, 2012, by President Everett Forkner.

ROLL CALL

The following Pork Board members were in attendance: E. Forkner, R. Henry, J. Miller, H. Moore, C. Nelson, K. Richter, D. Sleezer, R. Brown, L. Colby, W. Luthi, D. Norton, and S. Wurgler. Absent: B. Greenway, J. Maschhoff, and G. Walters.

The following NPB staff members were in attendance: C. Novak, J. Meimann, J. Johnson, J. Criss, C. VandeKrol, P. Sundberg, Becca Hendricks, and L. Garner.

**SUPPLEMENTAL
REQUEST OVERVIEW**

Calvin VandeKrol, Controller, reviewed the current Pork Checkoff financials for the Board. Pork prices have softened—which will effect Checkoff revenue—but Dr. Steve Meyer was not recommending a change in revenue projections at this time. Calvin presented two scenarios relative to 2012 and 2013 year-end reserves according to how aggressive the Board would choose to be regarding requested supplemental funding requests. The Board then reviewed a potential list of supplemental funding requests. The requests were divided into a recommended projects list and an opportunities list. Chris Novak noted the staff recommendations were based upon whether a project truly needed to be funded now or whether the request could go into the annual cycle. In June, the Board will be asked to make funding decisions on the recommended projects.

NEW EXPORT GOAL

Becca Hendricks, Assistant Vice President for Trade reported on the new NPB Trade Committee recommended strategic plan goal. There had been a great dialogue about growth in the industry, the need for additional packing capacity, and our opportunity to enhance the value of pork exported through increasing new value-added products and variety meat exports. The Trade Committee examined the goal within the current strategic plan—which focused on attaining a 37% share of the global trade for pork—and has decided that a new goal is needed. The new recommended goal is: ***Increase US pork exports by \$1 billion and .5 million metric tons (1.103 billion pounds) by the end of 2014 as compared to 2011 year-end data.*** The Committee believes that focusing on volume and value will allow us to better measure the effectiveness of our trade programming in given markets.

A motion was made by Derrick Sleezer:

Approve a new export goal of increasing US pork exports by \$1 billion and 5 million metric tons by the end of 2014 (as compared to 2011 year-end baseline).

Seconded by K. Richter.

MOTION CARRIED.

REPORTS

John Johnson reported on our response to the March Pork Act Delegate Resolution. The Board has received proposals to enhance our food chain outreach. John covered the next steps for the Board including the proposed timeline and possible budget implications.

The Board reviewed the Fair Oaks project. Karen Richter shared with the Board concerns she had heard from fellow Minnesota producers who were upset with Fair Oak's decision to rely upon open housing systems that are not reflective of today's industry. The Board discussed the need to share these concerns with the Fair Oaks Project representatives.

ADJOURN

President Forkner adjourned the meeting at 8:20 p.m.

MINUTES
NATIONAL PORK BOARD
Board of Directors Meeting – Des Moines, Iowa
June 5, 2012

OPENING The Board of Directors Meeting was called to order on Tuesday, June 4 at 8:00 a.m. at the Des Moines Marriott Hotel by President Everett Forkner.

ROLL CALL The following Pork Board members were in attendance: R. Brown, L. Colby, E. Forkner, B. Greenway, R. Henry, W. Luthi, J. Maschhoff, J. Miller, H. Moore, C. Nelson, D. Norton, K. Richter, D. Sleezer, G. Walters and S. Wuergler.

The following NPB staff members were in attendance: C. Novak, P. Sundberg, M. Wegner, C. Snyder, J. Johnson, C. VandeKrol, J. Criss, B. Winkelman, J. Meimann and L. Garner. Also attending was James Brow, AMS. Guests included: Craig Mensink, Carl Link, and Ed Keller.

MINUTES APPROVAL A motion was made by S. Wuergler to approve the minutes of the

- **February 28-29, 2012 Meeting**
- **March 15, 2012 Conference Call**
- **April 13, 2012 Conference Call**
- **May 2, 2012 Conference Call**

Motion Seconded and PASSED

APPROVALS Between in-person meetings, the board approves advisory committee membership changes, and large projects and research proposals via e-mail.

A motion was made by B. Greenway to formalize approval of the following approved by the board via e-mail on May 16 &17, 2012:

- **Research Proposal:** *Iowa State University - Lonergan #12-086 : Influence of commercial deep chilling processes on early postmortem events in muscle that affect ultimate fresh pork tenderness and processing quality: \$135,253.40.*
- **Environmental Stewards Award Winners:**
 - Wayne & Laura Dahl (MN)
 - Reed Family Farms, Ryan & Lana Reed (IA)
 - Future View Farm, Jeff Frey (PA)
 - Trail's End, Jeff Mencke (OK)

Motion Seconded and PASSED.

AUDITS/FINANCIAL REPORT

Calvin VandeKrol, Controller, gave a 2012 financial update, and an overview of the 2011 Audit Report.

Calvin VandeKrol provided an update on the 2012. Revenue projections for the year have decreased from \$85.4m to \$84.6m while expenses have increased slightly from \$87.2m to \$88.2m. These changes have decreased undesignated cash reserves from \$23.4m to \$21.6m. To start the FY2013 budget process, the board will set the national spending target for 2013 at the July meeting.

Audit: Karen Richter, Chair, presented Finance Committee Report. She reported that the New York Pork Producers Coop is now enrolled in the DDP program and was thus included in our annual financial audit.

The annual National Pork Board financial audit was completed using GAGAS standards, as required by AMS guidelines. It was completed on time and on budget with no material adjustments. Missy Sisler, CPA with McGladrey and Pullen, gave a high level overview of the report. President Forkner called for an Executive Session of the Board to review the detailed finding of the Audit with McGladrey and Pullen.

Upon exit from the Executive Session, a motion was brought forth from the Finance Committee to accept and approve the National Pork Board 2011 audited financials.

MOTION PASSED

CHANNEL MARKETING

In response to Pork Act Delegate resolution focusing on the recent challenges with food company announcements on sow housing, in March the Board committed to undertaking a new project designed to strengthen our relationship with major food chain partners. New ways must be found to ensure that food companies are looking at the science behind our welfare practices, that they understand the environmental sustainability and economic implications of production changes, and that they have stronger consumer messages and consumer research that helps them address these issues with their customers. The Board has selected the Ketchum PR agency to assist in implementing this program to help be more effective in communicating to our food chain partners.

A motion was made by D. Sleezer that the NPB Board of Directors approves FY2012 supplemental funding of \$4,300,000 for Channel Outreach and Research to better communicate with retailers and food service companies about pork production issues.

Motion Seconded and PASSED

ROI STUDY

Dr. Steve Meyer, Paragon Economics, reported on the Return on Investment Checkoff Evaluation and Swine Production Analysis, conducted in early 2012 by Cornell University Professor Dr. Harry Kaiser. Federal guidelines require all checkoffs to conduct an evaluation every five years. Previous Pork Checkoff ROI Studies were conducted in 1999 and 2006.

The Kaiser ROI Study concluded the overall marginal Benefit-Cost Ratio for all activities is \$17.40 gained by pork producers for an additional dollar invested in the pork checkoff. The Study suggested that this finding gives credence to the conclusion that the pork checkoff has helped improve pork producer profitability over the last 5 years.

USFRA UPDATE

Mike Wegner, VP Communications and Bill Zucker, Ketchum, gave a US Farmers & Ranchers Association update and budget report. They included information on contributors and partners, current programs and events and an overview of the five areas of focus for 2013.

FINANCE COMMITTEE REPORT

Calvin VandeKrol, Controller and Karen Richter, Treasurer, reported on the following:

State Audits: 37 of 42 state financial audits are completed. There are four states that are currently working with NPB to resolve issues with their audits and one state (NV) that has not submitted an audit.

Four states have minor internal control issues; two states have major internal control issues; three states have material weaknesses; and eight states have excess reserves. We are currently withholding return-to-state funds from NV and working with them to bring them into compliance.

A motion was brought forth from the Finance Committee to approve the 2011 state audited financials for 37 states with completed year-end reports/audits.

MOTION PASSED

A motion was brought forth from the Finance Committee to withhold funds, effective July 15, 2012 from four states (CA, OH, VA, UT) if acceptable year-end audit forms are not completed by June 30, 2012. Funds will be released to these states once proper audit forms have been approved by NPB and AMS.

MOTION PASSED

A motion was brought forth from the Finance Committee to withhold funds, effective August 15, 2012, from three states if we do not receive remediation plans for major internal control deficiencies (NC) or material weaknesses (GA, MN) by July 31, 2012. Funds will be released once the state has developed an NPB – approved remediation plan.

MOTION PASSED

A motion was brought forth from the Finance Committee to continue to withhold funds from Nevada. Funds will be released upon completion of all Financial Reports to the satisfaction of NPB and AMS.

MOTION PASSED

A motion was brought forth from the Finance Committee to formalize the approval of the 2013 budgets submitted for Louisiana and Ohio, previously approved through e-mail.

MOTION PASSED

A motion was brought forth from the Finance Committee to approve the 2012 budgets for Florida and South Carolina, which have a fiscal year beginning July 1.

MOTION PASSED

PASLWOCO: VandeKrol reviewed historical PASLWOCO funding and preliminary reports on funding requests.

A motion was brought forth from the Finance Committee to approve an increase in PASLWOCO funding (fixed cost) from \$349,795 to \$505,000 for 2013, based on the 12 state applications received to date.

MOTION PASSED

Supplemental Requests: VandeKrol presented several requests for supplemental funding totaling \$1,154,400. The requests include \$550,000 for domestic marketing (new creative development), \$30,400 for producer services (safety benchmarking study), \$540,000 for international marketing (APEX grant & USMEF South America investment), and \$34,000 for administration (USDA oversight fee increase). Including previously approved supplemental funding for Fair Oaks Pork Adventure, the Illinois Ground Pork Project, and Improvest message testing—the total for FY2012 supplemental projects is \$2,354,400.

A motion was brought forth from the Finance Committee that the NPB Board of Directors approve the supplemental requests of \$1,154,400.

MOTION PASSED

Depreciation Policy: VandeKrol updated the board on the current depreciation policy. Based upon conversations with NPB's auditor, the following changes were recommended:

A motion was brought for the from the Finance Committee that the Board of Directors approve changing the depreciation policy:

- **From: Capitalizing fixed assets at \$5,000 and depreciating a fixed asset for an entire year regardless of when the asset was placed in service.**
- **To: Capitalizing fixed assets at \$2,500 and depreciating a fixed asset in the month in which the asset is placed into service.**

MOTION PASSED

OFFICER ELECTIONS

President Forkner announced the results of the officer-interest polling that was done by outgoing board member Randy Brown and Past President Tim Bierman. Conley Nelson is running for President; Karen Richter for Vice President; Dale Norton for Treasurer.

President: Forkner called for floor nominations for the office of President. None were brought forth.

A motion was made by Lisa Colby that nominations be closed and the Board unanimously approve Conley Nelson as President of the National Pork Board.

Motion Seconded and PASSED

Vice President: President Forkner called for floor nominations for Vice President. None were brought forth.

A motion was made by Jan Miller that nominations be closed and the Board unanimously approve Karen Richter as Vice President of the National Pork Board.

Motion Seconded and PASSED

Treasurer: President Forkner called for floor nominations for Treasurer. None were brought forth.

A motion was made by Randy Brown that nominations be closed and the Board unanimously approve Dale Norton as Treasurer of the National Pork Board.

Motion Seconded and PASSED

The President will chair the Executive Committee; the Vice President will chair the Administrative Committee; and the Treasurer will chair the Finance Committee.

USPCE ASSESSMENT

Bob Ludwig with the Hale Group gave an overview of the U.S. Pork Center of Excellence assessment, future strategy, recommendations and next steps.

The National Pork Board sponsored the Hale Group study of USPCE to assess its achievement of the original USPCE goals, do a SWOT analysis, and make recommendations for any changes. Ludwig interviewed representatives from all the USPCE stakeholder groups including governmental, state and national pork organizations, producers, swine faculty, swine extension specialists, college deans and department heads and allied industry.

While pork producers are ostensibly USPCE's primary target audience, the Hale Group concluded that USPCE does not serve pork producers directly, but through collaboration with universities. Major successes were the Deans' Policy Council and the Swine Online education programs. The report suggests that many entities are involved in swine research and extension, but Swine Online education is unique to USPCE, thus creating an opportunity for it to exploit and build on.

Other observations and recommendations will be reviewed by the USPCE Board of Directors at an upcoming meeting leading to the development of a new long range plan for USPCE.

ADJOURNMENT

The Board Meeting was adjourned at 4:30 p.m.

MINUTES
NATIONAL PORK BOARD
Board of Directors Meeting – Wisconsin Dells, WI
July 10, 2012

OPENING The Board of Directors Meeting was called to order on Tuesday, July 10, 2012 at 12:30 PM at the Kalahari Resort in the Wisconsin Dells, WI by President Conley Nelson.

SWEARING IN James Brow, representing USDA's Ag Marketing Service, officiated over the swearing-in of incumbent directors Lisa Colby, Brad Greenway and Dale Norton and newly-appointed Board Members, Carl Link and Craig Mensink. They pledged to represent all pork producers, to faithfully carry out the duties prescribed under the Pork Act and Order, and to implement programs that will help US pork producers maintain, develop, and enhance the markets for pork and pork products.

ROLL CALL The following Pork Board members were in attendance: L. Colby, E. Forkner, B. Greenway, R. Henry, C. Link, W. Luthi, C. Mensink, H. Moore, C. Nelson, D. Norton, K. Richter, D. Sleezer, G. Walters, and S. Wuergler. Absent: J. Maschhoff.

The following NPB staff members were in attendance: C. Novak, P. Sundberg, C. Snyder, J. Johnson, C. VandeKrol, J. Criss, J. Meimann, B. Winkelman, Jarrod Sutton, Becca Hendricks, and L. Garner. Also attending was James Brow, AMS and immediate past board members: J. Miller and R. Brown. Dr. Steve Meyer was a guest presenter. Other guests included: Alicia MacLean, Rich Degner, and Bill Tentinger.

MINUTES APPROVAL **A motion was made by D. Sleezer to approve the minutes of the June 5, 2012 Board meeting. Motion Seconded and PASSED.**

ECONOMIC REPORT Steve Meyer, President of Paragon Economics, gave an update on market projections for 2013 and a brief re-cap of 2012. He noted key issues in 2012 included: a rise in food spending, lower fuel prices and record high retail meat prices. Meyer presented information on competing meats, exports, slaughter forecasts, and the implications for the National Pork Board budget.

FINANCE COMMITTEE REPORT Calvin VandeKrol, Controller gave a report on the following topics:

2012 Financial Update: Revenue projection is down slightly from \$82.9m to \$82.8m. Projected national spending increased from \$88.2m to \$92.2m including \$16.6m in return to state. Undesignated cash reserves are projected at \$16.5m for year-end 2012.

FY 2013 Reserves: VandeKrol reminded the board of the reserve requirements and calculation.

A motion came from the Finance Committee to set the level of 2013 undesignated reserves at \$10.0m in accordance with board policy. Designated reserves remain at \$7.7m. MOTION PASSED.

2013 revenue and spending target: VandeKrol shared the current 2013 revenue projection \$80.6m—which includes \$80.1m in checkoff revenue and \$500,000 in other revenue. Based upon discussion with the Finance Committee, projected 2013 expenditures would total \$86.7m. This would include a proposed national spending target of \$67m, \$15.4m in return to state funds, and \$4.3 million in special projects. The deficit between \$86.7m in projected spending and \$80.6m in projected revenue would be offset with a \$5.1m reduction in undesignated reserves and a \$1m reduction in designated reserves (Fair Oaks). This proposed budget would reduce undesignated reserves from \$16.5m to \$11.4m.

A motion was brought forth from the Finance Committee to approve the mid-market price estimate in calculating FY2013 checkoff revenue. Estimate a preliminary 2013 national spending target of \$67.0 million that includes \$80.1million in checkoff revenue and \$6.1 million in reserves. MOTION PASSED

State Activity:

- PASLWOCO: VandeKrol noted the 2013 preliminary state requests for PASLWOCO funds.
- Year-end update: VandeKrol gave a brief update on the status of state year-end reports. Letters were submitted to all states with missing year-end reports, minor and major internal control findings, and excess reserves.

A motion came from the Finance Committee to approve the 2011 state audited financials for CA, OH, and VA with completed year-end reports/audits. MOTION PASSED.

FOOD CHAIN UPDATE

Jarrod Sutton, VP Channel Marketing, introduced Bill Zucker with Ketchum to report on the Food Chain Outreach project. Zucker explained the concept of using consumer research to guide the conversation. Ketchum conducted Q & A sessions with key stakeholders, developed messages and held two qualitative sessions in New York and Chicago. Efforts continue to set up an educational webinar and to develop strategic approaches to key industry organizations and associations.

USFRA UPDATE

John Johnson, VP of Strategic Administration and Mr. Zucker gave a US Farmers & Ranchers Association update, including information on contributors and partners, current programs and events and an overview of the areas of focus for 2013.

Zucker noted that revenue sources include 65% coming from farmers and ranchers and 35% from business partners. He noted USFRA activities and highlights including social media outlets, more customer focus, more centralized issues responses, more industry coordination, and cultural integration of agriculture messages. He reported on several planned events, including a messaging summit, Food Dialogues Meeting in New York in November and one in the spring, a national editorial board tour to reach out to key publications, and a documentary.

A motion was made by E. Forkner to support USFRA in 2013 at \$3,000,000. Motion seconded and CARRIED.

IMPROVEST

Jarrold Sutton, Assistant VP Channel Marketing, gave an overview of the final report of the Improvest Communications Advisory Group (CAG). The report addressed likely consumer questions and consumer message testing. The objectives of the testing was to ascertain whether the answers developed by the CAG are effective at mitigating pork consumers' questions regarding the new product and to provide these answers to retailers so they are best prepared to answer consumers questions at point of purchase.

TRACKING STUDY

Ceci Snyder, VP of Domestic Marketing, presented results of the Pork. Be Inspired! Tracking Study that explored progress toward NPB's marketing goals. The study found:

- our target audience has grown significantly;
- in-home pork consumption among our audience is up slightly;
- The slogan is resonating with consumers and the industry;
- Attitudes have plateaued compared to spikes seen in June 2011;
- Concentrated funding in April and October 2011 proved we can counter market predictions.

POLICY HANDBOOK

Jill Criss, VP of Operations and Human Resources, reviewed the proposed changes to the CEO Review policy. Changes include a less elaborate annual process; full compensation review and full 360 degree review to be conducted every 3 years; mid-year review to be optional – on an “as needed/requested” basis; and, referencing of specific forms.

A motion was made by S. Wuergler to accept the changes to the CEO Review Policy. Seconded and CARRIED.

TRADE

Becca Hendricks, Assistant VP of International Marketing, gave an overview of January through April 2012 pork export noting \$2.17 billion in value year to date; 1.723 billion pounds year-to-date; export value equal to over \$58.84 per head in Feb-April; and, 28% of pork and pork variety meats exported.

Hendricks also reported:

- The Codex Alimentarius, recognized by WTO as international reference point for the resolution of [disputes](#) concerning food

safety and consumer protection, voted to support the ractopamine standard, which validates the US science and ends the five year impasse.

- World Trade Organization (WTO) Country of Origin Labeling for Meat (M-COOL) Ruling: Canada and Mexico made complaints to WTO that M-COOL hindered their ability to export live cattle and hogs to the U.S. The WTO ruled the law was inconsistent with WTO obligations which led to a U.S. appeal in March. The WTO has upheld its earlier ruling, so the industry is continuing to monitor the issue.
- Joint USMEF, NPB, NPPC meeting that addressed industry roles and communication and strategic direction to most effectively enhance US pork export opportunities.

OIE UPDATE

Dr. Paul Sundberg, VP of Science and Technology, reported on his attendance at the OIE (intergovernmental organization responsible for improving animal health worldwide) annual meeting in May, 2012. One-hundred seventy-eight member countries attended this delegate meeting. USDA's Chief Veterinary Officer leads the US delegation, with other livestock groups and trade associations as part of the U.S. delegation. Delegates adopted both the beef cattle welfare chapter as well as an updated pseudorabies chapter. Future chapters being worked on for 2013 include: classical swine fever, trichinae, and prudent use of antibiotics.

ADJOURNMENT

The Board Meeting was adjourned at 6:30 p.m.

MINUTES
NATIONAL PORK BOARD
Board of Directors Conference Call
August 17, 2012

OPENING

The Board of Directors Meeting was called to order on Friday, August 17, 2012 at 12:00 Noon by President Conley Nelson.

ROLL CALL

The following Pork Board members were in attendance: L. Colby, E. Forkner, B. Greenway, R. Henry, C. Link, W. Luthi, C. Mensink, C. Nelson, D. Norton, K. Richter, D. Sleezer, G. Walters, and S. Wuergler. Absent: J. Maschhoff and H. Moore.

The following NPB staff members were in attendance: C. Novak, C. Snyder, J. Johnson, C. VandeKrol, J. Criss, M. Wegner, B. Winkelman, J. Sutton, J. Koeman, and L. Garner. Also attending was James Brow, AMS.

STRAWMAN REPORT

Calvin VandeKrol, Controller gave a high level view of the Strawman meeting that took place earlier this week in Algona, IA. He reported that, in order to reach the goal of shaving \$11m from the budget, concessions were made in most areas. The Board had set national spending at \$67 million, but committees and staff had submitted \$78M in requests. VandeKrol will send out details of the Strawman to the Plan of Work participants for their review prior to the meeting in September. The budget will be approved by the Board of Directors at their November meeting.

H3N2v UPDATE

Jennifer Koeman, Director of Producer and Public Health, gave an update on the status of the H3N2v virus. She reported the CDC has confirmed 224 cases of the virus in 8 states. All cases reported were by direct or in-direct contact with swine. There has been no human-to-human transmission. The National Pork Board has distributed posters to be displayed in barns at livestock fairs across the country. There has not been a lot of media pickup at this point. Symptoms are similar to seasonal flu virus. Koeman noted that new updates are received on Friday's and she will send regular updates to the Board.

DROUGHT RESPONSE

Mike Wegner, VP of Communications, reported on the National Pork Board's efforts to address issues related to the drought. He noted that NPB has information and links posted on the web site that will direct people to several resources. An early September newsletter will be devoted to the drought.

Additionally, Jill Criss, VP of Operations and Human Resources, is working on compiling a database of crisis center phone numbers that would give producers struggling with debt or stress caused by the drought a place to call. Criss is working with a national organization to determine the availability of their staff to handle calls from producers in states who may not have a local crisis center.

MESSAGE TESTING

Jarrold Sutton, Assistant VP of Channel Marketing, reported on message testing that was done in several cities as a part of our food chain project. The focus of the exercise was to determine consumer perceptions of agriculture – including concerns and opinions on several industry practices such as tail docking, euthanasia, antibiotics, castration and Ractopomine. Primary concerns were antibiotics and hormones.

BEEF CHECKOFF

Jim Brow, USDA/AMS, reported that a lawsuit has been filed by the Organization for Competitive Markets against USDA regarding the beef checkoff and their trade association. Investments in USFRA is mentioned in the suit.

NEXT BOARD MTG

Chris Novak, CEO, reviewed plans for the upcoming Board of Directors Meeting that will be held September 4 and 5 in Des Moines as well as the Plan of Work meeting scheduled for that same week.

ADJOURNMENT

The Board Meeting was adjourned at 12:59 p.m.

MINUTES
NATIONAL PORK BOARD
Board of Directors Meeting – Des Moines, IA
September 4-5, 2012

- OPENING** The Board of Directors Meeting was called to order on September 4, 2012 at 2:00 PM by President Conley Nelson.
- ROLL CALL** The following Pork Board members were in attendance: L. Colby, E. Forkner, B. Greenway, R. Henry, C. Link, W. Luthi, J. Maschhoff, C. Mensink, H. Moore, C. Nelson, D. Norton, K. Richter, D. Sleezer, G. Walters, and S. Wuergler.
- The following NPB staff members were in attendance: C. Novak, P. Sundberg, C. Snyder, J. Johnson, C. VandeKrol, J. Criss, J. Meimann, M. Wegner, B. Winkelman, and L. Garner. Also attending was James Brow, AMS.
- MINUTES APPROVAL** A motion was made by H. Moore to approve the minutes of the July 10, 2012 Board Meeting and August 17, 2012 Conference Call. Motion Seconded and PASSED.
- RESEARCH APPROVALS** A motion was made by H. Moore to formally approve the following research proposals previously approved by the board via e-mail:
- **Pain Management Review: Sherrie Niekamp**
 - *Approved by the Board on August 3, 2012*
 - **Five PRRS proposals: Lisa Becton**
 - *Approved by the Board on August 14, 2012*
 - **Two Animal Science proposals: Chris Hostetler**
 - *Approved by the Board on August 24, 2012*
 - **PRRS Host Genetic Consortium: Lisa Becton and Chris Hostetler**
 - *Approved by the Board on August 24, 2012*
- Motion Seconded and PASSED**
- 2013 CALENDAR** A motion was made by S. Wuergler to approve the 2013 Calendar as presented. Motion Seconded and PASSED
- FOOD CHAIN UPDATE** Jarrod Sutton, VP Channel Marketing, gave an update on the Food Chain Outreach project.
- Assessments and message testing have been done. The goal is a concerted effort to listen and respond to consumer concerns on issues. This is about overcoming mistrust, and success is not about responding to individual issues, but working to shift perceptions for the entire industry.

PAIN MGMT WORKSHOP Sherrie Niekamp, Director of Animal Welfare, reported on an NPB Pain Management Workshop. The objective was to compile, review and summarize existing literature; identify areas of future research, and develop science-based talking points. A white paper will be developed that will be used with non-technical audiences. Final reports will be completed and published March – June 2013.

MARKET REPORT Steve Meyer, President of Paragon Economics, gave an update on the current market picture. Steve noted that crops yields are 25% below trend because of the drought. Soybeans are down 17% and the 5 major feed grains continue the down trend. All usage estimates are lower—including feed and residual, ethanol, and exports—are forecast to be lower. The US economy is lagging the world pace, growing a little bit less than 2%. Per capita disposable income has started to grow. Demand indexes are up 2% for turkey and beef and are down 2% for pork and chicken. Per capita consumption is down for the first time since the 90's. Pork exports are up 12% YTD vs. 2011, led by China, Canada, Mexico and Russia.

Meyer reported that cost is the driver of long-run supply for hogs, yet there are concerns about the most recent cold storage report. June H & P report showed growth in the sow herd, but Steve expects the December herd to be down. Market herd numbers were up in the last report with YTD pork production up 2.2%. National prices for hogs are near \$90, but have fallen faster than normal so far this Summer.

DROUGHT REPORT Mike Wegner, VP Communications, overviewed National Pork Board's response to the ongoing drought. There are resources available on the pork.org website. Booklets are available there with practical ideas to address high feed and production costs.

In addition to the drought materials on the website, Dr. Jennifer Koeman has an article posted on our website on understanding influenza naming protocols in the aftermath of the H3N2 outbreak.

ADMINISTRATIVE COMMITTEE REPORT Jill Criss, VP of Operations and Human Resources, reported on a proposed amendment to the Expense Policy. The previous policy did not allow for exceptions in some situations.

A motion came from the Administrative Committee to amend the NPB travel policy with respect to the following meal and alcohol guidelines:

- 1) Maximum allowance for all meals changed from \$90 to \$120 per day;**
- 2) In situations where the daily allowance limit is exceeded at a large group dinner, the CEO and Treasurer will review and may approve the expense. Approval will be contingent upon proper documentation and an adequate explanation of the business purpose for the expense.**

MOTION PASSED

State administrative reviews have been conducted during 2012 in TN, OR, PA, LA, MO, WA, KY, NV and UT. The following states are still scheduled for 2012 & 2013: KS, MI, OH, VA, and WI. South Dakota has completed their review.

Bill Winkelman, VP of Producer and State Relations, reported the NPB is continuing to work with several small and/or unaffiliated states to create a Northeastern Pork Association that would represent the interest of pork producers in the region. A meeting is scheduled in Boston on September 19. Conversations are also underway with producers in DE, MD, and VA regarding the potential for a Mid Atlantic Pork Association.

VOTER ELIGIBILITY

Jim Meimann, Sr. VP of Governance and Operations, reported on a state request regarding Pork Act delegate voter eligibility. Changes within the industry have warranted a review of who is eligible to vote in state Pork Act Delegate elections. To increase participation in future state Pork Act Delegate elections, the following motion was presented to the board:

The Administrative Committee moved to evaluate the extension of state Pork Act Delegate voting rights to:

- **contract growers; and**
- **multi-state production operations, that may be headquartered in another state, but have a business presence in that state.**

MOTION PASSED

DISTINGUISHED SERVICE AWARD

Jim Meimann reported on the Distinguished Service Award. He gave background on the purpose, criteria, focus, and frequency of the award. Jim explained how the selection process currently works and reviewed the guidelines after last year's revisions.

The Past Presidents met the previous week and winnowed the names down to a more manageable list. They went through an extensive process to put forth a list of three candidates for the board's consideration.

The board members discussed the options presented by the past presidents for the award recipient for the 2013 honor.

A motion was made by E. Forkner to present the 2013 Distinguished Service Award to Jim Leafstedt, S.D., at the 2013 Pork Forum.

Motion Seconded and PASSED

PQA PLUS IN MEXICO

Becca Hendricks, Assistant VP of International Marketing, gave background information on issues in Mexico and a request from OCETIF (an organization affiliated with the Mexican Dept. of Agriculture) to use our PQA Plus Program. Their personnel are agriculturists and veterinarians. USMEF in Mexico has a close collaboration with them. OCETIF is looking at NPB for an agreement or approval to act as the PQA Plus certification organization in Mexico.

NPB would retain ownership of PQA Plus and full control of the program. NPB is exploring options to grant use of the mark and registration with our legal counsel.

A motion was made by Derrick Sleezer to pursue the possibility of allowing PQA Plus to be used in Mexico.

Motion seconded and PASSED.

FINANCE REPORT

Calvin VandeKrol, Controller, gave the Financial Report. He noted that there are 6 states that have fiscal year ends other than calendar year end. 2 states have a September 30th year-end (Iowa and Minnesota).

A motion was brought from the Finance Committee to approve Iowa and Minnesota 2013 state budgets as presented.

Motion seconded and PASSED.

Calvin VandeKrol, Controller, summarized the 2012 forecast and changes to the forecast since July. Revenue projections for the year have remained flat at \$84.6m and expenses remained flat at \$92.3m against what was reported in July. This 2012 activity will decrease our reserves from \$25.2m to \$16.5m including a \$1.0m transfer from undesignated reserves to designated reserves for the Fair-Oaks project.

2013 Review: VandeKrol provided updated 2013 revenue and national spending projections. Steve Meyer had projected 2013 checkoff revenue at mid-range of \$80.1m. The original total revenue projection was \$80.6—which includes \$.5m in projected interest revenue. Based upon these revenue estimates, total spending for 2013 was set at \$86.7m, including \$67m for national spending, \$4.3m in projected supplemental spending and \$15.4m for return to state. These revenue and spending forecasts would bring our undesignated reserves from \$16.5m to \$11.4m (including the return of \$1.0m from designated to undesignated reserves to allow for the final Fair Oaks payment).

Calvin updated the Board on new revenue projections we had received before the meeting from Steve Meyer. Meyer is projecting an increase in 2012 revenue from \$84.6m to \$85.1m, a favorable increase of \$.5m. This will increase the undesignated reserves from \$16.5 to \$17.0m. For FY2013, projected revenue has increased from \$80.6 to \$83.9m—a \$3.3m increase. Since the checkoff increased, the return to state would increase from \$15.4m to \$16.0 creating a net increase of \$2.7m. The FY2012 & FY2013 revenue increases would increase the projected 2013 year-end undesignated cash reserve from \$11.9m to \$14.6m.

Discussion was held on how to deal with the possibility of increased revenue at the POW meeting. The consensus was to keep national spending at \$67m for POW budgeting process. The Board can amend the Budget in November or can consider supplementals during 2013.

Strawman: VandeKrol updated the board on the outcome of the Strawman budget meeting. There were a total of \$61.0m in requested program dollars and \$16.6m in fixed, support, overhead that totaled \$77.6m. The national spending was set and approved by the Board at \$67.0m dollars—which required management to cut \$10.6m in requests to develop a balanced budget.

POW: VandeKrol gave an overview of the Plan of Work. He reminded the board to make sure their breakout groups reference back to the strategic plan, focus and apply the three criteria, as well as reference the top 10 vulnerabilities.

ENVIRONMENTAL STEWARDS PROGRAM

Chris Novak gave a brief summary of a new concept for the Environmental Stewards program that would recognize industry leaders beyond just environmental achievements. He asked that the board provide electronic feedback.

PIN TAGS

Dr. Patrick Webb, Director of Swine Health Programs, gave background on the Swine ID program and challenges to industry adoption of the Official Premises Identification Number Tag (PIN Tags) as an individual sow identification tool. Adoption of PIN Tags is a critical step for successful implementation of the effective disease surveillance and traceability. The Swine Health Committee is submitting for board consideration, a draft resolution urging PIN Tag adoption.

Also for board consideration is the adoption of a choice of multiple colors for the tags or one standard color. Webb reviewed the pros and cons for each.

A motion was made by D. Norton that the National Pork Board urge pork producers to adopt the use of UADA's approved Official Premises Identification Number Tag (PIN Tag), bearing the standardized Premises Identification Number of the sending premises, so that all sows and boars are identified in market channels by January 1, 2014 using the official PIN tag.

Motion seconded and PASSED

A motion was made by R. Henry that, in an effort to increase compliance with the Swine ID Program Standards, the National Pork Board would communicate to all USDA approved manufacturers of Official PIN Tags our support for the availability of multiple color Official PIN Tags.

Motion seconded and PASSED

ADJOURNMENT

The Board Meeting was adjourned at 11:00 a.m.

MINUTES
NATIONAL PORK BOARD
Board of Directors Meeting – Des Moines, IA
November 12-14, 2012

OPENING The Board of Directors Meeting was called to order on November 13, 2012, at 8:00 AM by President Conley Nelson.

ROLL CALL The following Pork Board members were in attendance: L. Colby, E. Forkner, B. Greenway, R. Henry, C. Link, W. Luthi, J. Maschhoff, C. Mensink, C. Nelson, D. Norton, K. Richter, D. Sleezer, G. Walters, and S. Wuergler. H. Moore was absent.

The following NPB staff were in attendance: C. Novak, P. Sundberg, C. Snyder, J. Johnson, C. VandeKrol, J. Criss, J. Meimann, M. Wegner, B. Winkelman, and L. Garner. Also attending was J. Brow, AMS.

MINUTES APPROVAL A motion was made by D. Norton to approve the minutes of the September 4-5, 2012, Board Meeting. Seconded and PASSED.

RESEARCH APPROVALS A motion was made by K. Richter to ratify the following research proposals previously approved by the board via e-mail:

- **Analysis of Environmental Impacts of Various Swine Mgmt Options: Allan Stokes**
 - *Approved by the Board on September 14, 2012*
- **Sow Lifetime Productivity: Chris Hostetler**
 - *Approved by the Board on October 5, 2012*
- **Two Sow Housing Proposals: Chris Hostetler**
 - *Approved by the Board on October 15, 2012*
- **Two FAD Proposals: Patrick Webb**
 - *Approved by the Board on November 14, 2012*

Motion Seconded and PASSED

HURRICANE RELIEF Bill Winkelman, VP of Producer and State Relations, updated the board on the Hurricane Sandy relief efforts by the National Pork Board. Producers gathered in the **Toms River** area of the Jersey Shore to grill and distribute product to victims and relief personnel. Bill expressed appreciation to Smithfield Foods, Johnsonville, and Hatfield for product donations. In addition, eight state pork associations helped defray the costs and provided volunteers to assist with the effort.

FINANCIALS Calvin VandeKrol, Controller, gave a 2012 YTD update with projected end of year undesignated cash reserves of \$17.1m. Calvin presented a 2012 \$50,000 supplemental request for a new website that will support a new merchandise vendor.

A motion was brought forth from the Finance Committee to approve the 2012 capital expenditure supplemental request of \$50,000 for website development. MOTION PASSED

Vandekrol gave the following report on the 2013 budget:

2013 Anticipated Available Revenue

• Checkoff Revenue:	\$83.4m
• Reserves	\$ 3.4m
• <u>Interest Revenue</u>	<u>\$.5m</u>
Available Funds	\$87.3m

2013 Spending

• Return to State	<u>\$16.0m</u>
• Funds Available	<u>\$71.3m</u>
• <u>Supplementals</u>	<u>\$ 4.3m</u>
National Spending	\$67.0m

2013 Additional Spending Request: Because of a projected increase in revenue since Plan of Work, undesignated cash reserves are now forecast to increase from \$11.4m to \$14.7m. Therefore, the following requests were proposed in the amount of \$2.83m:

- Sci Tech: Defining Sustainable Pork Supplemental for \$100,000
- Sci Tech: Research Proposals: \$700,000 for six tactics
- Producer Services: Projects totaling: \$175,000
- Communications: Projects totaling: \$55,000
- Trade: \$255,000
- Domestic Marketing: \$1.5m
- Overhead cost totaling \$45,000

This request increased national spending from \$67m to \$69.8m bringing undesignated cash reserves from \$14.7m to \$11.9m.

A motion was brought forth from the Finance Committee to approve \$2,830,000 in additional spending for 2013 and to raise national Spending from \$67m to \$69.830m. MOTION PASSED.

A motion was brought forth from the Finance Committee to approve the 2013 budget of \$85.8m including \$69.8m in national spending, \$16.0m in return to state, and the 2013 capital expenditures budget of \$560,000. MOTION PASSED

A motion was brought forth from the Finance Committee to approve 41 of 42 2013 state budgets as presented: including 35 states with a December 31 year-end and 6 states with a fiscal year-end that have already been approved by the Board and AMS. MOTION PASSED

A motion was brought forth from the Finance Committee to continue withholding checkoff funding from Nevada until such time that Nevada properly files its 2013 budget, its 2011, 2010, and 2009 year-end financials, and these documents are approved by the NPB accounting staff, the NPB controller and USDA-AMS. MOTION PASSED

A motion was brought forth from the Finance Committee to approve a change in PASLWOCO funding (fixed cost) from \$350,000 in 2012 to \$465,000 in 2013, based on the 12 states' final applications. MOTION PASSED

A motion was brought forth from the Finance Committee to approve McGladrey & Pullen as auditors for the 2012 National Pork Board GAGAS audit. MOTION PASSED

A motion was brought forth from the Finance Committee to approve McGladrey & Pullen as auditors for the 2012 New York Pork Association audit. MOTION PASSED.

PLAN OF WORK

Chris Novak, CEO of the National Pork Board, presented information on the evaluation of the Plan of Work (PoW). Discussion was held on what changes, if any, need to be made to either the budgeting process or the PoW. He presented several options including: leaving the budget process as is; making minor adjustments to PoW; having PoW focus on 20% of available funds; or, shifting PoW to a program focus. Board members felt the overall process was valuable, but did ask staff to recommend minor changes to the process that would ensure broader, and more even, representation from each program area.

PORK BE INSPIRED

Ceci Snyder, VP of Domestic Marketing, overviewed the Pork Be Inspired campaign tracking study and changes for 2013. Key takeaways from the data: more chains and vendors are serving pork; pork is used by operators to differentiate their restaurant from the competition; foodservice professionals like pork for its flavor and versatility; pork will have some price advantages, in the short-term, against competing proteins; we need to continue to build demand by inspiring operators with application ideas in places where they go for information and by giving them proof of consumer demand.

Snyder previewed highlights for 2013 that include: Q1 pork social launch, a new TV spot to launch at Forum, Q2 Retailer investment, new print ads, better communication of temperature change, improved state alignment, foodservice team roles, and pork nomenclature release.

SUSTAINABLE PORK

Allan Stokes, Director of Environmental Programs, provided information on the effort to complete an expanded program to re-define "sustainable pork." The effort will include benchmarking current industry baselines and articulating aspirational goals for continuous improvement. He is requesting to reprogram \$100,000 from the 2012 budget to the 2013 budget. During project planning, it was determined the scope of the effort should be expanded to include more than just environmental issues. The funds will be used to support travel and meeting expenses for an advisory council of 15-25 people for up to 4 meetings. It would also be used to engage services of third-parties to provide technical support and to complete a literature review.

STEWARDS PROGRAM

Next, Allan Stokes opened a discussion with the Board about recommendations the Environmental Stewards Subcommittee had brought forward relative to the Environmental Stewards Award Program. The Subcommittee feels the award should be expanded to include elements of the We Care program to strengthen the program's message to customers and consumers.

The Stewards Subcommittee and the Environment Committee had adopted the following recommendation that was presented to the Board:

The National Pork Board Environment Committee recommends to the Board of Directors that the current Environmental Steward Award program be expanded to consider and recognize pork producer adherence to the six We Care ethical principles as part of an overall sustainable pork program, and further that the thrust of program outreach specifically work to achieve greater visibility to customers and consumers. The Committee recommends that the Board form a working group consisting of representatives of appropriate National Pork Board committees to outline the structure and workings of the new, expanded program for implementation in calendar year 2014.

A motion was made by Derrick Sleezer to adopt the Environment Committee's recommendation on evolving the Environmental Stewards Program.

Motion seconded and PASSED.

DELEGATE ELECTIONS

Jim Meimann, Sr. VP of Governance and Operations, presented information regarding possible changes to the delegate eligibility requirements. Following the Board's initial discussion of this issue in September, staff had discussed this issue with state pork association leaders who would administer any changes. Given current legal constraints, and the lack of consensus amongst state association leaders, the board opted not to pursue changes at this time.

USMEF FUNDING

Chris Novak, CEO, gave a brief update on USMEF funding status. Letters were sent to meat industry executives from USMEF noting that because Congress has not yet passed the Farm Bill and appropriations, they will be trimming back programs like trade teams, meetings and travel. The main goal is to keep a solid team together and not lose employee resources and structures. Chris noted that he had spoken with USMEF staff about ways USMEF & NPB could work together to minimize the impact of any potential cuts. USMEF will continue to keep us informed if the Farm Bill debate extends into 2013.

USFRA PROGRESS

John Johnson, VP of Strategic Administration, gave an update on the 2012 activities and results of the U.S. Farmers and Ranchers Alliance. He presented information regarding the following:

- On-line engagement: including Twitter and Facebook contacts that exceeded the original goals;
- Farmer Rancher Mobilization: over 4,000 farmers and ranchers were trained in messaging; good participation in national events; over 3,000 registered farmer users on fooddialogues.com, which exceeded goals;
- New Media Opportunities: partnerships (CNN, Discovery, etc.), web chats, and bloggers. Media coverage has generated more than 147 million media impressions.
- 2013 New Measurement Tools and Tracking Systems
- Fundraising: Current funding is approximately \$11.5 million. New goals set target of \$15m in 2014, \$18m in 2016.

ADMINISTRATIVE REPORT

Karen Richter, Chair of the Administrative Committee, reported on the efforts to make the new board and nominating committee orientation process more efficient. In response to a participant survey, the committee discussed shortening the orientation and integrating it into Pork Expo.

A motion was brought forth from the Administrative Committee to approve the completed Tennessee administrative review. MOTION PASSED

A motion was brought forth from the Administrative Committee to approve 2013 administrative reviews for the states of: AR, MS, NE, ND, SC, TX, and WY. MOTION PASSED

BOARD UPDATES

21st Century Pork Club: Conley Nelson reported on the recent 21st Century Pork Club meeting. This is a group of pork producers and allied industry who meet twice yearly for industry updates. He felt it is good that we have representation at this meeting in order to provide insight and relevant information into the issues affecting pork producers. Board member Julie Maschhoff also attended.

Sustainability Report: John Johnson gave a brief update on the new Sustainability Report that will be used to highlight the industry's accomplishments with customers and consumers.

Fair Oaks Pork Adventure: Johnson also gave an update on the Fair Oaks Pork Adventure. He reported that \$8.6M of \$9.6M has been raised to date. The sow barn is well under way and on track to populate sometime in December. They are expecting to start the tours in the summer of 2013 and will break ground on the education center spring of 2013 with tours there to begin in January of 2014.

The Story of Meat: John Johnson reported on progress of a new project with Dr. Wes Jamison. Dr. Jamison is a professor of Communications at Palm Beach Atlantic University. He has expertise in group activism as it relates to public relations, political communication, and agriculture. Dr. Jamison is writing a book, “The Story of Meat” that will be completed in August 2013. The book will be an overview of the cultural, sociological and historical subject of meat and will address areas of confinements, organics, and ethics surrounding meat.

Committee Appointments and Assignments: Johnson reviewed the proposed changes to committee members, chairs and co-chairs.

A Motion was made by Dale Norton to accept the committee recommendations as presented. Motion seconded and PASSED.

Adopt A State: Bill Winkelman reviewed the Adopt-A-State board assignments. Each board member is assigned 2-3 states to serve as a Board liaison to state pork associations. The goal is to ensure on-going communication between board members and state pork associations.

State Annual Meeting Presentation Overview: Bill Winkelman provided an overview of the 2013 State Annual Meeting Presentation. He noted three main messages that are included in the presentation, including: recognition of tough times, freedom to operate and, building a sustainable future. Other features will be drought resource information, Pork Be Inspired updates, and pork export data.

Research Program Impact Analysis: Dr. Paul Sundberg, VP of Science and Technology, gave a brief update on a survey of researchers that was funded by the Checkoff between 2005 and 2009 to help assess the impact of Checkoff research. Yearly surveys are planned to keep this information up to date.

CEO REPORT

Chris Novak, CEO, reported on several items, including a joint meat industry’s issues management meeting, USDA meetings regarding various legal issues, and customer outreach on animal welfare issues.

NOMINATING REPORT

Jim Meimann, Sr. VP of Governance and Operations, gave an update on the work of the Nominating Committee in securing candidates for Pork Board and Nominating positions. Currently, we have 10 candidates for Pork Board and two for Nominating. He explained that one candidate for Pork Board is related to the chair, Everett Forkner, therefore, due to a conflict of interest, Forkner will be stepping down as chair and will be replaced by Karen Richter. Everett will assume Karen’s role as chair of the Resolutions Committee.

EXECUTIVE SESSION

President Nelson called for an Executive Session to discuss the CEO’s annual performance review.

RECESS

The Board recessed for the day following the Executive Session.

OPENING

The Board of Directors Meeting was reconvened on November 14, 2012, at 7:30 AM by President Conley Nelson.

FOOD CHAIN UPDATE

Jarrold Sutton, VP Channel Marketing, gave an update on the Food Chain Outreach project. Consumer research indicates lack of consumer trust in today's food system. Consumers do trust their retailers' when it comes to issues surrounding food production. From our consumer research, acknowledging consumer concerns and focusing on improvements that are being made is an approach that helps engage consumers in a productive dialogue.

Since the Plan of Work, we have met with several major food companies and food trade associations. We are in the process of coordinating meetings with several industry retailers, foodservice and restaurant chains that will occur after the first of the year.

SOW HOUSING

Sherrie Niekamp, Director of Animal Welfare, reported on her work on sow housing. The Welfare Committee's work is being driven by the Pork Forum Resolution that included the following three tenets:

- **Fund additional research that optimizes sow housing system types and enables producers to make informed sow housing decisions to continually improve their farms.** Two new projects include:
 - Designer diets decrease aggression and increase welfare
 - Optimized minimal floor-space for group-pen system using feeding stalls and diet strategy to improve well-being.
- **Provide pork producers with the information and education they need to implement responsible sow housing on their farms.** New or revised tools include:
 - Sow Housing Conversion Calculator
 - Sow Housing Decision Tools
 - Sow Housing "How-To" for daily caretakers
- **Ensure that customers understand the animal well-being, environmental and producer sustainability consequences of their marketing decisions.**
 - Industry structure materials
 - Sow Housing matrix
 - Incidence of Practice survey
 - Sustainability Modules

Niekamp gave background information on the definition of group sow housing. In order to help the industry be consistent in communicating with customers, media and consumers on this issue, Everett Forkner moved to:

Adopt the following definition for Group Sow Housing: *Group housing for pregnant sows is defined as a housing environment for more than one sow where, after confirmed pregnant, they have the ability to lie down and stand up unimpeded and to turn around.*

The motion was Seconded and PASSED.

PAIN MANAGEMENT

Niekamp provided an update on the Pain Management Review project conducted by Iowa State University. The project addresses castration, tail docking, tooth re-sectioning, and identification. The objectives were to compile, review and summarize existing literature; identify areas of future research needs in this area; develop science-based talking points about these practices; and, compose a summary white paper to be used with non-technical audiences to explain the practices and options for pain management. Niekamp provided information on the process and timeline for the project.

PQA PLUS AUDITS

Sherrie Niekamp gave an update on current status of PQA PLUS audits. She reviewed her meeting with several packers with the objective of forming a new coalition that would determine a process of using a centralized database and one set of scientifically valid audit criteria that would be recognized as acceptable for the entire channel. The coalition would invite representatives from packers, pork producers, NPB's Animal Welfare Committee and Board. Glen Walters moved that:

The National Pork Board should convene a coalition of packer and producers to explore the possibility of reaching agreement on a single animal welfare audit and database for the swine industry.

The motion was seconded and PASSED.

PQA PLUS IN MEXICO

Dr. Paul Sundberg, VP of Science and Technology, presented a follow-up on the Board's request for additional information on the possibility of having PQA Plus licensed for use in Mexico. Paul reviewed USMEF feedback on the value of PQA Plus in our foreign trade markets. Sundberg explained that the value of this program is not easily calculated, but would include the design, continuous improvement of program materials, management and clearly international trade advances. Therefore, the board has determined that U.S. pork producers are not, at this time, willing to license the program.

ADJOURNMENT

The Board Meeting was adjourned at 11:00 a.m.

MINUTES
NATIONAL PORK BOARD
Board of Directors Meeting – San Antonio, TX
January 9, 2013

OPENING The Board of Directors Meeting was called to order on Jan. 9, 2013 at 7:30 AM by President Conley Nelson.

ROLL CALL The following Pork Board members were in attendance: L. Colby, E. Forkner, B. Greenway, R. Henry, C. Link, W. Luthi, J. Maschhoff, C. Mensink, H. Moore, C. Nelson, D. Norton, K. Richter, D. Sleezer, G. Walters, and S. Wuergler.

NPB staff members in attendance were: C. Novak, P. Sundberg, C. Snyder, J. Johnson, C. VandeKrol, J. Criss, J. Meimann, M. Wegner, B. Winkelman, and L. Garner. Also attending was J. Brow, AMS.

MINUTES APPROVAL A motion was made by C. Mensink to approve the minutes of the Nov. 12-14, 2012, Board Meeting. Seconded and PASSED.

RESEARCH APPROVALS A motion was made by B. Greenway to ratify the following research proposals previously approved by the board via email:

Approved by the Board on Nov. 29, 2012:

- *Sow Lifetime Productivity: “Dietary effects on sow productivity to three parities.” Chris Hostetler*

Motion Seconded and PASSED

FINANCIALS Calvin VandeKrol gave the following updates:

2012 Year End:

- Total Revenue: \$83.3m
- State Distributions \$15.7m
- National Spending \$66.7m
- Supplementals
 - Channel Marketing \$ 2.3m
 - Supplementals \$ 2.3m
- Deficit \$ (3.7m)
- *Ending Undesignated Reserves \$20.4m
*ending undesignated reserves include \$1m transfer to designated reserves

2013 Budget:

- Total Revenue \$83.9m
- Return to State \$16.0m
- National Spending \$69.8m
- Supplementals
 - Channel Marketing \$ 3.3m
 - Supplementals \$ 1.0m
- Deficit \$ (6.2m)
- *Ending Undesignated Reserves \$15.2m
*ending undesignated reserves include \$1m transfer from designated reserves

2013 Forecast

- Total Revenue: \$83.9m
- Return to State \$16.0m
- National Spending \$69.8m
- Supplementals
 - Channel Marketing \$ 3.3m
 - Supplementals \$ 1.3m
- Deficit \$ (6.5m)
- *Ending Cash Reserves \$14.9m
*ending cash reserves include \$1m transfer from designated reserves

2012 Audit Report:

A motion was brought forth from the Financial Committee that the Board of Directors approve McGladrey & Pullen as auditors for the 2012 Washington Pork Producers (in the direct documentation program) audit. MOTION PASSED

PRODUCER SURVEY

Mike Wegner presented highlights of the annual producer survey conducted Nov. 10-20, 2012. A total of 550 pork producers, nationwide, were interviewed. Respondents were systematically selected from a list of producers provided by the National Pork Board.

Some of the key results include:

- A majority have a positive outlook of the industry. This number is down a bit from 2011.
- 85% are in support of the Checkoff; 7% are in opposition – a record high and low, respectively. The single most important priority for the checkoff is advertising/promoting pork.
- Feed costs are the biggest challenge.
- The biggest concern for the industry is animal activists influencing our channel partners.
- A wide majority (87%) would become pork producers again.

2013 BUDGET UPDATE

The following list of requests for supplementals were submitted for board approval:

- 2013 Channel Outreach, outlined by John Johnson, a request of \$2,750,000 for planning, measurement, and execution.
- Welfare Audit Task Force, presented by Dr. Paul Sundberg, \$140,000 for travel & facilitation.
- PQA Plus printing, presented by Bill Winkelman, \$150,000 planned expense carried over from 2012.
- Capital Expenditures, outlined by Jill Criss, \$14,795 for new handheld voting devices.

**A motion was brought forward from the Finance Committee to approve Supplemental Requests in the amount of \$3,043,000.
MOTION CARRIED**

**A motion was brought forward from the Finance Committee to approve the 2013 Capital Expenditures in the amount of \$14,795.
MOTION CARRIED**

FORUM UPDATE

Mike Wegner noted the theme for the 2013 Pork Forum is “Managing in Tough Times – The Role of your Checkoff.” Jim Meimann highlighted the schedule for Forum, which will be held in Orlando, FL March 6-9.

On Thursday, the Producer Update Session will start at 3:30 PM followed by a Welcome Reception where delegates will be able to meet the candidates running for Pork Board and Nominating Committee. Friday and Saturday, the Pork Act Delegate sessions will take place in the afternoon. The Industry Awards Luncheon will be on Saturday.

INTL MARKETING

Becca Hendricks gave an update on International Trade, including reports on year-to-date exports; current Russia non-tariff trade barriers; highlights from USMEF’s recent pork promotion in Mexico; variety meat research; and upcoming U.S. pork value proposition session.

PRODUCER OUTREACH

Bill Winkelman reported on the progress of the ongoing NPB Producer Outreach effort. Four different teams of producers and staff have been visiting the top 20 largest producers and are scheduling visits to the next 20. The topics will be similar to those presented at tradeshow.

USPCE REPORT

Derrick Sleezer, board representative to the USPCE board of directors, noted that the USPCE continues to follow through on the Checkoff-funded strategic review. He noted there are some changes that need to occur at USPCE in response to the deficiencies noted in their annual review process. Derrick hopes these issues will be addressed by February.

USFRA REPORT

Dale Norton, board representative on the USFRA, and John Johnson gave an update on the U.S. Farmers & Ranchers Alliance.

- The Faces of Farming contest will be decided on Jan. 22.
- There continue to be Food Dialogue activities planned to engage the public. One was completed in the fall of 2012, and one is scheduled for spring or summer 2013.
- Following last fall's evaluation report, a Task Force was appointed to make recommendations addressing the report's findings and to enhance fundraising, recruitment and retention.
- The full CEO Advisory Council will have a conference call on Jan. 9 to discuss those recommendations.

BOARD UPDATES

21st Century Pork Club: Conley Nelson reported on the recent 21st Century Pork Club meeting. This is a group of pork producers and allied industry who meet twice yearly for industry updates. He felt it is good that we have representation at this meeting in order to provide insight and relevant information into the issues affecting pork producers. Board member Julie Maschhoff also attended.

USDA ISSUES

Chris Novak gave a brief update on the following legal actions where the NPB staff is working with USDA:

- Sept. 24, 2012, Federal lawsuit HSUS filed against USDA regarding the Pork Board's purchase of the Pork. The Other White Meat® (PTOWM) intellectual property from NPPC.
- Oct. 15 FOIA appeal filed by HSUS against the Pork Board regarding a March 12, 2012, FOIA request for information about the purchase of the PTOWM.
- Nov. 28, 2012, USDA Office of Inspector General (OIG) complaint filed by HSUS against the Pork Board regarding NPB sponsorship of Pork Alliance and Pork Action Group Meetings.
- Dec. 10, 2012, FOIA Appeal by HSUS against the Pork Board regarding a Jan. 20, 2012 FOIA for research materials.
- Dec. 12, 2012, FOIA by HSUS against the Pork Board for information on the *We Care* program.
- Jan. 7, 2013, FOIA by HSUS against the Pork Board for information regarding the "*No More Surprises*" program.

Chris indicated the Board would continue to cooperate with USDA, however, would take what measures it could to protect the long-term interests of checkoff investors who are paying the legal costs associated with these claims and actions.

Snowball Express: Several Board members attended this event that is held each December in Texas. The event honors the families of fallen service members. Producers contribute their time by grilling and serving pork for 2,000 families.

ADJOURNMENT

The Board Meeting was adjourned at 12:20 PM.

MINUTES
NATIONAL PORK BOARD
Board of Directors Conference Call
February 21, 2013

OPENING

The Board of Directors Conference Call was called to order on Friday, February 21, 2014 at 12:10 p.m. by President Karen Richter.

ROLL CALL

Pork Board members in attendance via phone: Karen Richter, Dale Norton, Conley Nelson, Derrick Sleezer, Jan Archer, Brad Greenway, Roy Henry, Carl Link, Wathina Luthi, Craig Mensink, Henry Moore, Terry O'Neel, Glen Walters, and Mike Wyant. Absent: Lisa Colby.

The following National Pork Board (NPB) staff members were in attendance: Chris Novak, Jamie Byrnes, John Johnson, Calvin VandeKrol, Jill Criss, Beth Wonderlin, Sherrie Niekamp, Ceci Snyder, Kevin Waetke, Bill Winkelman and Paul Sundberg. Also joined via phone from USDA/AMS was Craig Shackelford.

ISSUES MANAGEMENT

Chris Novak provided a brief discussion regarding the recent activist video in Kentucky. He reported the video was focused on animal health issues, but received very little media response. Karen Richter expressed her gratitude towards the Issues Management Team for the prompt and professional response to the video.

**ANIMAL WELFARE
ADVISEMENTS**

Sherrie Niekamp shared the results of a poll taken during that week's National Pork Board Committee Meetings regarding swine euthanasia. Sherrie reported the Animal Welfare Committee had a lengthy discussion that included recommendations for the Board encouraging producers to phase out the use of manual blunt force trauma as a primary means of euthanasia. Board Members agreed to share a draft Board position statement with NPPC & AASV asking both to provide input by March 6. Based upon the input received from AASV & NPPC, the Board will continue its discussion during its March 6th Board Meeting.

**SWINE DISEASE
MANAGEMENT
ADVISEMENTS**

Paul Sundberg, VP of Science & Technology, provided a brief report regarding a proposed Swine Disease Management Advisement. Paul explained the need for a better method to collect, analyze and report disease surveillance data. **A motion was brought forth from Jan Archer to approve Advisement Option 2 as presented. Motion seconded by Derrick Sleezer. Motion Carried.**

STATE ADVISEMENTS

John Johnson, COO, reviewed the four advisements from states that would be presented at Pork Forum. None of the Board Members had further questions or comments regarding the advisements.

SUPPLEMENTAL FUNDING

Chris Novak, CEO, explained the improvements in NPB's 2014 financial position. The NPB Finance Committee will meet Thursday, February 27, 2014 to discuss supplemental funding proposals that could be recommended to the full Board. Chris briefly overviewed several funding requests:

- Domestic Marketing for a Summer Retail Promotion & Fall TV Advertising Campaign
- Science & Technology for PED Research and the Industry Audit Task Force
- International Marketing for a Colombia Pork Promotion Partnership
- Communication for two USFRA projects; and
- Administration for building improvements.

ADJOURNMENT

The Board Meeting was adjourned at 2:35 p.m. with a motion from Craig Mensink that was seconded by Carl Link. The motion carried.

MINUTES
NATIONAL PORK BOARD
Board of Directors Meeting – Orlando, Florida
March 6-7, 2013

OPENING The Board of Directors Meeting was called to order on March 6, 2013, at 1:00 p.m. by President Conley Nelson.

ROLL CALL The following Pork Board members were in attendance: L. Colby, E. Forkner, B. Greenway, R. Henry, C. Link, W. Luthi, J. Maschhoff, C. Mensink, H. Moore, C. Nelson, D. Norton, K. Richter, D. Sleezer, G. Walters, and S. Wuergler.

NPB staff members in attendance were: C. Novak, P. Sundberg, C. Snyder, J. Johnson, C. VandeKrol, J. Criss, J. Meimann, M. Wegner, B. Winkelman and L. Garner. Also attending was J. Brow and Craig Shackelford, AMS. Other guests included: Rod Smith, *Feedstuffs*; Dale Miller, *National Hog Farmer*; Steve Weaver; Jan Miller; Randy Brown and Dave Reinecker. Second day guests included: Bethany Pint, *Iowa Farm Bureau Spokesman*, and JoAnn Alumbaugh, *Pork Network*.

MINUTES APPROVAL A motion was made by S. Wuergler to approve the minutes of the Jan. 9, 2013, Board Meeting. Seconded and PASSED.

APPROVALS A motion was made by D. Sleezer to ratify the following project approvals previously sent to the board via email:

Approved by the Board on Feb. 13, 2013:

- “Identification of protective antigens of African swine fever virus” (P. Webb)
- “Development of African swine fever diagnostic assays for oral fluids” (P. Webb)

Approved by the Board on Feb. 14, 2013:

- “Improving milk production efficiency and mitigating feed costs in lactating sows through dietary crude protein abatement and crystalline amino acid supplementation under thermo neutral and thermal stress environment model” (C. Hostetler)
- “Impact of in utero heat stress on subsequent growth, composition and reproduction” (C. Hostetler)
- “Understanding the biology of seasonal infertility to develop mitigation strategies for swine” (C. Hostetler)

Approved by the Board on Feb. 20, 2013:

- “Defining Pork Sustainability Metrics and Goals through the Sustainability Pork Advisory Council” (A. Stokes)

Approved by the Board on March 1, 2013:

- “Prevalence and Characterization of Staphylococcus Aureus in Pigs in the USA” (J. Koeman)

Approved by the Board on March 1, 2013

- Disbursement of second million for Educational Center at Fair Oaks Pig Adventure

Motion seconded and PASSED

FINANCIALS

Calvin VandeKrol gave the following 2012 overview:

2012 Update:

- Total Revenue: \$83.2m
 - State Distributions \$15.6m
 - National Spending \$64.9m
 - Supplementals
 - Channel Marketing \$ 2.1m
 - Supplementals \$ 2.3m
 - Deficit \$ (1.7m)
 - *Ending Undesignated Reserves \$22.5m
- *ending undesignated reserves include \$1m transfer to designated reserves*
- Total Beginning Cash Reserves for 2012: \$32.9m.
 - Ending Cash Reserves total: \$31.2m

2013 Budget:

- Total Revenue \$83.9m
 - Return to State \$16.0m
 - National Spending \$69.8m
 - Supplementals
 - Channel Marketing \$ 3.3m
 - Deficit \$ (1.9m)
 - *Ending Undesignated Reserves \$ 21.5m
- *ending undesignated reserves include \$1m transfer from designated reserves*

2013 Forecast

- Total Revenue: \$85.1m
 - Return to State \$16.3m
 - National Spending \$69.8m
 - Supplementals
 - Supplementals \$ 1.3m
 - Channel Marketing \$ 2.8m
 - Deficit \$ (5.1m)
 - *Ending Cash Reserves \$18.4m
- *ending cash reserves include \$1m transfer from designated reserves.*

D. Norton moved to approve the Louisiana Pork Producers Association 2014 budget as presented and approved through email.

Motion seconded and PASSED

MEDIA ANALYSIS

Mike Wegner presented a request for supplemental funding to support a 2013 goal of improving coverage of pork production issues by building relationships with influential non-agricultural media. This was not part of the 2013 budgeting plan, but reflects a gradual shift of emphasis from producer communications to non-producer communications. The request is for a total of \$60,000, which includes travel support, agency support and measurement tools.

A motion was made by D. Sleezer to approve the \$60,000 supplemental for Media Analysis.

Motion seconded and PASSED

STRATEGIC GOALS AND OBJECTIVES

Chris Novak reviewed the goals and objectives as set forth in the Strategic Plan and evaluated yearly as the first step in our budget process. These include:

- #1: Operating Freedom: Protect the rights and ability of U.S. farmers to produce pork in a socially responsible and cost-competitive manner.
- #2: Enhanced Demand: Refresh and re-position pork's image to increase domestic and international consumer demand.
- #3: Competitive Global Advantage. The National Pork Board will pursue strategies to enable U.S. pork producers to remain highly competitive, long term, on a global basis.

Novak also reviewed the vulnerabilities list for 2013.

A motion was made by G. Walters to approve the goals as presented. Motion seconded and PASSED

DM UPDATE

Ceci Snyder presented a Domestic Marketing 2013 overview, which included information on:

- Measuring progress: eatings and RPCE (Real Per Capita Consumer Expenditures)
- Consumer tracking study
- 2012 Ground Pork Supplemental
- New advertising creative
- 2013 supplemental discussion

D. Sleezer moved to approve a \$3m supplemental request for a Domestic Marketing initiative including three messages:

- **Communicating pork's value relative to beef;**
- **Pork chop cut name changes;**
- **Reinforcing USDA temperature change and range of doneness**
 - **Cooking pork chops like steaks.**

Motion Seconded and PASSED

NOMENCLATURE

Ceci Snyder reported on the pork nomenclature changes that will address consumer confusion at the meat case. It will also add value to the loin by differentiating various types of pork chops. This will also align

foodservice and retail cut names so consumers can buy at retail what they enjoy at restaurants.

USDA has been involved and supportive of the changes. There will be a comment period in March, and a joint industry committee will sign off after USDA approves. If everything is approved, the changes will be launched with trade and consumer PR in April.

FOOD CHAIN SURVEY

Ceci Snyder reviewed survey responses and noted that the objective of this survey was to assess the views of foodservice corporate chain menu decision-makers, retail meat buyers and dietitians regarding production practices for pork, beef and chicken. She explained the three key measures of the survey: customer or client concerns; how production practices affect food decision process; and industry perceived performance for each practice.

FORUM REVIEW

Jim Meimann reviewed the schedule for Forum. On Thursday, the Producer Update Session will start at 3:30 p.m., followed by a Welcome Reception where delegates will be able to meet the candidates running for Pork Board and Nominating Committee. On Friday and Saturday, the Pork Act Delegate sessions will take place in the afternoon. The Industry Awards Luncheon will be on Saturday.

Meimann overviewed the Resolutions and Advisements as well as the candidates up for election to the Pork Board and Nominating Committee.

RECESS

President Nelson recessed the meeting until the next morning at 7:30 a.m.

CALL TO ORDER

President Nelson reconvened the Board meeting with an Executive Session starting at 7:00 a.m.

A motion was made by D. Sleezer to authorize the Executive Committee to approve and set the bonus rates for staff for 2012 and to review future bonus programs.

Motion seconded and PASSED

ECONOMIC UPDATE

Steve Meyer, President of Paragon Economics, gave an overview of the economic outlook. Meyer is predicting \$1 hogs with a tight supply situation. He noted that the big issue is going to be the weather in regard to corn. USDA predicts low acreage numbers, but highest yield. Moisture conditions continue to improve. He says chicken has turned the corner and is poised to grow 2-3%. He noted that his annual forecast is still pretty solid, although having enough packing capacity is still a risk factor. The key will be how the country of origin labeling is reconciled.

Meyer gave an overview on the UC Davis Economic Research Project that deals with alternative procurement policies regarding various production methods.

PQA PLUS 2.0

Bill Winkelman gave an update on the PQA Plus 2.0 version that is currently being revised and will be launched in June at World Pork Expo. He provided an update on current PQA Plus site assessment and third-party verification numbers.

ON-FARM AUDIT TASK FORCE

Sherrie Niekamp presented information on the work of the On-Farm Animal Welfare Audit Task Force. This group is addressing questions regarding the ability to facilitate the development of a workable, credible and affordable on-farm animal welfare verification system. She presented four models the Task Force has identified and the potential barriers. She noted that the group will meet again to discuss in detail how to overcome the barriers and work toward a uniform standard.

INT'L WELFARE INITIATIVES

Dr. Paul Sundberg reported on the first draft proposal on animal welfare in the food chain that was developed by SSAFE. He listed the entities that participated in the conference and some of the recommendations that were made. The standards will include the five freedoms. Paul indicated the ideal outcome pork could get would be that if a person was PQA Plus certified and assessed, that assessment would be equivalent to an OIE certification.

PAIN MANAGEMENT WORKSHOP

Sherrie Niekamp gave an update on the Pain Management Workshop held in Des Moines, Iowa, Feb. 12-14. The workshop objectives included:

- What current literature tells us about the options available and expected magnitude of “pain mitigation” provided by various pain management approaches.
- Develop science-based talking points about these practices.
- Compose a summary white paper to be used with non-technical audiences to explain the practices and options.

Niekamp explained the process used to explore available literature and a summary thereof. The outcome of the literature search showed a very low body of work for each intervention. Final reports and an RFP for pain management research will be completed and published by June 2013. Proposal selections will be done in July, with contract start dates by Oct. 1, 2013.

CONSUMER TRUST

John Johnson gave an update on current USFRA issues and Task Force recommendations regarding strategic planning and vision.

Johnson also provided an overview of the Coalition for Sustainable Animal Agriculture, including its:

- Vision: To encourage sustainable animal agriculture by providing a forum where food system stakeholders can evaluate various elements that contribute to sustainability, foster dialogue and promote continuous improvement that builds consumer trust across the food system
- Mission: To build trust in sustainable animal agriculture by engaging stakeholders across the food system in a balanced evaluation of the elements that contribute to sustainability.

CSAA also has formed task forces on sustainable sow housing and sustainable antibiotic use.

SUSTAINABILITY ANALYSIS

Allan Stokes provided an update on the Farm Practice Sustainability Analysis that evaluated eight swine management practices for their impact on global warming, energy demand and water use. The goal of the project was to evaluate differences in impact compared to baseline. Stokes explained the evaluation process, the baseline scenario, and the results of the comparisons.

EU CASE STUDIES

Dr. Paul Sundberg reported on case studies to be done in the EU. The objective is to be able to use the EU experience to learn the intended and unintended outcomes of various farm production practice requirements on animal welfare.

FOOD CHAIN OUTREACH

Jarrod Sutton gave an update on the outreach program targeted to reach top retail and foodservice companies. Our goal is to develop consistent messages for the entire food chain and to make sure we provide them with credible information that will demonstrate how we can serve as a useful collaborator in critical pork decisions.

USDA ISSUES

Chris Novak gave an update on legal actions NPB is addressing:

- Oct. 15 FOIA appeal filed by HSUS regarding compliance with the March 12, 2012, FOIA request for information about the purchase of the PTOWM.
- On Feb. 11, Department of Justice filed a motion to dismiss HSUS's lawsuit over USDA's approval of the sale of The Other White Meat trademark.
- Nov. 28, 2012, USDA Office of Inspector General (OIG) complaint filed by HSUS regarding NPB sponsorship of Pork Alliance and Pork Action Group meetings.

ADJOURNMENT

The Board Meeting was adjourned at 1:25 p.m.

MINUTES
NATIONAL PORK BOARD
Board of Directors Conference Call
March 25, 2013

OPENING

The Board of Directors Conference Call was called to order on March 25, 2013, at 7:00 am by President Conley Nelson.

ROLL CALL

The following Pork Board members were in attendance: L. Colby, E. Forkner, B. Greenway, R. Henry, C. Link, W. Luthi, J. Maschhoff, C. Mensink, H. Moore, C. Nelson, D. Norton, K. Richter, D. Sleezer, G. Walters, and S. Wuergler.

NPB staff members in attendance were: C. Novak, P. Sundberg, C. Snyder, J. Johnson, C. VandeKrol, J. Criss, J. Meimann, M. Wegner, B. Winkelman, J. Lummus, and L. Garner. Also attending was Craig Shackelford, AMS.

USPCE

Chris Novak gave an update on the status of the U.S. Pork Center of Excellence (USPCE). He explained that National Pork Board was notified by Dr. Wendy Wintersteen, Dean of Iowa State University's College of Agriculture and Life Sciences, that the University would be withdrawing as host of the USPCE due to federal sequestration funding cuts. USPCE's Chair, Dean Beverly Durgan (University of Minnesota Extension) asked NPB if they would serve as a temporary host for USPCE.

Discussion was held regarding the costs and implications of hosting USPCE. NPB has worked closely with USPCE on several important programs including Swine Science On-Line, Professional Swine Managers Training and Certification Program, and the Swine Reproduction Guide.

A motion was made by R. Henry to house USPCE at the National Pork Board for 18 months, at which time it will be re-evaluated. Motion Seconded and PASSED.

ADJOURNMENT

The Board Meeting was adjourned at 8:00 am.

MINUTES
NATIONAL PORK BOARD
Board of Directors Meeting – Des Moines, Iowa
June 4, 2013

OPENING The Board of Directors Meeting was called to order on June 4, 2013 at 7:30 a.m. by President Conley Nelson.

ROLL CALL The following Pork Board members were in attendance: L. Colby, E. Forkner, B. Greenway, R. Henry, C. Link, W. Luthi, J. Maschhoff, C. Mensink, H. Moore, C. Nelson, D. Norton, K. Richter, D. Sleezer, G. Walters and S. Wuergler.

NPB staff members in attendance were: C. Novak, P. Sundberg, C. Snyder, J. Johnson, C. VandeKrol, J. Criss, J. Meimann, B. Winkelman, Chris Hostetler and L. Garner. Also attending was Craig Shackelford, AMS, and newly appointed board members: Jan Archer, Terry O'Neel and Mike Wyant. Other guests included: Dave Reinecker and scholarship winners Austin Putz and Cory Carpenter.

MINUTES APPROVAL A motion was made by **K. Richter to approve the minutes of the March 6-7, 2013 Board Meeting and the March 25, 2013, Board conference call. An amendment to the motion was brought forth by D. Sleezer to change the time of the recess for the March 6 minutes to 7:00 a.m. Motion seconded and PASSED.**

APPROVALS A motion was made by **B. Greenway to ratify the following proposal previously sent to the Board via email on May 29, 2013:**

- **To approve the following Environmental Stewards nominees:**
 - **Bacon Hill, Danny and Josie Kluthe, Nebraska**
 - **Russell Brothers, Jason Russell, Iowa**
 - **Krikke Pork, Howard and Jane Krikke, Ohio**
 - **Circle Four Farms Blue Mountain, Smithfield Foods, Utah**

Motion seconded and PASSED.

FINANCIALS Calvin VandeKrol reported that the 2012 National Pork Board financial audit was completed using Generally Accepted Government Auditing Standards (GAGAS), as required by AMS. It was completed on time and on budget with no material adjustments. Missy Sisler, CPA with McGladrey and Pullen, gave an overview of the audit. An audit also was conducted on Washington and New York as part of the Direct Documentation Program. President Nelson called for an executive session of the Board to review the detailed finding of the Audit with McGladrey and Pullen.

Upon exit from the executive session, a motion was brought forth from the Finance Committee to accept and approve the National Pork Board 2012 audited financials. Motion PASSED.

VandeKrol gave a report on 2013 revenue projections. Due to increased market volatility and supplemental spending, Calvin had recommended to the Finance Committee that revenue projections for the remainder of 2013 be based on the low-point price.

A motion was brought forth from the Finance Committee for the Board of Directors to approve moving the 2013 checkoff revenue target from the mid-point revenue projection (currently \$84.6m) to the low end projection (\$81.9m). Motion PASSED.

Calvin VandeKrol gave the following financial review:

2013 Update:

- Total Revenue 82.8m
- State Distributions 15.7m
- National Spending 77.3
- Deficit (10.2m)
- Ending Undesignated Reserves 13.2m

- Total 2013 Beginning Undesignated Cash Reserves: \$22.4m plus \$1.0m transfer from designated reserves to undesignated reserves for the final Fair Oaks payment.
- Ending Cash Reserves total \$13.2m

2014 Budget:

- Total Revenue \$78.0m
- Return to State \$14.9m
- National Spending \$64.0m
- Deficit \$ (.9m)
- Ending Undesignated Reserves \$12.3m

VandeKrol discussed the pending supplemental requests totaling \$1.1m and shared the financial impact this spending would have on reserves and future spending.

The AMS Checkoff Guidelines require that the Board annually review the use of credit cards by Board and staff members. VandeKrol reviewed the staff credit card policy and list of those staff with credit cards and their respective credit card limits.

Next, Calvin reviewed state pork association audit findings.

A motion was brought forth from the Finance Committee to approve the restated 2010 state audited financials for Utah and the 2011 state audited financials for Utah. Motion PASSED.

A motion was brought forth from the Finance Committee to approve the 2012 state audited financials for 38 states with completed year end reports/audits. Motion PASSED.

A motion was brought forth from the Finance Committee to withhold funds, effective July 15, 2013, from two states that have not completed year end reports if acceptable reports are not completed by June 30, 2013. Funds will be released to these states once proper reports have been approved by NPB and AMS. Motion PASSED.

A motion was brought forth from the Finance Committee to continue withholding funds from Nevada. Funds will be released upon completion of all financial reports and, 2012 Administrative Review to the satisfaction of NPB and AMS. Motion PASSED.

A motion was brought forth from the Finance Committee to approve an increase in PASLWOCO funding (fixed cost) from \$505,000 to \$632,000 for 2014 based on the 13 state applications. Motion PASSED.

A motion was brought forth from the Finance Committee to approve the 2014 budgets submitted for Louisiana and Ohio previously approved through email. Motion PASSED.

A motion was brought forth from the Finance Committee to approve the 2014 budgets for Florida and South Carolina which have a fiscal year beginning July 1. Motion PASSED.

A motion was brought forth from the Finance Committee to approve withholding funds, effective August 15, 2013, from Virginia if approved designation of Virginia Pork Council as VA's Checkoff recipient is not completed by July 31, 2013. Funds will be released to Virginia once proper designation of VPC has been approved by NPB and AMS. Motion PASSED.

A motion was brought forth from the Finance Committee to approve withholding funds, effective August 15, 2012, on those states that have lost their tax exempt status if there is no progress by July 31, 2013. Funds will be released once the state has made progress toward reinstating their tax exempt status. Motion PASSED.

ADMINISTRATIVE REPORT

Karen overviewed two policy updates the committee is currently working on, including the Distinguished Service Award and the 12-state rule. These issues will be brought back to the board at the July meeting.

The committee also discussed the Missouri Administrative Review.

A motion was brought forth from the Administrative Committee to approve the Administrative Review for Missouri as completed. Motion PASSED.

**FOOD CHAIN
OUTREACH**

Jarrold Sutton gave background and highlights on the Food Chain Outreach program. He reviewed visits with several key contacts and noted we are continuing to build great relationships that are leading to the development of new coalitions. Looking forward, the goal is to create a new narrative to fight misinformation and tell a proactive story of how pigs are raised using multiple tactics.

**DOMESTIC
MARKETING**

Ceci Snyder gave an overview of several issues in the Domestic Marketing department including:

- Category progress
- Retail scanner data for Q1
- Nomenclature coverage
- Summer Supplemental campaign
- Walmart promotion
- Pork Volumetric Study

**INTERNATIONAL
MARKETING**

Becca Hendricks gave an international marketing update focusing on the export goal established by the Trade Committee last year, checkoff funding, current issues and upcoming potential partnerships and opportunities.

**SUPPLEMENTALS
REQUESTS**

A Motion was made by Everett Forkner to fund Porcine Epidemic Diarrhea (PED) in the amount of \$410,000. Seconded and PASSED.

A Motion was made by Brad Greenway to authorize the Swine Health Committee to approve PED projects, within the Board's approved supplemental budget, that exceed \$100,000. Seconded and PASSED.

A Motion was made by Glen Walters to fund McDonald's at \$250,000 and APEX at \$150,000. Motion Seconded. A Motion was made by S. Wuergler to amend the original motion to strike: "McDonalds at \$250,000 and" Seconded and PASSED. The motion, as amended: "To fund APEX at \$150,000" PASSED.

A Motion was made by D. Sleezer to provide \$130,000 to USMEF for Mexico/Central and South American and Japan promotions. Seconded and PASSED.

2014 STRATEGIC PLAN

John Johnson presented information on the general process for the 2014 Strategic Planning. He noted that the RFP would go out in late June/early July. The task force will be appointed and meet in November. Regional listening sessions will be held in March in Minnesota, Indiana and North Carolina. More information will be presented to the Board at the July, 2013, Board meeting.

USPCE OVERVIEW

Derrick Sleezer provided an update on the transition of the U.S. Pork Center of Excellence (USPCE). He reviewed the Vision and Mission Statements, as well as the members of the working group and staffing roles, and defined responsibilities. He noted that four goals have been drafted and that transition activities are underway to begin the search to fill positions.

PQA VERIFICATION

Bill Winkelman gave an overview of the verification process for 2012 and updates to the 2013 program release. He noted the challenge areas for continuous improvement as well as the next steps in utilizing the results and additional 2014 PQA enhancements.

A motion was made by Steve Wuergler that the National Pork Board approve the updates, revisions and content of the 2013 release of the PQA Plus program. Motion Seconded and PASSED.

STEWARDS AWARD

Mike King gave an update on the Environmental Stewards Award Program, its history and future. He presented the Environmental Committee's recommendations to expand the program and to use the ethical principles as a foundation for the award. A task force has been formed to review and further recommend changes.

WORKER SAFETY

Bill Winkelman reported on the Worker Safety Benchmarking Study. This study will establish a baseline for the industry on key safety measures and benchmarks. The announcement will be made at the 2013 World Pork Expo and will be available to all producers June 17, 2013.

OFFICER ELECTIONS

President Nelson announced the results of the officer-interest polling that was done by outgoing Board members Julie Maschhoff and Everett Forkner. Karen Richter is running for president; Dale Norton and Derrick Sleezer are running for vice president; Derrick Sleezer and Brad Greenway are running for treasurer.

Nelson called for floor nominations for the office of president. None were brought forth.

A motion was made by Everett Forkner that nominations be closed and the Board unanimously approve Karen Richter as President of the National Pork Board.

Motion Seconded and PASSED.

President Nelson called for floor nominations for vice president. Henry Moore nominated Derrick Sleezer. Brad Greenway nominated Dale Norton.

A motion was made by Everett Forkner that nominations be closed. Motion Seconded and PASSED.

Ballots were distributed and counted by J. Criss and J. Archer.

Dale Norton was declared the winner and will assume the position of vice president of the National Pork Board.

President Nelson called for floor nominations for treasurer. Dale Norton nominated Brad Greenway. Henry Moore nominated Derrick Sleezer.

A motion was made by S. Wuerbler that nominations be closed. Motion Seconded and PASSED.

Ballots were distributed and counted by J. Criss and J. Archer.

Derrick Sleezer was declared the winner and will assume the position of treasurer of the National Pork Board.

The president will chair the Executive Committee; the vice president will chair the Administrative Committee; and the treasurer will chair the Finance Committee.

2014 INTERNATIONAL TRIP

Becca Hendricks presented a list of key considerations to help determine the value, timing and destination of an international trip for the Board in 2014. She overviewed possible locations and the activities that would be of interest to the Board in making their final decisions. Those sites included: 1. South America—including Brasilia, Brazil and Bogota, Columbia; 2. Eastern Europe—including Bucharest, Romania Warsaw, Poland; and 3. Central Europe—including Copenhagen, Denmark and Munich, Germany. The board will discuss the international trip at its July, 2013 meeting.

ADJOURN

The meeting was adjourned at 4:06 p.m.

MINUTES
NATIONAL PORK BOARD
Board of Directors Meeting – Wisconsin Dells, WI
July 16, 2013

- OPENING** The Board of Directors Meeting was called to order on July 16, 2013, at 12:15 p.m. by President Karen Richter.
- SWEARING IN** Craig Shackelford, representing USDA’s Ag Marketing Service, officiated over swearing in incumbent directors Derrick Sleezer and Wathina Luthi and newly appointed Board members Jan Archer, Terry O’Neel and Mike Wyant. They pledged to represent all pork producers, to faithfully carry out the duties prescribed under the Pork Act and Order and to implement programs that will help U.S. pork producers maintain, develop and enhance the markets for pork and pork products.
- ROLL CALL** The following Pork Board members were in attendance: J. Archer, L. Colby, B. Greenway, R. Henry, C. Link, W. Luthi, C. Mensink, C. Nelson, D. Norton, K. Richter, T. O’Neel, D. Sleezer, G. Walters and M. Wyant. Absent: H. Moore
- NPB staff members in attendance were: C. Novak, P. Sundberg, C. Snyder, J. Johnson, C. VandeKrol, J. Criss, B. Winkelman, B. Hendricks, T. Wadsworth and L. Garner. Also attending were Craig Shackelford, AMS and interns Alyssa Clements, Kelanie Greimann and Denise Beam.
- MINUTES APPROVAL** **A motion was made by C. Link to approve the minutes of the June 4, 2013 board meeting. An amendment to the motion was brought forth by C. Mensink to reflect his absence at the June meeting, as well as the absence of R. Henry. Motion seconded and CARRIED.**
- APPROVALS** **A motion was made by C. Link to ratify the following proposals previously sent to the Board via email on May 29, 2013:**
- **Pork Safety, Quality and Human Nutrition Research Proposal: *Effects of dietary protein patterning on weight loss and resistance training-induced changes in body composition, skeletal muscle and indices of metabolic syndrome.***
 - **Domestic Marketing vice-chair appointment: David Newman**
- Motion seconded and CARRIED.**
- BOARD CALENDAR** The topic of potential elimination of the July meeting was discussed. The board felt there was real value in having the Pork Board attend the National Pork Industry Conference and also continuing to have a Board meeting during the Conference.

ADMINISTRATIVE

A motion was brought forth from the Administrative Committee to amend the Board Policy Handbook by adding a general timeline for the work of the Nominating Committee and including a reference to the Pork Act and Order to describe the 12 State Rule. MOTION CARRIED.

A motion was brought forth from the Administrative Committee to amend the Distinguished Service Award policy by deleting the hard timeline and replacing with a general timeline for the award selection process. MOTION CARRIED.

2014 MARKET PROJECTIONS

Dr. Steve Meyer was not available to report on the 2014 market projections, but sent a report that Chris Novak briefly reviewed. Meyer’s report indicated that retail meat prices for pork were up slightly, but relatively flat. Condition of corn and beans is about average for this time of year. Pork exports have been soft in 2013 with Jan. – April down 14.4% and May down 4% compared to year-ago numbers.

FINANCIALS

Calvin VandeKrol gave a report on the 2013 financials, the 2014 budget, and state activity.

2013 Update:

- Total Revenue \$83.7m
- Return to State \$15.7m
- National Spending \$69.3m
- Supplemental Requests \$8.0m
- Deficit \$(9.3m)
- Ending Undesignated Reserves \$14.1m

2014 Budget:

- Total Revenue \$78.0m
- Return to State \$14.9m
- National Spending \$64.0m
- Deficit \$ (.9m)
- Ending Undesignated Reserves \$13.2m

A motion was brought forth from the Finance Committee to authorize the use of up to \$15k from the Producer Services budget for the USPCE Swine Science Online Program. MOTION CARRIED.

A motion was brought forth from the Finance Committee to approve a 2014 undesignated cash reserve target of \$10.6m in accordance with Board policy. The designated reserves shall remain at \$7.7m. MOTION CARRIED.

A motion was brought forth from the Finance Committee to: approve the low-market price estimate in projecting \$77.5 million FY2014 checkoff revenue; establish a preliminary 2014 national spending target of \$64.0 million; and authorize \$.9 million in undesignated reserves be utilized within the FY2014 national spending budget. MOTION CARRIED.

A motion was brought forth from the Finance Committee to approve an increase in PASLWOCO funding (fixed cost) from \$632,000 to \$662,000 for FY2014 based on 13 state applications. MOTION CARRIED.

A motion was brought forth from the Finance Committee to approve the 2012 state financials for Ohio and New Hampshire with completed year-end reports/audits. MOTION CARRIED.

USFRA

John Johnson introduced Randy Krotz, USFRA Executive Director, who gave an update on the program. This is a movement to renew trust with consumers and challenge the myths about how their food is grown and raised and how their animals are treated. Krotz reviewed USFRA's work with industry partners and key programs.

A motion was made by R. Henry to fund USFRA within the 2014 budget at \$3.0m. Motion seconded and CARRIED.

PED UPDATE

Dr. Paul Sundberg gave an update on the PEDV (Porcine Epidemic Diarrhea) situation. PEDV was confirmed for the first time in U.S. swine herds in late April. As of mid-July, 346 cases of the virus have been confirmed in 14 states, with most in Iowa and Oklahoma. Dr. Sundberg also reviewed work underway to identify and address infection risk factors, including transportation and delivery to packing plants.

SUPPLEMENTALS

A motion was brought forth from the Finance Committee to approve the supplemental request of \$250,000 for additional PEDV research and education activities. Motion CARRIED.

A motion was made by Derrick Sleezer to commit an additional \$100,000 for the development of an aggressive program for the containment and elimination of Porcine Epidemic Diarrhea Virus. Motion seconded and CARRIED.

INTERNATIONAL REPORT

Becca Hendricks gave an overview on 2014 international opportunities and current issues. She noted that the top US pork export markets by volume, Jan. – May 2013, are Mexico, Japan, China, Canada and South Korea. The Trade Committee will be meeting July 17, 2013, in the Wisconsin Dells and will discuss variety meat research, trichinae impact, budgets and a report on Japan.

Hendricks also presented possible destinations for a board international trip, key considerations and strategic objectives. Much discussion ensued regarding the timing and the location of the trip.

A motion was made by Roy Henry to take a trip in March. Motion seconded.

D. Sleezer moved to amend the motion to add Brazil and Columbia as the destinations. Amendment seconded.

The amended motion to take a trip in March 2014 to Brazil and Columbia CARRIED.

MARKETING UPDATE

Ceci Snyder reported on the summer marketing campaign that is designed to communicate pork's value; educate consumers on the pork chop cut name changes; and to reinforce the cooking temperature change. Snyder played the most recent radio commercials that engage consumers and educate them on the new nomenclature. She gave a brief overview of the 2013 mid-year tracking study results.

CEO REPORT

Chris Novak reported on the following issues:

- **Pork The Other White Meat lawsuit:** NPB had conversations with legal counsel who had spoken with Department of Justice attorney's about the Motion to Dismiss Hearing. USDA has alleged the suit should be dismissed as outside of the statute of limitations. A ruling should come down in late summer.
- **International Meat Secretariat Marketing Workshop:** NPB has been asked to host this workshop in the U.S. in the fall of 2014. Plans and budgets will be presented as a part of the FY2014 administrative budget.
- **Calendar update:** The Board will have a Strategic Planning meeting December 3 and 4 in Florida.
- **Walmart Meeting:** A meeting was held with Walmart on July 8 and included presentations on sow housing and animal welfare. Topics also included USFRA and farm audit programs.

ADJOURN

The meeting was adjourned at 5:35 p.m.

MINUTES
NATIONAL PORK BOARD
Board of Directors Meeting – Des Moines, IA
September 4-5, 2013

OPENING

The Board of Directors Meeting was called to order on September 4, 2013, at 2:00 p.m. by President Karen Richter.

ROLL CALL

The following Pork Board members were in attendance: Karen Richter, Dale Norton, Conley Nelson, Derrick Sleezer, Jan Archer, Lisa Colby, Brad Greenway, Roy Henry, Carl Link, Wathina Luthi, Craig Mensink, Henry Moore, Terry O’Neal, Glen Walters and Mike Wyant.

NPB staff members in attendance were: Chris Novak, John Johnson, Jamie Lowrey, Paul Sundberg, Becca Hendricks, Jill Criss, Bill Winkelman, Ceci Snyder, and Kevin Waetke. Also attending: Craig Shackelford, AMS.

MINUTES APPROVAL

A motion was made by Derrick Sleezer to approve the minutes of the July 16, 2013 board meeting. Motion seconded by Jan Archer and CARRIED.

APPROVALS

A motion was made by Derrick Sleezer to ratify the following proposals previously sent to the Board via email:

- **Environmental Research Proposal**
 - *Quantifying the Land Footprint for U.S. Pork Production Using Life Cycle Analysis.*

- **Swine Health Research Proposal:**
 - *Pattnaik Development of a novel self-propagating PRRSV-VSV G Hybrid replicon as a vector for inducing broad PRRSV protection*
 - *Zimmerman Development of an on-farm PRRS surveillance guidelines for the modern pork industry*

- **Animal Welfare Research Proposal:**
 - *A study to develop and validate assays to measure and compare for circulating neuropeptides as objective pain biomarkers in piglets from Iowa State University*

Motion was seconded by Brad Greenway. Motion Carried.

FINANCIALS

Calvin VandeKrol reported on the 2013 financials, the 2014 budget, and state activity. He also provided an overview of Strawman and Plan of Work.

2013 August Update:

- *Total Revenue* \$84.3 m
- *Return to State* \$15.98 m
- *National Spending* \$78.7 m
- *Deficit* \$(10.3m)
- *Ending Undesignated Reserves* \$13.2m

2014 Budget:

- *Total Revenue* \$78.0m
- *Return to State* \$14.9m
- *National Spending* \$64.0m
- *Deficit* \$ (.9m)
- *Ending Undesignated Reserves* \$12.3m

A motion was brought forth from the Finance Committee to approve the Iowa and Minnesota 2014 state budgets as presented. Motion Carried.

A motion was brought forth from Dale Norton to amend a previously adopted motion and reduce proposed USFRA funding from \$3 million to \$2.5 million for FY2014. Motion seconded by Derrick Sleezer. Motion Carried.

A motion made by Derrick Sleezer to direct the Plan of Work Task Force to allocate the \$500,000 from the USFRA budget to priority areas. Staff will present priority recommendations. Motion was seconded by Craig Mensink. Motion Carried.

ADMINISTRATIVE

Jill Criss provided an update on the Policy Manual Review process. The committee will begin the review in September and bring forth the final policy changes to the board in November. By January 1, all members of the board will receive a hard copy of the document.

Dale Norton presented a motion from the Administrative Committee to accept the Administrative Review for Kansas as addressed and approved by the Administrative Committee. Motion Carried.

STRATEGIC PLANNING

John Johnson provided an update on the Strategic Planning Task Force process. He reported to the Board an RFP was distributed to seven strategic planning firms with five submissions returned. Three firms were invited to make an in-person presentation. With input from the Executive Committee and members of the Management Team, Nuffer, Smith, Tucker was selected to assist with our planning effort. John

reviewed the dates confirmed for upcoming Strategic Planning Sessions with the Board, Staff & Committees. He also presented the names recommended to serve on the task force.

A motion was brought forth from Wathina Luthi to approve the Strategic Planning Task Force members as presented, with authority for the Executive Committee to name replacements as needed. Motion seconded by Jan Archer. Motion Carried.

PED UPDATE

Dr. Paul Sundberg provided an update on the PEDV (Porcine Epidemic Diarrhea) situation. He reported in some parts of the country the virus has taken a slower course and is not spreading as fast as first seen. However, PEDv has not taken a slower course in North Carolina and Kansas. Paul told the group we still don't have a good way to conduct surveillance and still continue to have a lot of unanswered questions. He told the group the one good thing is all of the agencies have acknowledged the need to work together and have frequent communication. He said we continue to support AASV to determine how PEDv came into the U.S. He explained we are providing information for producers on our website and in newsletter form via email. He went on to announce Hans Rotto as the consultant hired to assist leading a series of Working Groups that have been established to address biosecurity on the farm and at the packing plant. Hans was retained with supplemental funding the Board approved in July. Paul said Hans has three webinars scheduled in the next couple of weeks. These webinars will continue to seek information from the work group participants plus share what information is being developed. He told the group this is an ongoing effort that will last for some time, but they hope to gain some answers quickly.

INTERNATIONAL REPORT

Becca Hendricks provided an overview of January – June 2013 Exports, the Top U.S. Pork Export Markets, international opportunities, and current issues. She reported the U.S. is still the top exporter of pork in the world with a 33.4% U.S. Share of World Exports. She told the group this is down from last year's 33.6%. She reported that 96% of the world's population lives outside of the US and pork is the world's most consumed animal protein. She reminded the group it's important to keep track that over the next decade, increases in meat consumption in developing countries are projected to average 2.4% annually compared with 0.9% in developed countries.

Hendricks also reminded the group of the upcoming international trip to Brazil and Columbia in March. She shared a few of the locations they will visit and reminded the group to check their passports to make sure they are up to date.

MARKETING UPDATE

Ceci Snyder reported on the results from the summer marketing campaign that was designed to communicate pork's value; educate consumers on the pork chop cut name changes; and to reinforce the cooking temperature change. Snyder reported they received 48 million impressions from public relations and 60 million from online advertisements. She also gave a brief overview of a few ongoing promotional projects.

DISTINGUISHED SERVICE AWARD

Bill Winkelman reported on the Distinguished Service Award. He provided background on the purpose, criteria, focus, and frequency of the award. He explained how the selection process currently works and reviewed the guidelines after last year's revisions.

The Past Presidents met earlier in the month and organized the names into a more manageable list. They went through an extensive process to put forth a list of three candidates for the board's consideration.

The board members discussed the options presented by the past presidents for the award recipient for the 2014 honor.

A motion was made by Brad Greenway to select Maynard Hogberg for the 2014 Distinguished Service Award. The motion was seconded by Jan Archer. Motion Carried.

COMMUNICATIONS

Kevin Waetke provided an update on the communication strategy and key areas of focus for 2014. He explained their communications plan is driven by the communications audit that took place earlier in the year. Waetke discussed a variety of projects funded with 2013 supplemental funding. Waetke concluded his discussion by sharing a mid-year summary overview and other key pieces of research.

USPCE REPORT

Bill Winkelman gave an update on progress with the USPCE. He reported that Calvin had recently created a 501 c (3) non-profit organization for USPCE, applied for tax-exempt status, and created a chart of accounts. Bill introduced Chelsey Branderhorst as the full-time Program Manager. He told the group they are looking to hire a part-time Executive for Outreach as well. He explained National Pork Board's activity and in-kind support provided to USPCE. He also reviewed the proposed budget and three year goals planned for USPCE.

PORKSQUARE YOUTH WEBSITE

Bryn Jensson shared information regarding the new youth website that Producer Services has been working on with the assistance of sponsorship funds. She told the group they will be able to share information regarding careers, scholarships, internships and more on the site. The site is geared for young people between the ages of 15-24 who want to explore opportunities in the pork industry. She reported this one

stop site will have items such as a virtual mentor program, vignettes of professionals in the industry, further education opportunities, and social media links available to them. The group hopes to launch the website by the end of September where it can be viewed by computer or smartphone.

CEO REPORT

Chris Novak reported on the following issues:

- **New Committee Member Orientation:** Chris reported staff is developing an online training program for new committee members. They believe the orientation process is beneficial and an online version will convey important information while avoiding the challenges of travel to in-person meetings.
- **USMEF Issues:** USMEF has passed a resolution to create a technology working group. Chris shared information regarding the smaller working group he is on that is drafting policy. Chris also mentioned USMEF is working to adjust its governance process to avoid having checkoff organizations vote on government policy issues. Chris is seeking input from current and past pork trade leaders regarding implications of the bylaw changes as well as potential next steps.
- **Walmart Meeting:** Sherrie Niekamp and Chris participated in a conference call with Walmart regarding their participation in the Industry Audit Task Force. Walmart is seeking opportunities to engage with the industry regarding improvements in PQA Plus and the Swine Care Handbook. Staff is working to facilitate an appropriate role for food chain engagement.

ADJOURN

The meeting was adjourned at 6:35 p.m. **A motion was made by Brad Greenway to adjourn the meeting. Motion was seconded. Motion Carried.**

MINUTES
NATIONAL PORK BOARD
Board of Directors Conference Call
October 7, 2013

OPENING The Board of Directors Meeting was called to order on Tuesday, October 7, 2013 at 7:00 p.m. by President Karen Richter.

ROLL CALL Pork Board members in attendance: Karen Richter, Dale Norton, Conley Nelson, Derrick Sleezer, Jan Archer, Lisa Colby, Roy Henry, Carl Link, Craig Mensink, Henry Moore, Terry O'Neel, Glen Walters, and Mike Wyant. Absent: Brad Greenway, Wathina Luthi, and Terry O'Neel.

The following NPB staff members were in attendance: Chris Novak, Jamie Lowrey, Calvin VandeKrol, and Paul Sundberg.

HARVEST REPORT Board Members provided a brief Harvest Report. A few board members reported they started cutting beans and chopping corn, most with higher than expected yields.

AUDIT FIRM Calvin VandeKrol, Controller, discussed the results of a Request For Proposals that was sent out to CPA firms requesting bids for audit services. He reported they received several strong proposals but McGladrey came in as the low bid. He told the Board we currently utilize their services and reminded the Board their price is not locked in every year. **A motion was brought forth from the Finance Committee to approve McGladrey as Auditor for 2013-2017. Motion Carried.**

STAFFING UPDATE Chris Novak, CEO, explained there have been a number of new projects that have created a significant workload within the Science & Technology Department the past 12 months. A few of those projects include the sustainability initiative, industry audit task force, food chain outreach research, PED and a host of emerging international efforts. With the significant workload, Paul Sundberg, VP of Science & Technology, indicated he needed further assistance asking for an Assistant Vice President. Chris noted that, historically, the Board has addressed staffing during its review of the Administrative Budget in November. There is an opportunity to bring a candidate for this position on-board prior to November, however, so Chris wanted to ensure the board didn't have any objections to the proposed change. He reported they do have adequate funding available in this year's budget to cover this new position for the remainder of the year. Sundberg commented the candidate could be available to begin as early as November.

PED & EMERGING Paul Sundberg, VP of Science & Technology, reported to the Board they have a lot of material available regarding PEDv. He reported they continue to have health issues in North Carolina, but it seems to have stabilized elsewhere. He went on to explain the surveillance project we are working on with USDA. He said with the project they hope to understand the distribution of the virus and receive the diagnostic

information we need. The working groups are continuing to make progress encouraging new biosecurity measures.

Paul went on to share information regarding two new viruses, PCV2 and Enterovirus, identified in the U.S. He explained PCV2 is a circovirus and Enterovirus is a picornavirus. The Enterovirus is in the same family as FMD, usually benign and non-clinical and can cause vesicles that could be confused with FMD. All of these viruses are an Asian strain. Paul reported he is working with AASV and NPPC on communicating this issue to USDA.

RETAIL ADVISORY COMMITTEE REPORT

Karen Richter, Board President, reported the committee met two weeks ago. She felt this meeting provided excellent discussion between retailers and packers on several key issues including PQA Plus and pork industry audits. Karen went on to discuss a conversation she had with a few retailers regarding the PQA Plus Audit. She reported the retailers were concerned that audits might be costly for a few producers. Jan Archer commented that some retailers were surprised the PQA Plus test was open book, but most appreciated the improvements in the program.

SUSTAINABILITY TASK FORCE

Chris Novak shared the status of the Sustainability Task Force. He communicated to the board the task force will have their recommendations available for review at the November Board meeting. He said they will ask for approval or direction at the January meeting.

AUDIT TASK FORCE

Novak reported the small working group of the Industry Audit Task Force is scheduled to meet in Omaha on October 28-29. The group will meet to discuss what the details of a common audit will include. The full task force will meet again December 17, 2013, to review the recommendations. A final task force meeting is planned for January to review the concept with food chain partners.

USMEF BYLAWS

Chris noted dialogue was continuing with USMEF regarding proposed bylaw changes that would affect Pork Board & state pork association representation on the USMEF Board of Directors. USMEF's Executive Committee is meeting next week to discuss recommendations that would ensure broader representation of pork interests.

BOARD RETREAT

Chris provided a tentative schedule for the upcoming December Board Retreat to Naples. He explained December 2 is a travel day, with full day of meetings regarding our Strategic Task Force on December 3 and travel back home the afternoon of December 4. The Strategic Planning Consultants are laying out the agenda for the meeting. Chris reminded the Board the Consultants will ask questions such as what are the Board members long term goals as of the Board, individual goals and role.

ADJOURNMENT

The Board Meeting was adjourned at 8:14 p.m. with a motion from Craig Mensink and seconded by Carl Link. Motion carried.

MINUTES
NATIONAL PORK BOARD
Board of Directors Meeting – Des Moines, IA
November 19-20, 2013

OPENING

The Board of Director Meeting was called to order on November 19, 2013, at 8:15 a.m. by President Karen Richter.

ROLL CALL

The following Pork Board members were in attendance: Karen Richter, Dale Norton, Conley Nelson, Derrick Sleezer, Jan Archer (by phone), Lisa Colby, Brad Greenway, Carl Link, Wathina Luthi, Craig Mensink, Henry Moore, Terry O’Neel, Glen Walters and Mike Wyant.

NPB staff members in attendance were: Chris Novak, John Johnson, Jamie Lowrey, Paul Sundberg, Becca Hendricks, Jill Criss, Bill Winkelman, Ceci Snyder, Calvin VandeKrol, Sherrie Niekamp, Patrick Webb, Dinah Peebles, Allan Stokes and Kevin Waetke. Also attending: Craig Shackelford, Dr. Craig Morris, AMS.

MINUTES APPROVAL

A motion was made by Derrick Sleezer to approve the minutes of the September 4-5, 2013 board meeting and October 7, 2013 conference call. Motion seconded by Lisa Colby and Carried.

APPROVALS

A motion was made by Brad Greenway to ratify the following proposals previously approved by the Board via email:

- **Animal Science Research Proposal**
- *Dietary effects on sow productivity to three parities.*
- **Swine Health Research Proposal:**
- *Animal welfare implications resulting from movement restriction for foreign animal disease outbreak management in the pork industry*
- **Pork Safety & Human Nutrition Research Proposal:**
- *A high protein weight loss treatment for sarcopenic obesity: using pork as a meal supplement to improve muscle mass and functional status in women*

Motion was seconded by Dale Norton. Motion Carried.

ECONOMIC UPDATE

Steve Meyer, President of Paragon Economics, gave an overview of the economic outlook. Meyer reported the government shutdown caused no disruptions of animal or product flows as Federal Meat Inspectors were deemed essential and most markets remained stable. Meyer told the group that chicken is now in a full growth mode with lower prices. This will make chicken more competitive and be a negative for beef and pork. Beef is also in full expansion mode, but per capita beef supply in 2014

will be down 3-5% with another year of record high prices. He told the group he doesn't expect more beef until 2016 and sees an opportunity for pork, especially with the lower feed prices. However, hog supplies will be lower due to PEDv—mitigating some of our price advantage.

FINANCIALS

Calvin VandeKrol reported on the 2013 financials, the 2014 budget, and state activity. VandeKrol provided a detailed overview of the 2014 national spending of \$64m that included programs, support, overhead, and fixed cost. He also provided an overview of the 2014 capital expenditures of \$800K including depreciation.

2013 November Update:

2014 Budget:

A motion was brought forth from the Finance Committee to increase the 2013 bonus from 4% to 8% based on the performance according to the bonus goals, which would increase fixed costs \$345K. Craig Mensink seconded the motion. Motion Carried.

A motion was brought forth from the Finance Committee to approve the shift within the 2014 budget of \$100k from fixed costs to the multicultural research project under domestic marketing. Motion Carried.

A motion was brought forth from the Finance Committee to approve the 2014 budget of \$79.5m including \$64m in national spending plus \$15.5m in return to state and 2014 Capital Expenditures of \$800k.

A motion was brought forth from the Finance Committee to approve 41 of 42 FY2014 state budgets as presented: 35 states with a December 31 yearend and 6 states with a fiscal year end that have already been approved by the Board and AMS. Motion Carried.

A motion brought forth from the Finance Committee to continue withholding Checkoff funding from Nevada. Funding will be released upon completion of all financial reports (2009-2012),

budgets, and the 2012 administrative review to the satisfaction of NPB and AMS. Motion Carried.

A motion was brought forth from the Finance Committee to approve the 2012 state audited financials for Virginia. Motion Carried.

A motion was brought forth from the Finance Committee to approve McGladrey as auditors for the 2013 National Pork Board GAGAS audit. McGladrey will also conduct the audit for the 2013 New York and Wyoming Pork Producers audit. Motion Carried.

A motion was brought forth from the Finance Committee to approve that the National Pork Board change from a short term investment strategy (< 1 year) to a long term strategy (> 1 year but < 4 years) for Designated Reserves once approved by AMS. Motion Carried.

ADMINISTRATIVE

Jill Criss and Dale Norton reviewed changes and new policy suggestions for the Board Policy Manual. Jill commented the new policy provides specific authority to staff members to enter into contracts on behalf of the Board. The changes included adding specific statements to the Equal Employment Opportunity Commission (EEOC) & Civil Rights Statements and deleting the roster of members, calendar and individual name references for staff. Jill reported that Dale will lead a sub-group, supported by Bryn Jenson and Jill, to address committee structure questions regarding the service of members and advisors. Jill asked that anyone interested in joining the group, should let her know. Final recommendations will be provided to the Board at the March meeting.

A motion was made by the Administrative Committee to approve all proposed changes to the Board Policy Manual. Motion Carried.

A motion was made by the Administrative Committee to accept the Administrative Reviews for Washington & Michigan as written. Motion Carried.

A motion was made by the Administrative Committee to approve California, George, Idaho, Illinois, New York, North Carolina and Utah as candidates for the 2014 Administrative Review process. Motion Carried.

EXECUTIVE COMMITTEE

A motion was made by Derrick Sleezer to accept the Executive Committee's recommendation of a 3.5% increase for the CEO for 2014. Craig Mensink seconded the motion. Motion Carried.

PLAN OF WORK EVALUATION

Calvin VandeKrol reviewed this year's Plan of Work process with the Board. Conley Nelson suggested a webinar where VP's would give more information on each Department's tactics before Plan of Work. Calvin

agreed this would be a good idea. Calvin reported producers liked the smaller breakout groups because it allowed them to be comfortable making comments, but still provide good representation. The Finance Committee will discuss the Plan of Work process further at their Committee meeting in January.

COMMITTEE ASSIGNMENTS

John Johnson presented a list of new program committee members and the Chair & Vice Chairs. He explained we still have a few slots where individuals need to be identified. Paul Sundberg asked the Board to temporarily waive the two-year term limit to allow Dr. Steve Pollman to remain as Animal Science Committee Chair for a third year. The Committee's original choice for Chairman is now unavailable due to work load, so Dr. Pollman has agreed to stay another year to allow staff to recruit a new Committee Chair. John reminded the group the committee members need to be PQA certified and site assessed by March 1, 2014 before they are approved members. John reviewed the proposed Board Committee Assignments. He asked the board to review and notify the office by November 29 of any changes.

A motion was made by Dale Norton to approve the new committee members, committee chairs, and vice chairs as presented for 2014, consistent with the Board's PQA Plus policy. Terry O'Neel seconded the motion. Motion Carried.

INTERNATIONAL REPORT

Becca Hendricks provided an overview of January – September 2013 Exports, the Top U.S. Pork Export Markets, international opportunities, and current issues. Hendricks explained some of the issues surrounding the emerging negotiations on the Transatlantic Trade Investment Partnership. She said the goals are the removal of all tariff and non-tariff barriers, and resolution of sanitary and phytosanitary (SPS) barriers. The partnership will provide an opportunity of 20,000 more US jobs and \$2B in additional exports in 10 years.

Hendricks reminded the group of the upcoming international trip to Brazil and Columbia in March. She reviewed the schedule and reminded members to have their picture taken along with completed Visa applications before they leave.

PEDv UPDATE

Paul Sundberg discussed the recent events with PEDv. He reported in the last three weeks, multiplication sites were infected in Wisconsin, Michigan, Ohio and Illinois. We are continuing to work with packing plants to enhance biosecurity, but we have made little progress to date. Sundberg went on to review the current funded research projects along with the additional studies that are in development. Paul reported the RFP deadline for the Fall PEDv research closes today with final selection at the February Unified meeting. He said the focus will be on sow immunity development, duration and impact on nursing and weaned pigs. He commented the PED leadership group continues to meet to

discuss information with USDA, FDA and DHS for risk assessment for inputs, including feed. Paul asked for Board approval to move money from his program budget to PEDv research. He commented until the research call closes, we won't know what projects we need to fund, but we want to ensure adequate funds are available.

A motion was made by Wathina Luthi to authorize up to \$155,000 from within the FY 2013 budget to be reallocated for PED research. The motion was seconded by Brad Greenway. Motion Carried.

PQA POLICY

Dinah Peebles reported state offices are asking for PQA Plus data to allow the states to benchmark their site status completion. She commented it would allow them to do more targeted messaging to producers and consumers regarding the numbers of pigs originating from assessed sites. She also stated the State Producer Education Committee could use this information to help determine additional outreach, education and products for producers. Dinah reminded the group originally when the program started, NPB needed to protect individual farm-level data. The PQA Task Force had originally agreed that if one state couldn't have the information, then no state should have it. The Board of Directors agreed we are not violating any privacy issues as long as we don't provide information to states where the producer population is small enough that individual farm-level data could be identified from an aggregated sample.

A motion was made by Brad Greenway to authorize the reporting of PQA Plus aggregated state data to state pork associations and PQA Plus Trainers/Advisors as long as the release of that information does not violate individual producer privacy. The motion was seconded by Derrick Sleezer. Motion Carried.

AMS UPDATE

Craig Morris, Deputy AMS Administrator, provided information regarding Checkoff Diversity, ISO Technical Specifications on Animal Welfare and other current issues. He told the group USFRA requested AMS approval for pork, beef, and soy checkoff funding to support the distribution of the USFRA documentary. He reminded the group the full documentary must be submitted for review and approval before AMS approves the distribution. Morris went on to discuss the Pork, the Other White Meat complaint. He told the group HSUS filed a complaint for injunctive relief on October 3. The Court Order required USDA to conduct a lawfully adequate search for all records and promptly disclose all responsive agency records. AMS is currently conducting a second search related to the original FOIA request. Craig shared AMS is currently reviewing the 2014 Pork Act Delegate package. He reminded the group how important diversity is when looking for candidates to serve on the Board.

STRATEGIC PLANNING ACTION PLAN

John Johnson provided an overview of the Strategic Planning Action Plan. He commented the Board Retreat is scheduled for the first of December in Florida. John told the group they will examine the vision

statement and discuss what it means to “lead a world class food industry”. He went on to share the dates of the upcoming Strategic Planning Task Force and other Strategic Planning events. John reminded the Board the new Strategic Plan will be presented to them at September’s meeting with hopes of a new Strategic Plan by November 2014.

USFRA UPDATE

Kevin Waetke reviewed USFRA’s consumer research information with the group. He reported on a survey of 1,019 food connectors and consumers and will continue to conduct the annual surveys. Kevin told the group the Food Dialogues have provided positive feedback for agriculture not only from the dialogues but from their informative website. He went on to discuss the Farmland documentary. He told the group the Director is making a few more changes to the documentary before releasing to the public. He hopes to have the film for the Board at the next meeting.

USPCE UPDATE

Bill Winkelman shared the organizational update and the 2014 Officers for USPCE. He told the group they received their acknowledgment letter from IRS in August and are currently waiting on the tax-exempt paperwork. He commented the Officers also approved the By-Laws, Conflict of Interest, and Policy & Procedures. He explained that USPCE has account numbers set up, has invoiced members, and has started paying vendor invoices earlier this month. They also developed in-kind service calculations. Bill went on to review the accounting portion of USPCE. Bill explained to the Board that USPCE has completed the National Swine Reproduction Guide and has the guide available for sale on the Pork Store. Bill completed his report by sharing the preliminary results from the Land Grant University Swine Capacity Survey.

SUSTAINABILITY DEFINITION

Allan Stokes reviewed the 28 individuals who make up the Sustainability Advisory Council. He explained representatives from National Pork Board, NPPC and various chain partners participate on the council with Center for Agricultural & Rural Sustainability as the facilitators. The council is currently focusing on the pig production portion of the chain. Allan told the group the first meeting they focused on developing a definition of sustainability—which incorporates the We Care principles. He went on to review the Key Performance Indicators with the group. Dale Norton asked to keep Economic Integrity on the list as it’s a good phrase. Allan told the group he will send the first draft to the members electronically and asked they provide recommendations to him for their January 10 meeting.

INDUSTRY AUDIT TASK FORCE REPORT

Sherrie Niekamp explained the background of the taskforce is from a motion from a previous Board meeting. The motion stated NPB staff should convene a coalition of packer and producers to explore the

possibility of reaching agreement on a single animal welfare audit and database for the swine industry. Sherrie explained the purpose, objectives and attendees serving on the task force. Niekamp reported the group's conclusions determined that PQA Plus could serve as the baseline for future audit development. However, they need broad-based involvement from pig farmers, pork packers, restaurants, retailers and others in the industry to build support. Sherrie went on to discuss the small working group that resulted from the large task force. She told the group the objective is to develop a framework document for the main Task Force to review. Sherrie finished by reviewing the final meeting dates of the task force.

SECURE PORK SUPPLY

Patrick Webb reviewed the new FAD Push Packs that are now available for producers and associations. He commented his goal is to have this information in every barn. Webb went on to discuss information regarding the Secure Pork Supply Plan and the FMD Vaccine White Paper. Webb commented the white paper found it would be nearly impossible to control an outbreak in livestock dense areas without vaccine. Webb went on to discuss the potential solutions to address FMD vaccine surge capacity from the white paper.

ADJOURN

The meeting was adjourned at 12:30 p.m. **A motion was made by Derrick Sleezer to adjourn the meeting. Motion was seconded by Mike Wyant. Motion Carried.**

MINUTES
NATIONAL PORK BOARD
Board of Directors Meeting – Des Moines, IA
January 4, 2014

OPENING The Board of Director Meeting was called to order on January 6, 2014, at 1:00 p.m. by President Karen Richter.

ROLL CALL The following Pork Board members were in attendance by phone: Karen Richter, Conley Nelson, Dale Norton, Derrick Sleezer, Jan Archer, Lisa Colby, Brad Greenway, Roy Henry, Carl Link, Craig Mensink, Henry Moore, Terry O’Neel, Glen Walters, Wathina Luthi and Mike Wyant.

NPB staff members in attendance were: Chris Novak, John Johnson, Jamie Byrnes, Paul Sundberg, Becca Hendricks, Jill Criss, Ceci Snyder, Calvin VandeKrol, Sherrie Niekamp, Jarrod Sutton and Kevin Waetke. Also attending by phone: Craig Shackelford, AMS.

MINUTES APPROVAL A motion was made by Brad Greenway to approve the minutes of the November 19-20, 2013 board meeting. Motion seconded by Jan Archer and Carried.

APPROVALS A motion was made by Mike Wyant to ratify the following proposals previously approved by the Board via email:

- **Animal Science Research Proposal**
 - *Capturing genetic potential for greater sow lifetime productivity.*
- **Swine Health Research Proposal:**
 - *PEDv feedback protocol optimization to improve immunity and productivity.*

Motion was seconded by Derrick Sleezer. Motion Carried.

FINANCIALS Calvin VandeKrol reported on the 2014 budget, 2013 audit preparation and contract approval. VandeKrol also provided a summary for YTD 2013 Financials. He forecast an increase in 2013 Revenue over budget by \$4.2 m or 5.1 % with Reserves decreasing \$5.6 m or 25%.

2013 YTD Update:

- *Total Revenue* \$87.4 m
- *Return to State* \$16.3 m
- *National Spending* \$69.6 m
- *Supplemental Spending* \$8.1m
- *Deficit* \$(6.6m)
- *Ending Undesignated Reserves* \$16.8m

2014 Budget:

- *Total Revenue* \$81.3m
- *Return to State* \$15.5m
- *National Spending* \$64.0m
- *Deficit* \$ 1.8m
- *Ending Undesignated Reserves* \$18.6m

A motion was brought forth from the Finance Committee for the Board of Directors to authorize the CEO, and the CEO's designees, to sign and execute contracts on behalf of the Board. Motion Carried.

EUTHANASIA

Chris Novak reported food chain customers have challenged the industry to seek and/or promote alternatives for euthanasia. He reported both AVMA & AASV recognize manual blunt force trauma as a quick, effective, painless way to terminate the life of a non-viable animal when properly administered. He reminded the group NPB has invested close to \$500,000 in research and education materials designed to identify and share euthanasia alternatives and pointed out that euthanasia has been featured prominently in many undercover videos. Novak asked the Board of Director's what role can/or should NPB play in leading the industry discussion on euthanasia. Members agreed to discuss further at the next Board meeting.

PEDv UPDATE

Paul Sundberg discussed the recent events with PEDv. Paul reported that work continues with the PEDv working groups, but he recently appointed Dave Pyburn, Assistant Vice President of Sci-Tech, to manage the groups. Paul reviewed funded research to date and commented that State Associations are also contributing funds for research. Researchers are continuing to provide bi-weekly updates on research projects online along with other pertinent PEDv information. Paul reported that NPB is continuing to meet with government agencies, along with AASV and NPPC, to prepare for further disease events coming into the United States.

DOMESTIC MARKETING

Ceci Snyder discussed the recent influencer tracking study. She explained the survey is conducted every six months with approximately 1,200 nationally representative households. Based on the study, Ceci reported the higher pork expenditures in 2013 were driven by both volume and value. She commented our target audience continues to grow, showing more consumers are rating pork higher. They also showed multicultural audiences over-index for pork consumption. Ceci went on to discuss the summary of the Production Issues Survey. She commented the survey provides comparison to other studies looking at influencers like retailers, restaurateurs, media and dietitians. She reported mostly no changes to close-ended production questions. However, even with the price removed, only 5% of pork eaters mention organic on open-ended

questioning of meat purchase influences. Concluding her discussion, Ceci asked the Board to approve Randy Brown as Vice Chair of the Domestic Marketing Committee.

A motion was made by Dale Norton to approve Randy Brown as Vice Chair of the Domestic Marketing Committee. Terry O'Neel seconded the motion. Motion Carried.

PORK FORUM

Chris Novak reminded the Board Members of the letter received from the Missouri Pork Association regarding Pork Forum. Chris explained the Pork Act does require an annual and in-person meeting. He reported there is potential to ask USDA to amend the Pork Order. Board Members asked that NPPC be contacted for a meeting to discuss Forum structure while also asking the Delegates their thoughts. Board Members Brad Greenway, Dale Norton and Derrick Sleezer will assist with further conversations.

PRODUCER SURVEY

Kevin Waetke reported the results of the Annual Producer Survey conducted in 2013. Kevin explained the survey is a good way to track trends and shows record high support of the Pork Checkoff. He told the group the survey consisted of 550 total interviews out of 31,000 producers provided by the National Pork Board.

ADOPT A STATE ASSIGNMENTS

Bill Winkelman discussed the Adopt a State Assignments for 2014. He explained each board member is assigned 2-3 state associations to serve as a liaison. He explained the goal is to ensure communication between board members and state pork associations. Bill reviewed the proposed assignments and asked for comments by Friday.

STATE ANNUAL MEETING FOCUS

Bill Winkelman reviewed the power point slides that NPB will share with State Associations during annual meetings. The presentation is designed to review information from each department on topics such as PEDv, Sustainability, USFRA, and Food Chain Outreach.

ADJOURN

The meeting was adjourned at 5:00 p.m. **A motion was made by Carl Link to adjourn the meeting. Motion was seconded by Henry Moore. Motion Carried.**

MINUTES
NATIONAL PORK BOARD
Board of Directors Executive Meeting
January 6, 2015

- OPENING** The Board of Directors Conference Call was called to order on Tuesday, January 6, 2015 at 6:30 a.m. EST by President Dale Norton.
- ROLL CALL** Pork Board members in attendance via phone: Dale Norton, Brad Greenway, Karen Richter, Derrick Sleezer, Jan Archer, Lisa Colby, Brett Kaysen, Carl Link, Wathina Luthi, Craig Mensink, Steve Rommereim, Glen Walters and Mike Wyant. Absent: Craig Rowles.
- The following National Pork Board (NPB) staff members were in attendance: Jill Criss and Jamie Byrnes. Also attending: Craig Shackelford, AMS and Chris Hodges, CEO Candidate.
- PERSONNEL UPDATE** The Board of Directors interviewed Chris Hodges for the CEO position at National Pork Board.
- A motion was made by Jan Archer to appoint Chris Hodges as CEO of the National Pork Board. Motion seconded by Brad Greenway. Motion Carried.**
- ADJOURNMENT** The Board Meeting was adjourned at 8:00 a.m. with a motion from Carl Link and seconded by Steve Rommereim. Motion Carried.

MINUTES
NATIONAL PORK BOARD
Board of Directors Meeting – Kansas City, MO
March 5-6, 2014

OPENING The Board of Director Meeting was called to order on March 5, 2014 at 12:18 p.m. by President Karen Richter.

ROLL CALL The following Pork Board members were in attendance: Karen Richter, Conley Nelson, Dale Norton, Derrick Sleezer, Jan Archer, Lisa Colby, Brad Greenway, Roy Henry, Carl Link, Craig Mensink, Henry Moore, Terry O'Neel, Glen Walters, Wathina Luthi and Mike Wyant.

NPB staff members in attendance were: Chris Novak, John Johnson, Jamie Byrnes, Paul Sundberg, Becca Hendricks, Jill Criss, Ceci Snyder, Calvin VandeKrol, Sherrie Niekamp, Jose de Jesus, Allan Stokes and Kevin Waetke. Also attending: Craig Shackelford, AMS and Steve Meyer, Paragon Economics.

MINUTES APPROVAL A motion was made by Derrick Sleezer to approve the minutes of the January 6, 2014 board meeting and the February 21, 2014 conference call. The motion was seconded by Carl Link and Carried.

APPROVALS A motion was made by Glen Walters to approve the following Research Proposal:

- **Pork Safety Quality & Human Nutrition Research Proposal**
- *Modelling pork curing for control of Trichinella spiralis and Toxoplasma gondii.*

Motion was seconded by Derrick Sleezer. Motion Carried.

ECONOMIC UPDATE Steve Meyer, President of Paragon Economics, provided an economic overview. Meyer reported lower feed costs will drive expansion for pork & chicken, making chicken much more competitive. Beef supplies will be tight thru 2014 with high prices and opportunities for competitors. He explained hog supplies will be lower due to PEDv but profitable for producers as they build back their sow herds. Meyer explained the low hog supplies will also mean higher prices for consumers as well.

FINANCIALS Calvin VandeKrol reported on the 2014 budget and supplemental funding requests. VandeKrol also provided a summary of estimated 2013 Year-End Financials:

2013 Estimated Year-End Update:

• Total Revenue	\$87.4 m
• Return to State	\$16.3 m
• National Spending	\$68.2 m
• Supplemental Spending	\$8.7m
• Deficit	\$(5.7m)
• Ending Undesignated Reserves	\$17.7m

2014 Budget:

• Total Revenue	\$81.3m
• Return to State	\$15.5m
• National Spending	\$64.0m
• Deficit	\$ 1.8m
• Ending Undesignated Reserves	\$19.5m

A motion from the Finance Committee requested the Board approve the following supplemental funding requests:

Domestic Marketing	\$400,000
USFRA Integrity Campaign	\$200,000
PEDv Research	\$650,000
Colombia Pork Promotion Partnership	\$100,000
Industry Audit Task Force	\$100,000
Capital Improvements (\$93,000 amortized)	\$625,000
Total	\$1,543,000

Motion Carried.

Glen Walters moved to approve a supplemental request for \$3.1M from Domestic Marketing for advertisement production and a Fall flight of advertising. The motion was seconded by Terry O’Neel. Motion Failed.

A motion was made by Terry O’Neel to approve a supplemental request from USFRA in the amount of \$215,000 for distribution of the Farmland Documentary. Motion was seconded by Brad Greenway. Motion Carried.

PEDv UPDATE

Paul Sundberg, VP Science & Technology, provided an overview of the PEDv research funded to date. He reported research continues on how PEDv entered the country and how it is spreading. Researchers are looking at feed, biosecurity and airborne transmission, but haven’t reached any conclusions. Sundberg discussed the Swine Health Committee’s Spring 2014 research objectives. He stated the committee agreed to look more into the feed related incidences. He said they will look to solve the PCR puzzle and identify the pipeline for introduction of the virus. Paul reported that on March 19 representatives from the Feed Industry and Pork Industry will meet in Des Moines to look at ways to identify feed related research gaps and activities. They will also develop

research and control recommendations for feed companies, pork producers and veterinarians. Paul completed his discussion by sharing news that Genome Alberta is leading the effort to seek financial commitments from Canadian Provincial and regional funding agencies to contribute to the PEDv research efforts. Genome Alberta has committed \$500,000 toward a joint US-Canadian research effort and expects the amount to grow. Sundberg hoped to work with the Canadians to issue a joint Canada/US request for proposals for PEDv research.

Karen Richter, President, recessed the Board meeting at 6:00 p.m. on Wednesday, March 5, 2014. The meeting reconvened at 7:32 a.m. on Thursday, March 6, 2014.

MARKETING

Jose de Jesus, Multicultural Marketing Director, discussed results from the tracking study recently conducted with the Hispanic, African-American and Asian-American communities. Jose explained from the survey they found all three communities spend a larger percentage of their money on groceries than Caucasian households. Jose explained NPB has recently selected Republica, a Miami-based company, as our new multicultural Agency of Record. He reported Republica has expertise in cross-cultural marketing, advertising, PR, branding, digital, social media, promotions and research. NPB's Domestic Marketing Team is working with Republica to develop a strategy to engage and effectively reach these ethnic audiences and establish metrics for success that tie-in with Domestic Marketing's overall goals for strengthening consumer demand.

ENVIRONMENTAL SUSTAINABILITY UPDATE

Allan Stokes, Director of Environment, explained the work of the Sustainable Pork Advisory Committee (SPAC). Allan explained the 28 member advisory council, including pork producers, food chain partners, and NPPC/NPB staff, created a sustainability framework that includes four key performance indicators (KPI). NPB Committees and staff are now developing metrics for each KPI. Allan reminded the Board the SPAC only addressed live production sustainability. Stokes commented the Task Force is waiting for Committee members to respond before presenting a final product to the Board. Once staff report back this summer, Allan will present to the final report to the Board for their review and approval.

ADMINISTRATIVE REPORT

Chairman Dale Norton and Jill Criss provided an update from yesterday's Administrative Committee meeting. Jill explained at the November Administrative Committee a discussion was brought up regarding Committee Structure, thus a sub-committee of Dale & Brad Greenway met with staff to discuss committee refinements. The sub-committee found some committee members were not PQA Certified or

site-assessed as the Board required in 2010. After much discussion, the Board agreed each voting member needs to be PQA Certified and site-assessed as stated in 2010. The sub-committee also agreed to include “as defined by the Act and Order” when defining a producer involved in the production of swine and change the Board member mention to “at least” two board members on a committee.

A motion brought forth from the Administrative Committee to amend the NPB Committee Structure provisions within the Board Policy Manual. Motion Carried.

INTERNATIONAL UPDATE

Becca Hendricks, AVP International Marketing, provided an overview of Brazilian and Colombia exports, their economies and reviewed the contents of the informational binder in preparation for the Board’s international trip.

STEWARDS UPDATE

Kevin Waetke, VP of Communications, provided background regarding the new Stewards Awards program. He explained the program was developed to help revitalize and expand the long standing program with a focus on maximizing opportunities to boost awareness of how America’s pork producers embody the We Care principles. He explained they plan to submit the final plan for Board approval in June.

INDUSTRY AUDIT TASK FORCE UPDATE

Sherrie Niekamp, Director of Animal Welfare, provided an overview of the Industry Audit task force. She explained the task force determined that PQA Plus should serve as the baseline for future audit development. However, they felt there should be broad-based involvement from pig farmers, pork packers, restaurants, retailers and others in the industry to build support for the final program. Sherrie went on to explain the new criteria for the audit standards and the final steps for developing the program.

ANIMAL WELFARE BOARD POLICY

Sherrie Niekamp, Director of Animal Welfare, reported conversations she had at the American Association of Swine Veterinarians (AASV) regarding the Board’s draft policy regarding euthanasia. Paul Sundberg, VP of Science & Technology, explained AASV Board had lengthy discussions, but declined to take any action. Chris Novak, CEO, stated the NPPC had taken no position on the issue. The Board agreed to wait for further data and continue discussions at a later date.

ADJOURN

The meeting was adjourned at 11:39 a.m. **A motion was made by Derrick Sleezer to adjourn the meeting. Motion was seconded by Mike Wyant. Motion Carried.**

MINUTES
NATIONAL PORK BOARD
Board of Directors Conference Call
May 8, 2014

OPENING

The Board of Directors Conference Call was called to order on Friday, May 8, 2014 at 7:35 a.m. by President Karen Richter.

ROLL CALL

Pork Board members in attendance via phone: Karen Richter, Dale Norton, Conley Nelson, Derrick Sleezer, Brad Greenway, Roy Henry, Carl Link, Wathina Luthi, Lisa Colby, Craig Mensink, Henry Moore, Terry O'Neel, Glen Walters, and Mike Wyant. Absent: Jan Archer.

The following National Pork Board (NPB) staff members were in attendance via phone: Chris Novak, Jamie Byrnes, John Johnson, Jill Criss, Ceci Snyder, Jarrod Sutton, Becca Hendricks, Ashley Lowrey and Paul Sundberg. Craig Shackelford, USDA/AMS, also participated on the call.

USMEF UPDATE

President Karen Richter provided a brief discussion regarding the recent bylaw issues with USMEF. Richter explained the specific concerns associated with the USMEF partnership. She reported the Officers have put together objectives and proposed bylaw changes they see as essential for an improved partnership. The Pork Board officers are scheduled to meet with the USMEF Officers during the USMEF's upcoming meeting May 21-23 in Kansas City.

**DISEASE MANAGEMENT
FRAMEWORK**

Chris Novak and Paul Sundberg provided a brief overview of a possible Disease Management concept. The effort would identify and prioritize potential swine health threats, then direct research toward ensuring the swine industry was prepared with adequate tools to diagnose, control, and/or treat emerging diseases. Novak noted that the initiative could be expanded to work with international partners in identifying, prioritizing, and researching potential disease threats. Further discussion is planned for the June Board Meeting.

Paul Sundberg discussed the announcement Secretary Vilsack made requiring mandatory reporting of PEDv infected pig movements. The National Pork Board, the National Pork Producers Council, the American Association of Swine Veterinarians and Animal & Plant Health Inspection Service have been meeting to discuss plans for implementation of the Secretary's announcement. Sundberg hopes to have more information to share at the June Board Meeting.

SUPPLEMENTAL FUNDING

Chris Novak, CEO, provided a brief introduction of the proposed supplemental funding requests. The NPB Finance Committee will meet June 2, 2014 to discuss supplemental funding proposals that could be recommended to the full Board. Chris briefly overviewed several funding requests, including:

- Domestic Marketing for production of a new advertisement
- Science & Technology for PEDv, PCoV Research & Meat Quality Survey
- International Marketing for APEX funding
- USPCE for a production practices survey
- Producer Services for a PQA site assessment
- Channel Marketing for research & engagement activities
- Communication for an advanced social media project; and
- Operations for website support.

2015 GOALS & OBJECTIVE UPDATE

Chris Novak reviewed the current Strategic Plan goals and objectives. He asked Board Members to extend these goals and objectives as the basis for 2015 planning—since the new strategic plan goals and objectives would not be completed until September of this year. This fall the Board will approve new strategic goals and objectives as provided by the Strategic Planning Task Force. **A motion was made by Derrick Sleezer to extend the current goals for another year. Motion seconded by Mike Wyant and Carried.**

WORLD PORK EXPO UPDATE

Chris Novak reviewed the Board events during World Pork Expo. He reported that NPB will host a luncheon for the Puerto Rican Pork Association and a dinner for representatives from Danish Crown on June 5. He told the group the agenda will be sent out next week to share further information.

ADJOURNMENT

The Board Meeting was adjourned at 9:15 a.m. with a motion from Carl Link that was seconded by Brad Greenway. The motion carried.

MINUTES
NATIONAL PORK BOARD
Board of Directors Meeting – Des Moines, IA
June 2-3, 2014

OPENING

The Board of Director Meeting was called to order on June 2, 2014 at 4:25 p.m. by President Karen Richter.

ROLL CALL

The following Pork Board members were in attendance: Karen Richter, Conley Nelson, Dale Norton, Derrick Sleezer, Jan Archer, Lisa Colby, Brad Greenway, Roy Henry, Carl Link, Craig Mensink, Henry Moore, Terry O'Neel, Glen Walters, Wathina Luthi and Mike Wyant.

NPB staff members in attendance were: Chris Novak, John Johnson, Jamie Byrnes, Paul Sundberg, Becca Hendricks, Jill Criss, Ceci Snyder, Calvin VandeKrol, Sherrie Niekamp, Jose de Jesus, Bill Winkelman, Jarrod Sutton and Kevin Waetke. Also attending: Craig Shackelford, AMS and Steve Meyer, Paragon Economics.

MINUTES APPROVAL

A motion was made by Derrick Sleezer to approve the minutes of the March 5-6, 2014 board meeting and May 9, 2014 conference call. Motion seconded by Carl Link and Carried.

APPROVALS

A motion was made by Conley Nelson to approve the following Research Proposals:

- **Animal Science Research Proposal**
 - *Gut physiology and metabolomic profile of pigs fed diets with carbohydrase enzymes and dried distillers grains with solubles– Amount: \$103,192*
- **Swine Health Proposal:**
 - *Improvement of Interferon Biotherapeutics for foot-and-mouth disease in swine – Amount: \$109,300*
 - *Evaluation of diagnostic performance characteristics (sensitivity, specificity, onset of detection) of commercially available CSFV tests – Amount: \$144,584*
 - *Interventions to control PEDv (porcine epidemic diarrhea virus) in feed and feed ingredients– Amount: \$109,670*
 - *Determination of the sites of tissue localization, routes of viral shedding, duration of virus carriage, kinetics of antibody response, and potential of aerosol transmission of Porcine Deltacoronavirus (PDCoV) following inoculation of nursing pigs and their dams– Amount: \$168,693*
- **Animal Welfare Proposal:**
 - *Determining the minimal floor space allowance for gestating sows kept in pens with electronic sow feeders– Amount: \$127,536*

Motion was seconded by Brad Greenway. Motion Carried.

A motion was made by Carl Link to approve Justin Cagle as Advisor on the Animal Welfare Committee. Motion was seconded by Derrick Sleezer. Motion Carried.

POLLING REPORT

Conley Nelson and Roy Henry provided a brief overview of the board polling system. Roy reported Dale Norton, Brad Greenway and Derrick Sleezer will run for vacant offices for this year's Executive Board. Conley asked if there were any other nominations from the floor. **A motion was made by Terry O'Neel to cease nominations and accept candidates announced. Motion was seconded by Mike Wyant. Motion Carried.** Each candidate provided brief remarks regarding their candidacy.

MULTICULTURAL RESEARCH RESULTS

Jose de Jesus, Multicultural Marketing Director, provided a brief overview of the results from the research survey conducted in April. He explained the research objectives help to understand consumers thinking in their meat choices and define a marketing strategy. Jose explained heritage is extremely important and culture has a significant impact on cooking technique. He reported the survey information will be used to refine NPB's efforts to engage multicultural consumers.

ON FARM AUDIT TASK FORCE

Sherrie Niekamp, Director of Animal Welfare, provided an overview of the Industry Audit Task Force. She explained the task force felt PQA Plus should serve as the baseline for future audit development. The task force also thought there should be broad-based involvement from pig farmers, pork packers, restaurants, retailers and others in the industry to build support for the final program. Sherrie went on to explain the new criteria for the audit standards and the final steps for developing the program.

USPCE PRODUCTION SURVEY RESULTS

Bill Winkelman, VP Producer Services, provided the results from the USPCE Production Survey recently completed. He explained this is a USPCE contracted survey that will benchmark where the industry is on a variety of production practices. The final results will be discussed at the July Board Meeting.

BARN CULTURE SUMMIT UPDATE

Bill Winkelman provided an overview of the Barn Culture Summit. He explained the summit, scheduled for August 6-7, is a way we can communicate good barn culture, discuss producer successes, challenges and ways to improve. Bill commented by focusing We Care cost shares on "Improving Barn Culture" programs, we can tie in other Checkoff resources such as the Employee Care Toolkit to support the efforts.

SAFE PIG HANDLING

Bill Winkelman provided an overview of the new Safe Pig Handling program that NPB had just released. He explained many worker injuries occur during the movement of animals, so video-based training program will be used to educate employees on the proper and safe methods of moving pigs.

PEDv UPDATE

Paul Sundberg, VP Science & Technology, provided an overview of recent PEDv activities. He discussed the language behind the mandatory

reporting order USDA proposed. Paul discussed the upcoming meeting scheduled with Secretary Vilsack and other USDA officials regarding the proposed plan.

Karen Richter recessed the Board meeting at 7:18 p.m. on Monday, June 2, 2014. The meeting reconvened at 7:32 a.m. on Tuesday, June 3, 2014.

ADMINISTRATIVE COMMITTEE REPORT

Chairman Dale Norton and Jill Criss, VP of Operations & Human Resources, provided an update from the Administrative Committee meeting. Jill reported Ken Horton, retired Texas Pork State Executive, has agreed to assist with State Audits on a one-year timeframe. Jill discussed the recent trademark infringement of The Other White Meat tag line.

A motion was brought forth from the Administrative Committee that the Board of Directors accept the Administrative Reviews for Arkansas, Ohio, South Carolina, Texas and Wisconsin as addressed and approved. Motion Carried.

A motion was brought forth from the Administrative Committee that the National Pork Board staff place a more formal structure into the state audit process (i.e. consider rotation of auditors every cycle) and bring proposal back to Administrative Committee at a later date. Motion Carried.

A motion was brought forth from the Administrative Committee that the National Pork Board continue to defend The Other White Meat, according to past practice, against Mastronardi Produce using our established legal process. Motion Carried.

AUDIT REPORT

Auditors from McGladrey, LLP, briefed the Board regarding the FY2013 audit. The auditors reported the audit was completed on time and on budget with no material adjustments required.

A motion was brought forth from the Finance Committee to approve the National Pork Board 2013 audited financials. Motion Carried.

FINANCE REPORT

Calvin VandeKrol reported on the 2014 budget, State Audits and 2015 budgets. He also reviewed the credit list as directed by AMS guidelines.

2014 Budget:

- *Total Revenue* \$95.6m
- *Return to State* \$18.3m
- *Supplemental Requests* \$1.8m
- *National Spending* \$64.3m
- *Deficit* \$ 12.1m
- *Ending Undesignated Reserves* \$29.8m

A motion from the Finance Committee was presented:

The Board of Directors change the 2014 forecast from the low-point (currently at \$94.7 m) to the mid-point (\$95.8m) revenue projection. Motion Carried.

On motion from the Finance Committee: The Board of Directors approves the 2013 state audited financials for 38 states with completed year-end reports/audits. Motion Carried.

On motion from the Finance Committee: The Board of Directors will withhold funds, effective July 15, 2014, from 1 state if acceptable year-end audit forms are not completed by June 30, 2014. Funds will be released to the state once proper audit forms have been approved by NPB. Motion Carried.

On motion from the Finance Committee: The Board of Directors will withhold funds, effective August 15, 2014, from 1 state if acceptable year-end audit forms are not completed by July 31, 2014. Funds will be released to the state once proper audit forms have been approved by NPB. Motion Carried.

On motion from the Finance Committee: The Board of Directors will continue to withhold funds from Nevada and Louisiana. Funds will be released upon completion of all Financial Reports and the addressing, to the satisfaction of NPB, of items listed in each state's respective Administrative Review. Motion Carried.

On motion from the Finance Committee: The Board of Directors approves an increase in PASLWOCO funding (as part of fixed cost) from \$662,000 to \$879,000 for 2015, based on 14 state applications. Motion Carried.

On motion from the Finance Committee: The Board of Directors approves the FY2015 Budget submitted for Ohio as previously approved via email. Motion Carried.

On motion from the Finance Committee: The Board approves the following supplemental funding requests:

Administrative	\$180,000
Producer Services	\$52,305
Communication	\$30,000
Domestic Marketing	\$600,000
International Marketing	\$250,000
Food Chain	\$500,000
Science & Technology	\$1,166,500
Total	\$2,778,805

Motion Carried.

MARKET OVERVIEW

Steve Meyer, President of Paragon Economics, provided an economic overview. Meyer reported 80% of corn and 50% of beans have emerged with planting conditions looking good. He explained hog supplies will be lower due to PEDv, but profitable for producers as they build back their sow herds. Meyer explained the low hog supplies will also mean higher prices for consumers.

EMERGING DISEASE MANAGEMENT

Paul Sundberg introduced a disease management framework concept. Paul and Board Members reviewed three different concepts including a US-based research effort, an international disease research consortium, and a US Swine Health Board that included an international research component. The Board discussed and agreed the NPB could manage the program, but acknowledged the value of global coordination in researching disease threats. Paul commented the U.S. pork industry needs to be responsible for initiating this effort instead of looking to government for assistance. After reviewing, Board Members agreed option #3 is a good starting point for further discussion

PORK QUALITY INITIATIVE OVERVIEW

Patrick Fleming discussed the Pork Quality Assessment he and Steve Larsen will conduct. Fleming explained the goal is to achieve 35% of carcass value coming from the loin over the next five years. Fleming reported the next steps are to complete a meta-analysis of existing research, conduct an industry assessment, and form a working group/task force that could guide NPB's pork quality efforts. Fleming stated their desire is to complete the project within five year timeframe.

NEW STEWARDS CONCEPT

Mike King, Science Communications Manager, provided background regarding the new Stewards Awards program. He explained the new program would proceed without a formal partnership with National Hog Farmer. Mike shared the examples of the new awards explaining there will be three separate categories to recognize the producers—allowing NPB's communications team to highlight specific areas at key times. The goal is to reach a new target audience, key consumer influencers, to share positive messages about producers and how they produce a healthy, safe product. The first award will be presented Fall 2015.

2014 SCHOLARSHIP WINNERS

Chris Hostetler, Director Animal Science, provided a brief update regarding the 2014 Scholarship program. He explained juniors and seniors in college who plan to pursue a career in swine production management or a related field, or will be seeking to attend graduate school and major in a discipline with an emphasis on swine are considered. The top applicants are awarded a scholarship of \$5,000 and a scholarship of \$3500 is awarded to the first runner-up. All other scholarship awards are \$2,000. Chris introduced Jake Erceg and Dusty Compart as this year's top applicants.

LONG RANGE BUDGET STRATEGY

Chris Novak, CEO, provided a brief update regarding long range budget considerations and strategies. Novak noted the increased revenue stemming from record pork prices has created surplus revenue the Board will need to invest. Chris cited the earlier discussion about a new disease management framework, potential marketing challenges as the US swine herd rebounds from PED, and opportunities for expanded consumer communication on pork production issues as three potential areas for future Board investment. Chris emphasized that the Board will need to adopt a strategy for managing these resources before we move into the 2015 fiscal year planning cycle—so that staff would have clear direction on spending targets. Board Members agreed the Board should have a long-term strategy that invests new reserves in major industry initiatives, but postponed further decisions until the July Board Meeting.

CREATING A NEW IMAGE CAMPAIGN

John Johnson, COO, and Kevin Waetke, VP of Strategic Communication, presented a new pork industry image branding concept. At the Pork Foresight meeting held in April, industry leaders recommended that pork must elevate its brand as the sustainable protein category leader. The goal of the new campaign would be to have consumers intuitively trust pork for all its attributes, including culinary as well as from a social responsibility and sustainability. John & Kevin noted that the Board will need to set a spending target for the US Farmers & Ranchers' Alliance during its July meeting, so felt Board Members should be aware of this new concept before taking up the proposed 2015 USFRA budget.

USMEF UPDATE

Mark Jagels, USMEF Chairman, provided a brief update regarding USMEF. He thanked the Board Members for their investment into USMEF, answering questions from the Board Members.

INTERNATIONAL MARKETING

Becca Hendricks, AVP International Marketing, provided a brief update regarding international marketing focusing on current issues and upcoming potential partnerships and opportunities. The Board discussed a proposed study examining the potential benefits and ramifications of a pork-specific international marketing organization.

A motion was made by Roy Henry to authorize up to \$500,000 for a feasibility study of a pork-specific international marketing organization. Motion was seconded by Derrick Sleezer.

Craig Mensink moved to table the motion until the July Board Meeting. The motion to table was seconded by Carl Link. The Motion to Table Failed.

Henry Moore moved to amend the underlying motion by striking the words “up to \$500,000 for” from the motion. The option to amend was seconded by Terry O’Neel. The Motion to Amend Carried.

The Board then voted on the motion, as amended:

“Authorize a feasibility study of a pork-specific international marketing organization.”

The Motion, as Amended, Carried.

The Board asked Becca Hendricks to send out a Request for Proposals with a goal of having responses returned before the Board’s July Meeting.

OFFICER ELECTIONS

President Richter called for floor nominations for President of the National Pork Board.

A motion was made by Brad Greenway to nominate Dale Norton as President of the National Pork Board. Motion was seconded by Terry O’Neel. Motion Carried.

There being no further nominations, Karen asked that Dale be elected by acclamation. The Motion Carried. Dale Norton was elected President.

President Richter called for floor nominations for Vice President of the National Pork Board. Craig Mensink nominated Brad Greenway and Jan Archer nominated Derrick Sleezer for Vice President. There being no further nominations, President Richter called for vote. Brad Greenway was elected as Vice President.

President Richter called for floor nominations for Treasurer of the National Pork Board.

A motion was made by Jan Archer to nominate Derrick Sleezer as Treasurer of the National Pork Board. Motion was seconded by Terry O’Neel. Motion Carried.

There being no further nominations, President Richter asked that Derrick Sleezer be elected Treasurer by acclamation. The Motion Carried. Derrick Sleezer was elected Treasurer.

ADJOURN

The meeting was adjourned at 5:30 p.m. **A motion was made by Roy Henry to adjourn the meeting. Motion was seconded by Conley Nelson. Motion Carried.**

MINUTES
NATIONAL PORK BOARD
Board of Directors Meeting – Wisconsin Dells, WI
July 15, 2014

- OPENING** The Board of Director Meeting was called to order on July 15, 2014 at 12:18 p.m. by President Dale Norton.
- ROLL CALL** The following Pork Board members were in attendance: Karen Richter, Dale Norton, Derrick Sleezer, Jan Archer, Lisa Colby, Brad Greenway, Carl Link, Craig Mensink, Terry O’Neel, Glen Walters, Wathina Luthi, Brett Kaysen, Steve Rommereim and Mike Wyant. Absent: Henry Moore & Craig Rowles.
- NPB staff members in attendance were: Chris Novak, John Johnson, Jamie Byrnes, Paul Sundberg, Jill Criss, Ceci Snyder, Calvin VandeKrol, Bill Winkelman, Kevin Waetke, and NPB Interns Kaylen Baker, Caitlyn Brandt, Lauren Honegger and Jaclyn Dingels. Also attending: Craig Shackelford, AMS. Attending via phone: Steve Meyer, Paragon Economics and Becca Hendricks, NPB Staff Member.
- SWEARING IN** Craig Shackelford, representing USDA’s Ag Marketing Service, officiated over swearing-in newly appointed Board members Brett Kaysen, Glen Walters and Steve Rommereim. Craig Rowles was sworn-in via phone on July 8, 2014. They pledged to represent all pork producers, to faithfully carry out the duties prescribed under the Pork Act and Order, and to implement programs that will help U.S. pork producers maintain, develop, and enhance the markets for pork and pork products.
- MINUTES APPROVAL** **A motion was made by Craig Mensink to approve the minutes of the June 2-3, 2014 board meeting. Motion seconded by Carl Link and Carried.**
- APPROVALS** **A motion was made by Derrick Sleezer to approve the following Research Proposals: *Environmental stability of swine deltacoronavirus (SDCV) – Amount: \$107,270.* Motion was seconded by Mike Wyant. Motion Carried.**
- BOARD CALENDAR** **A motion to approve the Board Calendar for 2015 was made by Jan Archer. Motion was seconded by Steve Rommereim.**
- After discussion, an Amendment was offered by Derrick Sleezer to eliminate the July Board Meeting, while retaining the option for Board Members to attend the National Pork Industry Conference. Amendment was seconded by Brad Greenway. The Amendment Carried, and the Motion, as Amended, was subsequently Approved.**
- ECONOMIC UPDATE** Steve Meyer, President of Paragon Economics, provided an economic overview. He explained hog supplies will be lower with sustained high prices for hogs in coming months due to PEDv. Conditions will be profitable for producers as they build back their sow herds as input costs remain low.

2015 USFRA FUNDING

Kevin Waetke, VP Communications, provided an overview of USFRA's funding priorities for 2015. Waetke stated the Food Dialogues and continued distribution of the Farmland documentaries will be USFRA priorities for 2015. Kevin went on to explain the recommendation from the Pork Foresight Group that NPB should elevate pork's image as a sustainable protein category leader. Kevin noted that it would be difficult for NPB to fully fund both a pork-specific campaign and to maintain USFRA funding at our historic \$3 million level. Management is recommending \$2.5 million for USFRA for 2015—with the idea that USFRA funding would continue to be reduced as NPB builds up a pork-specific campaign.

A motion was made by Brad Greenway proposing 2015 USFRA funding at \$2.5 million. The motion was seconded by Terry O'Neel. Motion Carried.

ADVANCING TECHNOLOGY

John Johnson, COO, discussed a proposed concept for accelerating euthanasia and/or pain management technologies. He explained developing technologies could face particular hurdles in coming to market. There could be a role for NPB in providing financial assistance to overcome such hurdles.

After discussion, **Derrick Sleezer moved to table the conversation regarding Advancing Technologies to the September Meeting. Motion was seconded by Jan Archer. Motion Carried.**

TRADE FEASIBILITY STUDY

John Johnson provided an update regarding the recent RFP sent out for the Feasibility Study of International Marketing Structure Alternatives. He reported four responses were received with interviews for the top two candidates taking place the week of July 28.

A motion was brought forth from the Finance Committee to approve \$300,000 for a Feasibility Study examining International Marketing Structures. Motion Carried.

DISEASE FRAMEWORK

Dr. Paul Sundberg, VP Science & Technology, shared information regarding a proposed Disease Management Framework. He reviewed the budget, mission, goals, objectives, and scope of work for the proposed U.S. Swine Health & Information Center. Sundberg commented the scope of work will include a Swine Disease Matrix along with database management with an international collaboration component. The Center will complement, not overlap existing disease management efforts from the National Pork Board, National Pork Producers Council, and American Association of Swine Veterinarians. President Norton proposed a special committee to further investigate the concept. Brett Kaysen, Derrick Sleezer, Craig Rowles and Mike Wyant will serve. Craig Rowles will serve as Chairman and provide a report on progress at the September meeting.

FINANCE REPORT

Calvin VandeKrol reported on the 2014 budget, state activity, supplemental funds, 2015 budgets and the 2015 PASLWOCO requests. He explained the reserve requirements for maintaining two months of undesignated reserve.

2014 Budget:

• <i>Total Revenue</i>	<i>\$100.1m</i>
• <i>Return to State</i>	<i>\$19.0m</i>
• <i>Supplemental Requests</i>	<i>\$4.5m</i>
• <i>National Spending</i>	<i>\$64.8m</i>
• <i>Deficit/Surplus</i>	<i>\$11.8m</i>
• <i>Ending Undesignated Reserves</i>	<i>\$29.5m</i>

On motion from the Finance Committee: The Board of Directors approves setting the 2015 undesignated reserve floor at \$11.6 million. Motion Carried.

On motion from the Finance Committee: The Board of Directors approves using the mid-point market price estimate to establish the FY2015 review at \$92.M. Establish a preliminary 2015 national spending target of \$64.0 million. Motion Carried.

A motion from the Finance Committee was presented: The Board of Directors approves increasing PASLWOCO funding (as part of fixed costs) from \$879,000 to \$952,000 for 2015, based on the 13 completed state applications. Motion Carried.

A motion from the Finance Committee was presented: The Board of Directors approves the 2015 budget submitted for Florida and South Carolina as previously approved via email. Motion Carried.

USPCE SURVEY

Bill Winkelman, VP Producer Services, reported the results from the recently conducted USPCE survey.

ADJOURN

A motion was made by Derrick to adjourn the meeting. Motion was seconded by Brad Greenway. Motion Carried. The meeting was adjourned at 6:25 p.m.

MINUTES
NATIONAL PORK BOARD
Board of Directors Conference Call
August 29, 2014

OPENING

The Board of Directors Conference Call was called to order on Friday, August 29, 2014 at 12:30 p.m. CST by President Dale Norton.

ROLL CALL

Pork Board members in attendance via phone: Dale Norton, Brad Greenway, Karen Richter, Derrick Sleezer, Jan Archer, Lisa Colby, Brett Kaysen, Carl Link, Wathina Luthi, Craig Mensink, Steve Rommereim, Craig Rowles, Glen Walters and Mike Wyant. Absent: Henry Moore, Lisa Colby and Terry O'Neel.

The following National Pork Board (NPB) staff members were in attendance via phone: Chris Novak and Jamie Byrnes.

PERSONNEL UPDATE

Chris Novak, CEO, gave his resignation. He explained he accepted the CEO position at the National Corn Growers Association in St. Louis, Mo. His last day at the National Pork Board is October 3.

A motion was made by Brad Greenway to appoint John Johnson as interim CEO upon Chris Novak's departure on October 3, 2014. John will serve until a permanent replacement, selected by the Board, is in place. Motion seconded by Derrick Sleezer. Motion Carried.

A motion was made by Derrick Sleezer to have President Dale Norton select a subcommittee to select the Search Firm on Friday, September 5. Motion Carried.

ADJOURNMENT

The Board Meeting was adjourned at 1:30 p.m. with a motion from Derrick Sleezer and seconded by Brad Greenway. Motion Carried.

MINUTES
NATIONAL PORK BOARD
Board of Directors Meeting – Des Moines, IA
September 3-4, 2014

- OPENING** The Board of Director Meeting was called to order on September 3, 2014 at 10:10 a.m. by President Dale Norton.
- ROLL CALL** The following Pork Board members were in attendance: Karen Richter, Dale Norton, Derrick Sleezer, Jan Archer, Lisa Colby, Brad Greenway, Carl Link, Craig Mensink, Terry O’Neel, Glen Walters, Brett Kaysen, Steve Rommereim, Henry Moore, Craig Rowles and Mike Wyant. Absent: Wathina Luthi.
- NPB staff members in attendance were: Chris Novak, John Johnson, Jamie Byrnes, Paul Sundberg, Jill Criss, Ceci Snyder, Calvin VandeKrol, Bill Winkelman, Kevin Waetke, Becca Hendricks and Jarrod Sutton. Also attending: Craig Shackelford, AMS, Cynthia Carson and Teresa Siles, Nuffer, Smith & Tucker.
- SWEARING IN** Craig Shackelford, representing USDA’s Ag Marketing Service, officiated over swearing-in newly appointed Board member Henry Moore. He pledged to represent all pork producers, to faithfully carry out the duties prescribed under the Pork Act and Order, and to implement programs that will help U.S. pork producers maintain, develop, and enhance the markets for pork and pork products.
- MINUTES APPROVAL** A motion was made by Brad Greenway to approve the minutes of the July 15, 2014 board meeting and August 15, 2014 conference call. Motion seconded by Derrick Sleezer. Motion Carried.
- APPROVALS** A motion was made by Derrick Sleezer to approve the following Research Proposals:
- **Swine Health Research Proposal:**
 - *Cross-neutralizing antibodies as predictors of protection– Amount: \$224,741*
 - *Impact of host immunity and genetics on persistence of PRRSV in tonsils– Amount: \$103,260*
 - *Mechanism of antibody-mediated neutralization of PRRSV– Amount: \$130,766*
 - *Determine the mechanisms of cross-protection against infection with a divergent PRRSV strain– Amount: \$100,000*
 - **Pork Safety, Quality & Human Nutrition Proposal:**
 - *Postprandial muscle protein synthetic responses after high quality pork consumption in lean, overweight, and obese adults – Amount: \$135,400*
- Motion was seconded by Mike Wyant. Motion Carried.

STRATEGIC UPDATE

Teresa Siles and Cynthia Carson, Nuffer, Smith & Tucker (NST), provided an overview of the proposed vision, mission, values, goals and objectives for the 2015-2020 Strategic Plan. Cynthia explained the goals are supported by a series of objectives following the SMART criteria. Each department Vice President provided comments opportunities and challenges the proposed plan presented for their departments. **A motion was made by Craig Rowles to accept the proposed 2015-2020 Strategic Plan and seconded by Derrick Sleezer. Motion Carried.**

INDUSTRY AUDIT TASKFORCE

Dave Pyburn, Assistant VP Science & Technology, provided details of the industry audit database. He explained the common audit database will be used to create consistency and provide aggregate data. The cost estimate of the database is \$550K for the 501c non-profit board. After the first year, management of the database and 501c fees would drop costs to approximately \$170-180K. Pyburn commented funds would be solicited from packers and producers. He explained the database would not be housed in NPB but would be a member of the organization.

A motion was made by Brad Greenway for National Pork Board to facilitate the development of an independent 501c non-profit organization that will oversee the data collection and management of the Common Industry Audit process and standards. Motion was seconded by Jan Archer and Carried.

*** Board Member Derrick Sleezer abstained from voting.**

DISEASE FRAMEWORK

Board Member Craig Rowles provided an update of the Disease Management Framework. He explained a subcommittee made up of veterinarians and producers developed the mission, goals and objectives for the Swine Health Information Center. The Center will work in concert with the National Pork Board, National Pork Producers Council and American Association of Swine Veterinarians. Craig commented funds will be solicited primarily from checkoff with additional funding solicited from government departments, agencies and pork allied industries.

Craig presented a motion from the Disease Framework Subcommittee: The Board of directors approve investing \$15M in the design, development and implementation of the Swine Health and Information Center. The motion was seconded by Derrick Sleezer.

Motion was made by Craig Rowles to table the discussion to the November Board Meeting. The motion was seconded by Derrick Sleezer. Motion Carried.

FINANCE REPORT

Calvin VandeKrol reported on the 2014 YTD Forecast, 2015 budgets, Plan of Work Process and results from Strawman. He also explained miscellaneous State Budget issues.

2014 Budget:

On motion from the Finance Committee: The Board of Directors approve the 2015 budgets effective October 1, 2014 for Iowa and Minnesota. Motion Carried.

On motion from the Finance Committee: The Board of Directors approves the 2013 year-end audit reports for Virginia and Georgia. Motion Carried.

Dale Norton recessed the Board meeting at 6:35 p.m. on September 3, 2014. The meeting reconvened at 8:00 a.m. on September 4, 2014.

USPCE REPORT

Bill Winkelman, VP Producer & Industry Relations, provided an update regarding USPCE, the Professional Swine Manager Education Program, the Swine Science Online program and the National Swine Reproduction Guide. He reported the USPCE Board voted to request NPB continue hosting USPCE for an additional three years extending the contract from December 2014 through December 2017. Bill reviewed the 2014-2015 Budget ending the fiscal year with \$150K in reserves and discussed the part-time Outreach Executive position recently approved.

Bill reported the Swine Science Online program has two students recently completing the certificate program along with 19 current students. He explained the enrollment numbers for both spring and fall semesters and shared the avenues taken to publicize the online program. Along with the Swine Science program, the Swine Reproduction Guide has also shown success. Bill reported 15 licenses for the guide have been purchased along with 10 academic licenses.

A Motion was made by Terry O'Neel to continue hosting the USPCE for the next 3 years ending December 2017. The motion was seconded by Craig Mensink. Motion Carried.

USMEF UPDATE

Karen Richter, Past President, provided an update on the meeting held in Omaha with Executive Committees from NPB, NPPC and USMEF. She

reported USMEF will send out an RFP to conduct an organizational review. The Boards will meet again in November for further discussion.

ADMINISTRATIVE REPORT

Jill Criss, VP of Operations & Human Resources, provided an update from the Administrative Committee meeting. She commented the committee deferred the update regarding the state administrative reviews as Scott Smith, State Administration Support Manager, is out with a family emergency. She reported the committee has begun the annual review of the Board Policy manual and provided details of the Pork The Other White Meat (PTOWM) trademark infringements.

Karen provided an update from the Past President's meeting held at the end of August. She reported this year's nominations for the Distinguished Service Award included Jim Meimann, Daryl Anderson and Jerry Hatfield. She commented they expressed their appreciation to the Board for letting them gather to select the nominee.

Motion was made by Craig Mensink to nominate Jim Meimann as the 2015 Distinguished Service nominee. Motion was seconded by Carl Link. Motion Carried.

PEDV UPDATE

Paul Sundberg provided an update on PED. He reported the mandatory reporting program is going well with a number of submissions staying steady. Sundberg stated USDA will host a Swine Enteric Coronavirus Disease International Conference in September in Chicago. Both NPB and NPPC have contributed funding to assist USDA with the conference for the 21 countries in attendance. Paul also discussed a PED research proposal from the Swine Health Committee which was divided in its opinion.

Motion was made by Terry O'Neel to not fund the proposal titled "Implications of harvest plant lairage and transport on the continued propagation of novel porcine corona virus epidemics in the US and their role in promoting seasonal changes in endemic disease outbreaks". Motion was seconded by Carl Link.

A motion was made by Craig Rowles to amend the original motion. Motion was seconded by Derrick Sleezer.

A motion was made to send back to the Swine Health Committee for further debate. Motion Carried.

DOMESTIC UPDATE

Ceci Snyder, VP Domestic Marketing, provided a Domestic Marketing update. Ceci discussed results from the June Tracking Study. She reported the target is growing in size and continues to drive a very high proportion of volume. Results from the study show continued good advertisement awareness, consumers are beginning to show concern

about increased prices and farm-related production practices are not a concern to pork consumers at this time.

ADDITIONAL BUSINESS

A motion was made by Jan Archer to authorize NPB staff to investigate collaborative efforts with American Humane Association that could assist Channel Partners in managing animal welfare issues. Motion was seconded by Steve Rommereim. Motion Carried.

ADJOURN

A motion was made by Derrick Sleezer to adjourn the meeting. Motion was seconded by Brad Greenway. Motion Carried. The meeting was adjourned at 10:47 a.m.

MINUTES
NATIONAL PORK BOARD
Board of Directors Meeting – Des Moines, IA
November 17-18, 2014

OPENING

The Board of Director Meeting was called to order on November 17, 2014 at 12:35 p.m. by President Dale Norton.

ROLL CALL

The following Pork Board members were in attendance: Karen Richter, Dale Norton, Derrick Sleezer, Jan Archer, Lisa Colby, Brad Greenway, Carl Link, Craig Mensink, Terry O'Neel, Glen Walters, Brett Kaysen, Steve Rommereim, Craig Rowles, Wathina Luthi and Mike Wyant.
Absent: Henry Moore.

NPB staff members in attendance were: John Johnson, Jamie Byrnes, Paul Sundberg, Jill Criss, Ceci Snyder, Calvin VandeKrol, Bill Winkelman, Kevin Waetke, Becca Hendricks, Jarrod Sutton, Sherrie Webb, Allan Stokes, Bryn Jenson. Also attending: Craig Shackelford, AMS, Kevin Studer, GIPSA, Ken Hobbie, Kent Sisson and Matt Tripodi, SIAM Professionals, LLC.

MINUTES APPROVAL

A motion was made by Craig Rowles to approve the minutes of the September 3-4, 2014 board meeting. Motion seconded by Brad Greenway. Motion Carried.

APPROVALS

A motion was made by Derrick Sleezer to approve the following Research Proposals:

- **Swine Health Research Proposal:**
 - *Epitope inclusion: Enhancing PRRS vaccine cross-protective immunity – Amount: \$104,281*

- **Pork Safety, Quality & Human Nutrition Proposal:**
 - *Prevalence and characterization of salmonella from heat meat and trim for ground at pork processing facilities – Amount: \$104,350*
 - *Determination of the correlation of loin quality parameters with fresh belly characteristics and fresh and processed ham quality – Amount: \$209,451*
 - *National Pork Retail Benchmarking Study – Amount: \$317,722*

- **Animal Science Proposal:**
 - *Sow Lifetime Productivity - a follow-up study to the preliminary gilt trial – Amount: \$278,948.00*

Motion was seconded by Mike Wyant. Motion Carried.

SIAM UPDATE

SIAM professionals provided information related to Phase I of the International Marketing Structure project. SIAM discussed the process they used to obtain the information needed for Phase I. Phase I included assessment of different structures for International Marketing Organizations (IMOs) with three main options for consideration. It also included assessment of international markets for U.S. pork. The Board asked SIAM to provide additional information on two of the three IMO model options in their report back in January.

ECONOMIC UPDATE

Steve Meyers, Paragon Economics, provided an economic overview. He explained with the push of low carb diets there is a big demand for red meat which has really benefited pork and beef but not chicken. Steve reported he expects to see an improvement in production this winter as compared to last winter as he expects producers will see fewer losses from PEDv. Conditions will be profitable for producers as they build their sow herds as input costs remain low.

DOMESTIC MARKETING UPDATE

Ceci Snyder, Vice President Domestic Marketing, presented information regarding a \$1.4 million dollar supplemental proposal for Phase One of an additional marketing push. She explained the need to aggressively market pork in 2015 to take market share from high priced beef and defend against expanding low priced supplies of poultry. This will lay the foundation for additional efforts in 2016 that will help address the expected increase in supplies.

Motion was made by Derrick Sleezer to approve up to \$1.4 million of 2014 supplemental funding for Phase One of Domestic Marketing's additional marketing efforts. The motion was seconded by Terry O'Neel. Motion Carried.

USMEF PROPOSAL

Becca Hendricks, VP International Marketing, provided information for a \$1,675,100 supplemental request from USMEF. Packer members of USMEF have expressed concern about low priced supplies of pork from the EU and how they are being redirected from the closed Russian market to Asia. The list of proposed tactics from USMEF would address this situation.

Motion was made by Craig Mensink to approve \$882,500 towards the USMEF proposal. The motion was seconded by Jan Archer.

Motion was made by Craig Mensink to table the motion until after the Finance discussion. The motion was seconded by Steve Rommereim. Motion Carried.

Motion was made by Craig Mensink to remove the motion that was previously tabled. Motion was seconded by Terry O'Neel. Motion Carried

Motion made by Craig Mensink to approve \$882,500 towards the USMEF proposal. Seconded was Terry O’Neel. Motion Defeated.

Motion was made by Steve Rommereim to approve up to \$500,000 for the Trade Committee to designate for specific tactics for USMEF execution to address the problem identified by the packers. Motion was seconded by Craig Mensink. Motion Carried.

USFRA PROPOSAL

Kevin Waetke, VP Communications, shared information from U.S. Farmers & Ranchers Alliance (USFRA) requesting 2014 supplemental funding. He explained USFRA recently hosted a 30-minute Food Dialogue event in New York City at the elite New York Times Food for Tomorrow event. Julie Maschhoff, Bruce Rominger and Joan Ruskamp represented USFRA to share the farmer and rancher voice to better connect consumer food connectors and influencers with their stories. USFRA is seeking \$250,000 in funding from partners to assist with expenses from the event.

Motion was made by the Finance Committee to approve \$250,000 in 2014 supplemental funding towards USFRA’s Food for Tomorrow project. Motion Carried.

SWINE HEALTH INFORMATION CENTER

Dr. Paul Sundberg, VP Science & Technology, and Board Member Craig Rowles provided an update regarding the mechanisms of the Swine Health Information Center. They explained the center is to work in collaboration with AASV and NPPC to address emerging diseases that OIE and USDA cannot cover. Craig explained the pork industry needs to take more responsibility for non-regulatory diseases. The Swine Health Information Center will identify knowledge gaps, conduct research and provide information to inform producer actions and the industry as a whole.

Motion was made by Craig Rowles to put the original motion from September 3, 2014 Board Meeting off the table. The motion was seconded by Derrick Sleezer. Motion Carried.

Motion was brought forth from the Swine Health Information Center Subcommittee to approve \$15M, to be distributed over three years, towards the Swine Health Information Center. Motion Carried.

President Dale Norton recessed the Board meeting at 6:00 p.m. on November 17, 2014. The meeting reconvened at 7:30 a.m. on November 18, 2014.

FINANCE UPDATE

Calvin VandeKrol, VP Finance, reported on the 2014 Forecast, 2015 Budget, state activities, supplemental funds and capital expenditures.

2014 Budget:

• Total Revenue	\$99.0m
• Return to State	\$18.6m
• Supplemental Requests	\$6.5m
• National Spending	\$65.2m
• Deficit/Surplus	\$8.7m
• Ending Undesignated Reserves	\$26.4m

A motion was made by Jan Archer to approve increasing NPB 2015 National Spending from \$65,500,000 to \$66,030,000. Motion was seconded by Mike Wyant. Motion Carried.

A motion was made by Terry O'Neel to approve the 2015 budget of \$83.4m (which includes \$66.0 million in national spending plus \$17.4m in return to state); and the 2015 Capex expenditure of \$395k as presented. Motion was seconded by Mike Wyant. Motion Carried.

A motion was made by Mike Wyant to approve moving \$15m for the Swine Health Information Center from undesignated reserves to designated reserves in the following:

- \$10.0m in 2014
- \$2.5m in 2015
- \$2.5m in 2016

Motion was seconded by Wathina Luthi. Motion Carried.

A motion was made by the Finance Committee to approve McGladrey as auditors for the 2014 National Pork Board GAGAS audit. Motion Carried.

A motion was made by the Finance Committee to approve McGladrey as auditors for the 2014 Delaware, Idaho, Oregon, North Dakota and New York audit. Motion carried.

A motion was made by the Finance Committee to approve 40 of 42 2015 state budgets including:

- 35 states with a December 31 yearend as presented
- 5 states with a fiscal yearend that have already been approved by the Board and AMS.

Motion Carried.

A motion was made by the Finance Committee to continue to withhold Checkoff funding from Nevada and Louisiana. Funding will be released upon completion of all financial reports/budgets and addressing the administrative reviews. Motion Carried.

COMMON INDUSTRY AUDIT UPDATE

Sherrie Webb, Director Animal Welfare, discussed information regarding the development of the Common Industry Audit. She explained the background of Industry Audit Task Force along with their recommendations. The audit was released publically in October and certified by the Professional Animal Auditor Certification Organization (PAACO). With the release of the audit, producer prep toolkits, webinars for PQA Plus Trainers and Advisors and other educational material have been released. Webb explained the next step for the Audit is to design a communications plan, work with PAACO to develop auditor training, provide visual resources for animal/benchmarking criteria and work with CMA Consulting to complete a risk assessment. Sherrie also mentioned PQA Plus content is being revised to be consistent with the Common Industry Audit. She reminded the Board, this audit is not National Pork Board branded but is industry owned.

PEDV UPDATE

Paul Sundberg provided an update regarding PEDv. He shared information from the ISU Swine Disease Conference explaining individuals are waiting to see what happens this winter with PEDv. Dramatic improvements were made with vaccine use on some of the chronic farms. Paul reported USDA is now requiring Premise Identification Number (PIN) on all Veterinary Diagnostic Laboratory submissions. USDA will pay for testing the samples only if the submissions include a valid PIN. Those without a valid PIN will be charged for the testing.

FMD VACCINE PREPAREDNESS

Paul also discussed the issue of FMD Vaccine Preparedness. He explained USDA is not going to be able to protect us from infection if there is an outbreak. They have changed their policy away from depopulation to using vaccine for control. He explained FMD vaccine preparedness will need substantial funds to prepare the necessary supply of vaccine. After talking to USDA, given the challenges of obtaining new appropriations, they suggested the industry needs to look at industry contributions, mentioning other possible sources such as commodity checkoff programs, APHIS budget, user fees and CCC. Paul shared the next steps are to continue to investigate funding sources.

SUSTAINABILITY METRICS

Allan Stokes, Director Environmental Programs, presented information regarding the Sustainability Framework. He reminded the work has been completed with the assistance of the University of Arkansas. He discussed the four pillars of environmental sustainability (air, water, land and carbon) explaining all of the pillars have been completed. With the completion, a footprint calculator was designed for users to know the amount of GHGs emitted, water consumed and the associated costs for each input. He commented this tool is to be used for the individual pork

producer but also by NPB for the industry as a whole. Allan commented that the new Strategic Plan contains objectives that spell out the metrics for additional improvements to make over the next five years.

AMERICAN HUMANE ASSOCIATION UPDATE

John shared information from the meeting earlier in the month with the American Humane Association (AHA). He explained a number of issues were discussed including their interest in working with NPB on various projects. John explained they will never see eye to eye with the group on all issues but will consider working with AHA on specific future projects.

ADMINISTRATIVE COMMITTEE UPDATE

Jill Criss, VP Operations, discussed the status of administrative reviews. She explained Ken Horton has been conducting administrative reviews with assistance from NPB employee Scott Smith. She has heard positive feedback from associations regarding the reviews. Jill went on to discuss the revisions of the Policy Manual. She explained along with the general edits and typographical changes, a line will be added to refer to the current strategic plan when discussing role of program committee members.

A motion was made by the Administrative Committee to approve Alabama, Arizona, Colorado, Florida, Indiana, Maryland, and Montana as candidates for the 2015 Administrative Review process. Motion Carried.

ADOPT A STATE

Bill Winkelman, VP Producer Services, explained the Adopt-A-State program, board member responsibilities and proposed assignments. He asked Board Members to make sure they contact state presidents and state executives 1-2 times/year and attend state annual meetings of assigned states to provide NPB updates. Each member will have a presentation to customize for each meeting. He expressed gratitude from State Associations on their attendance at the meetings.

TRADE SHOW MESSAGING

Bill Winkelman shared information regarding their Trade Show messaging. He explained this year their focus is to share information regarding the New Strategic Plan including the vision, mission and emphasis on new goals. Bill commented they will distribute a number of Pork Checkoff message pieces including Pin Tag newsletter, Common Industry Audit newsletter, PEDv booklets and the Safe Pig Handling tool. A number of giveaways will be provided to attendees at the trade shows.

Bill also shared information regarding North Eastern Pork Association (NEPA) conference. He explained Alicia Pedimonti was hired to form an association in the northeastern states. Not many were in attendance at the meeting, but the ones attending were extremely excited about the

program and information shared. He commented this was a positive meeting and sees the group continuing in the future.

NOMINATING COMMITTEE UPDATE

Past President Karen Richter and Jill Criss provided an update regarding the nominating committee. There are three open spots to fill for Nominating and six spots for the Board. Ten applicants applied for the Board including two female candidates. Jill reported attending conferences to gain more diverse participation on committees and as candidates. Interviews will take place December 11-12 in Des Moines, rankings will be posted on pork.org.

JANUARY BOARD MEETING UPDATE

John Johnson, COO, provided information regarding the upcoming January Board Meeting. He explained the meeting is scheduled January 5-6, 2015 at Smithfield's Innovation Center in Smithfield, VA. A dinner scheduled with the Virginia Pork Association Board of Directors and to honor retired State Executive John Parker. A tour of the Port of Hampton Roads and dinner with Smithfield Executives will all be part of the agenda.

COMMITTEE ASSIGNMENTS

Bryn Jensson, Manager Outreach & Marketing, provided information regarding program committee assignments. Jensson presented new committee members as well as those to be reappointed. Jill Criss commented the policy book needs to be revised to address the needs of committees that have special requests for numerous advisors in certain instances. Staff will bring revised committee language to the Administrative Committee & Board in the January meeting.

A motion was made by Craig Rowles to approve additions and reappointed members as presented. Motion was seconded by Steve Rommereim. Motion Carried.

ADJOURN

A motion was made by Jan Archer to adjourn the meeting. Motion was seconded by Carl Link. Motion Carried. The meeting was adjourned at 11:50 a.m.

MINUTES
NATIONAL PORK BOARD
Board of Directors Meeting
Smithfield, VA
January 5-6, 2015

OPENING

The Board of Director Meeting was called to order on January 5, 2015 at 2:15 p.m. by President Dale Norton.

ROLL CALL

The following Pork Board members were in attendance: Karen Richter, Dale Norton, Derrick Sleezer, Jan Archer, Lisa Colby, Brad Greenway, Carl Link, Craig Mensink, Terry O'Neel, Glen Walters, Brett Kaysen, Steve Rommereim, Wathina Luthi, Mike Wyant and Henry Moore.
Absent: Craig Rowles.

NPB staff members in attendance were: John Johnson, Jamie Byrnes, Paul Sundberg, Jill Criss, Ceci Snyder, Calvin VandeKrol, Bill Winkelman, Kevin Waetke, Becca Hendricks and Jarrod Sutton. Also attending: Craig Shackelford, AMS; Ken Hobbie, Kent Sisson, SIAM Professionals, LLC; Dan Johnson, Jeremy Pittman, Keith Allen, Page Wilkerson, Jesse Austin, Dan Johnson, Jessica Cunningham, Ryan Horsley, R.O. Britt, Virginia Pork Association; Bill Westman, NAMI; David Ray, Conley Nelson, Murphy Brown, LLC and Mike Skahill, Smithfield Foods.

MINUTES APPROVAL

A motion was made by Derrick Sleezer to approve the minutes of the November 17-18, 2014 board meeting. Motion seconded by Carl Link. Motion Carried.

APPROVALS

A motion was made by Jan Archer to ratify the email approvals of the following Research Proposals:

- **Swine Health Research Proposal:**
 - *Use of oral fluid samples to monitor virus shedding and antibody responses in pigs experimentally infected with high consequence swine viruses (food and mouth disease, African swine fever, swine vesicular disease and classical swine fever viruses)– Amount: \$137,500*

- **Pork Safety, Quality & Human Nutrition Proposal:**
 - *Assessment of Injuries in Pork Production Facilities – Amount: \$139,615*

Motion was seconded by Carl Link. Motion Carried.

SIAM UPDATE

SIAM professionals provided information related to Phase II of the preliminary International Marketing Structure project. SIAM discussed the process they used to develop assessments of different structures for International Marketing Organizations (IMOs). They presented three

main options for consideration. SIAM identified their next steps including meetings with FAS and USMEF. SIAM will provide a final presentation to the Board in late February.

NAMI ORGANIZATIONAL MERGER UPDATE

Bill Westman, VP International Affairs for National American Meat Institute (NAMI), shared information on their recent merger. He explained NAMI was formed from the merger of the American Meat Institute and North American Meat Association. The Institute provides services to meat packers and processors including legislative, regulatory, scientific, international and public affairs representation. Westman also discussed their 2015 key objectives.

SWINE HEALTH INFORMATION CENTER

Dr. Paul Sundberg, VP Science & Technology, provided information regarding the Swine Health Information Center. He reviewed the Center's timeline explaining they hope to have an Executive Director along with Board of Director positions filled to present at Pork Forum in March. He commented the goal is to have the Swine Health Information Center operational by April 1. They continue to share information with various producers and government agencies regarding the Center's activities.

VIRGINIA PORK ASSOCIATION UPDATE

Keith Allen, Virginia Pork Association, thanked the Board Members for inviting their members to the meeting. Keith introduced members from the Virginia Board discussing the projects currently in the works. He explained the biggest challenges are decreased budgets and county zoning ordinances.

President Dale Norton recessed the Board meeting at 6:00 p.m. on November 17, 2014. The meeting reconvened at 6:32 a.m. on November 18, 2014.

EXECUTIVE SESSION

Dale Norton explained the CEO Search process to the Board Members. He said the Search Committee, made up of seven individuals, interviewed the top three candidates in December and asked the final candidate to interview with the full Board at the January Board Meeting. Chris Hodges, CEO applicant, explained his background and interest in the CEO position.

A motion was made by Jan Archer to appoint Chris Hodges as CEO of the National Pork Board. Motion seconded by Brad Greenway. Motion Carried.

FINANCE UPDATE

Calvin VandeKrol, VP Finance, reported on the 2015 Budget, 2014 Audit activities, supplemental funds and capital expenditures.

2015 Budget:

- *Total Revenue* \$87.5m
- *Return to State* \$16.7m
- *National Spending* \$66.0m
- *Deficit/Surplus* \$4.7m
- *Ending Undesignated Reserves* \$18.9m

A motion was made by Derrick Sleezer to approve the supplemental request of \$10M for the Swine Health Information Center. Motion was seconded by Mike Wyant. Motion Carried.

A motion was made by Derrick Sleezer to authorize Pork Board staff to sign and execute contracts on behalf of the Board, providing the contracts are in accordance to their job responsibilities. Motion was seconded by Jan Archer. Motion Carried.

DOMESTIC MARKETING UPDATE

Ceci Snyder, VP Domestic Marketing, provided an update regarding recent tracking studies. She reviewed both the negative and positive highlights for the year. Snyder commented one of the negatives is the retail price being 8% higher than last year. One of the positives is that consumers are consuming less beef as Choice Beef price is up 14.6% benefiting pork. Ceci commented targeted consumers love pork but their paycheck are limited and there are warning signs that demand may start to lag. The department will increase pork marketing beginning in the fall and continuing into 2016.

AWARD PROGRAM

Kevin Waetke, VP Communications, presented information regarding this year's Awards Programs. He explained planning is underway for an America's Pig Farmer of the Year award. The award will focus on national media relations efforts, local/grassroots engagement with producers and states while building a broad, digital identify and social media deployment. Waetke explained that a Celebrity Judge is needed to enhance the credibility of the award.

A motion was made by Brad Greenway to approve allocating up to \$300,000 to secure a celebrity judge for the new award program. Motion was seconded by Jan Archer. Motion Carried.

PEDV UPDATE

Paul Sundberg provided an update regarding PEDv. He shared details how the Canadian Pork Council has been actively working at dealing with PED. They have been more involved in educating producers on biosecurity and limiting visitors, producers, and customers to the plants.

THE OTHER RED FRUIT VS THE OTHER WHITE MEAT

Jill Criss, VP Operations & Human Resources, discussed the recent litigation issues.

A motion was made by Derrick Sleezer to approve the settlement as requested in the Other Red Fruit infringement case. Motion was seconded by Jan Archer. Motion Carried.

SUSTAINABILITY & COMMUNICATION

Dennis Treacy, Chief Sustainability Officer, expressed his gratitude for the Board Members visiting Smithfield Foods. He explained Smithfield's views on recent topics regarding Smithfield and modern pork production.

ADJOURN

A motion was made by Jan Archer to adjourn the meeting. Motion was seconded by Derrick Sleezer. Motion Carried. The meeting was adjourned at 12:15 p.m.

MINUTES
NATIONAL PORK BOARD
Board of Directors Conference Call
February 23, 2015

OPENING

The Board of Directors Conference Call was called to order on Monday, February 23, 2015 at 1:00 p.m. CST by President Dale Norton.

ROLL CALL

Pork Board members in attendance via phone: Dale Norton, Brad Greenway, Derrick Sleezer, Jan Archer, Lisa Colby, Carl Link, Wathina Luthi, Craig Mensink, Craig Rowles, Glen Walters and Mike Wyant. Absent: Henry Moore, Terry O’Neel, Brett Kaysen, Steve Rommereim and Karen Richter.

The following National Pork Board (NPB) staff members were in attendance: Chris Hodges, John Johnson, Becca Hendricks, Jamie Byrnes, Jarrod Sutton, Paul Sundberg, Jill Criss, Kevin Waetke, Ceci Snyder, Ashley Lowrey and Calvin VandeKrol.

Also on the call: Brian Zimmerman, Trade Committee; Kent Sisson and Ken Hobbie, SIAM; and Craig Shackelford, USDA-AMS.

INTERNATIONAL UPDATE

Dale Norton, President, explained during the Unified meetings in Florida, the Executive Officers, John Johnson, COO and Chris Hodges, CEO met with the Soybean Association to discuss relationships with USMEF and the international marketing project SIAM is conducting. John and Chris discussed the potential of seeking supplemental funding from agriculture groups.

Becca shared the 2014 Export results including the shift in global trade flow and comments regarding the Strategic Plan goals shared at the Trade Committee meeting last week.

SIAM UPDATE

Becca explained SIAM presented the final report to the Trade Committee. She discussed they would like to recommend the Board adopt Option 1 with contingencies to be settled upon by the Board and the USMEF Executive Committee.

Kent Sisson reviewed the SIAM final report. He explained as they determined their optimal model, they looked to the scorecard analysis and stakeholder interviews for their final report. Based on the analysis and interviews, SIAM provided three options for the Board to consider. Becca explained the implications and contingencies with the options. SIAM explained they recommend NPB adopt “Option 1 with Contingencies”. Kent explained Option 1 is the least disruptive to the industry, domestically & internationally, at a time when the industry is facing impending large supply of pork.

Becca reported USMEF quickly signed the contract and see this in a positive aspect.

Adopt Option 1: [Conduct all international marketing activities with] USMEF, with contingencies and to proceed to Option 2: Joint Pork-Specific and USMEF [marketing activities], if the contingencies are not implemented to the satisfaction of NPB within the next 1-2 years.

A motion was made by Craig Mensink to adopt the Trade Committee's recommendation to Adopt Option 1 with contingencies as SIAM presented. Motion seconded by Jan Archer. Motion Carried.

The International Trade Committee recommends that the Board of Director considers supplemental funding for 2015 to take advantage of new export initiatives based on information presented on February 17, 2015, to address current and anticipated international supply and demand pressures, pending further discussion with USMEF and other stakeholders, and to be further outlined as soon as possible. Motion Carried.

ADJOURNMENT

The Board Meeting was adjourned at 2:32 p.m. with a motion from Brad Greenway and seconded by Derrick Sleezer. Motion Carried.

MINUTES
NATIONAL PORK BOARD
Board of Directors Meeting
San Antonio, Texas
March 4-5, 2015

OPENING

The Board of Director Meeting was called to order on March 4, 2015 at 2:02 p.m. by President Dale Norton.

ROLL CALL

The following Pork Board members were in attendance: Karen Richter, Dale Norton, Derrick Sleezer, Jan Archer, Lisa Colby, Brad Greenway, Carl Link, Craig Mensink, Terry O'Neel, Glen Walters, Brett Kaysen, Steve Rommereim, Wathina Luthi, Mike Wyant, Henry Moore and Craig Rowles.

NPB staff members in attendance were: Chris Hodges, John Johnson, Jamie Byrnes, Paul Sundberg, Jill Criss, Ceci Snyder, Calvin VandeKrol, Bill Winkelman, Kevin Waetke, Becca Hendricks, Jarrod Sutton, Stephanie Gunn and Neel Sahni. Also attending: Craig Shackelford, AMS; Barry Carpenter, North American Meat Institute; Kevin Schulz, National Hog Farmer.

MINUTES APPROVAL

A motion was made by Derrick Sleezer to approve the minutes of the January 5-6, 2015 board meeting. Motion seconded by Carl Link. Motion Carried.

APPROVALS

A motion was made by Carl Link to ratify the email approvals of the following Research Proposals:

- **Animal Science Research Proposal:**
 - *Optimal dietary protein for the development of gilts–
Amount: \$209,252*

Motion was seconded by Mike Wyant. Motion Carried.

Ceci Snyder, VP Domestic Marketing, shared information regarding the International Agency for Research on Cancer. She explained the agency is a specialized cancer agency of the World Health Organization. The agencies expert panel will evaluate red and processed meat as human carcinogen in France this October. They are also reviewing published literature on carcinogens. Ceci explained the Pork Safety, Quality & Human Nutrition Committee passed a motion to request supplemental funding from the Board at Forum for contribution to NAMI's request for research proposal. However, a supplemental request was also sent to the National Cattleman Beef Association (NCBA) as a joint project for \$50,000. With NCBA's approval for joint funding, Board approval is no longer needed for the original \$100,000 request.

ECONOMIC UPDATE

Steve Meyers, Paragon Economics, provided an economic overview. He discussed the recent West Coast Port strike explaining the export demand has been a problem but the port labor solution will help. However, the value of the U.S. dollar will be an ongoing challenge as it makes U.S. products more expensive. Steve shared there is no evidence of lower consumer level demand but he fully expects demand growth to slow from the 2014 pace. Larger supplies will cause prices to drop but not sure by how much.

FINANCE UPDATE

Calvin VandeKrol, VP Finance, provided the 2014 Revenue & Expenses, 2015 Budget, audit activities, supplemental funds and capital expenditures.

2015 Forecast:

- *Total Revenue* \$79.4m
- *Return to State* \$15.1m
- *National Spending* \$64.0m
- *Supplemental* \$13.0m
- *Deficit/Surplus* (\$12.7m)
- *Ending Undesignated Reserves* \$16.5m

A motion was made by the Finance Committee to approve shifting from the mid-point (currently at \$80.6m) to the low point (currently at \$78.9m) of Steve Meyers 2015 revenue projections for budgeting. Motion Carried.

MARKETING SUPPLEMENTAL

John Johnson, COO, discussed the marketing supplemental request for international and domestic marketing. He explained Management recently cut a little over \$2M from current budgets. John reported with the budget reductions, existing reserves and change in designated reserves, NPB has available \$7.5M to use over 2015 and 2016 for supplemental marketing. NPB will approach agriculture commodity groups and state associations to solicit additional resources for these marketing efforts.

A motion was made by the Finance Committee to approve removing the \$3M contingency payment in TOWM contract from Designated Reserves, lowering designated reserves from \$7.7M to \$4.7M. Motion Carried.

A motion was made by Derrick Sleezer to approve supplemental spending in 2015 of \$2.75M for additional marketing efforts both domestically and internationally. Seconded by Brad Greenway. Motion Carried.

President Dale Norton recessed the Board meeting at 5:35 p.m. on March 4, 2015. The meeting reconvened at 8:01 a.m. on March 5, 2015.

YEAR IN REVIEW

NPB Vice President's provided a 2014 year in review for their individual departments.

Kevin Waetke, VP Communications, provided a 2014 year in review for the Communications Department. He discussed the programs the Communications Team have been working on along with Key Communication Initiatives and looking forward to 2015.

Jarrold Sutton, VP Social Responsibility, provided a 2014 year in review for the Social Responsibility department. He reported an increase in customer communication, working relationships and traffic within the porkcares.org website.

Becca Hendricks, VP International Marketing, shared international marketing information for 2014. She shared the market access and development activities and variety meat research. Becca also shared plans for going forward implementing an integrated plan and new market development opportunities.

Bill Winkelman, VP Producer & State Relations, discussed department information for 2014. He discussed the need of continuing to focus on improving the Professionalism and Safety of the industry with their education and training. Bill shared recent changes with certification revisions and an update of the Safe Pig Handling and Professional Swine Manager Curriculum. He also shared news of Jim Lummus and Mary Ann Guerro retirements in 2015. Karen Hoare will replace Jim Lummus and Mary Ann's position will have temporary support.

Paul Sundberg, VP Science & Technology, highlighted his department's activities for 2014. He provided project and outcome explanation for each area along with the Checkoff investments for Research completed from 2007-2011.

Ceci Snyder, VP Domestic Marketing, shared 2014 domestic marketing information. She discussed information regarding the State synergies, integrated marketing plan from 2011 to 2014 and moving forward into 2015.

SCIENCE & TECHNOLOGY UPDATE

Dr. Paul Sundberg provided an update regarding recent PED results. He explained research was conducted to evaluate risk of a feed mill contamination, risk assessment of feed ingredients of porcine origin as vehicles for transmission and evaluation of Accel disinfectant to inactivate PED in swine feces on metal surfaces under freezing conditions.

Sundberg discussed the status of the Swine Health Information Center and its new Board of Directors. He explained the Board is currently interviewing Search Firm's to begin looking for an Executive Director. He said they hope to have the Center functioning by June.

Paul also shared details regarding proposed changes to the Environmental Committee. He explained after looking at the current status and future of the Committee, they are proposing to establish a Sustainability Committee and sunset the environment committee. The new Sustainability Committee will collaborate with Public Health & Workplace Safety committee on research decisions and work across departments to tap expertise and functions. Environmental research proposals will continue to run through the Sustainability committee. Paul will provide further information regarding the committee revision at the June Board meeting.

A motion was made by Henry Moore to approve sun-setting the Environmental Committee and forming the Sustainability Committee. Motion was seconded by Jan Archer. Motion Carried.

2015 VULNERABILITIES/ ENTERPRISE RISK MANAGEMENT

Kevin explained the Vulnerabilities Assessment identifies issues that could become a crisis, would interrupt normal business flow, and threaten reputation of the industry. The Assessment - enhances our preparedness and response strategies. He also shared details regarding the electronic survey they completed with 419 industry leaders. He explained from the survey results a GAP Assessment will be conducted along with a strategy built around each prioritized vulnerability.

A motion was made by Derrick to approve the 2015 Vulnerabilities Assessment outcome as presented with work to begin immediately in the priority areas. Motion was seconded by Craig Mensink. Motion Carried.

CEO REPORT

Chris Hodges, CEO, discussed the marketing supplemental funding project. He explained they will solicit additional support from commodity agriculture groups and state associations in the coming month to assist with international and domestic marketing. Hodges reported he met with most of the VPs to discuss daily and future activities, programs and knowledge of their staff. Chris stressed the need to educate young people to identify the best and brightest for jobs in the industry. Hodges discussed the upcoming Management Team Retreat along with the All Staff Retreat. He explained one of the objectives for the Management Team Retreat is to discuss strategic plan goals. The All Staff Retreat is planned with a speaker from Franklin Covey.

The next six months work will continue with the Strategic Plan. He announced the strategic plan is now associated with the bonus plan. It

was the first step of incorporating the strategic plan into daily business. He feels the same way with the budget system we have in place. He stressed the need for the strategic plan to drive our budget.

ADJOURN

A motion was made by Craig Mensink to adjourn the meeting. Motion was seconded by Derrick Sleezer. Motion Carried. The meeting was adjourned at 1:25 p.m.

MINUTES
NATIONAL PORK BOARD
Board of Directors Conference Call
April 10, 2015

OPENING

The Board of Directors Conference Call was called to order on Friday, April 10, 2015 at 12:00 p.m. CST by President Dale Norton.

ROLL CALL

Pork Board members in attendance via phone: Dale Norton, Brad Greenway, Derrick Sleezer, Jan Archer, Lisa Colby, Carl Link, Wathina Luthi, Craig Mensink, Glen Walters, Karen Richter, Steve Rommereim, Henry Moore, Terry O’Neel and Mike Wyant.
Absent: Brett Kaysen, and Craig Rowles.

The following National Pork Board (NPB) staff members were in attendance: Chris Hodges, John Johnson, Jamie Byrnes, Jarrod Sutton, Paul Sundberg, Jill Criss, Ceci Snyder, and Calvin VandeKrol. Via Phone: Becca Hendricks.

BUDGET UPDATE

Chris Hodges, CEO and Dale Norton, President, explained the need to review NPB’s budget process. Dale stated the proposed new budget process would more effectively incorporate the goals of the strategic plan. Chris also expressed concern with the current disconnect between the budget process and strategic plan. He explained with the new process, the Board of Directors will have more ownership and be the ultimate decision maker of the budgeting process.

John Johnson, COO, continued to explain how the process will work and reviewed the attached document.

For many years we have had an extended and somewhat painful budgeting process, beginning with our program committees working on their wish lists in July; followed by the management team’s work at Strawman in August to reconcile the committee wish list with budget projections; followed by Plan of Work exercise with 45-60 producers who break into three groups to debate and refine the product from Strawman; followed by a reconciliation process of their three sets of recommendations; and then that reconciliation has been presented to the Board for their refinement and approval. The Plan of Work exercise has usually only resulted in shifting a modest amount of money (\$400-\$600K) from what the management team had recommended in Strawman. While the organization’s strategic plan and our vulnerabilities

assessment have been a factor in all the discussions, they have not truly driven the budgeting process to the full extent possible.

In an effort to establish a more efficient process that is driven more completely by the Strategic Plan and our Vulnerabilities Assessment we are proposing the following framework for discussion.

Budget development will be a high level exercise for the CEO, Board of Directors and a Budget Planning Task Force at the June Board meeting before World Pork Expo. Every 2015 budget tactic will be assigned to one of the seventeen Strategic Plan objectives that it most directly contributes to. This will give us a reference point for beginning discussions on the 2016 budget. We will be able to say how many dollars we are currently devoting to Building Consumer Trust, Driving Sustainable Production and Growing Consumer Demand, as well as identifying budgets for each of the seventeen objectives.

The Budget Planning Task Force will be made up of an invited group of 20 producers, including nine committee chairs and one or two state executives. This Task Force will be invited to this Board meeting just prior to World Pork Expo to review current year spending and discuss with the Board spending priorities for the next year.

With 2015 budgeting in hand, and in light of the Strategic Plan, our Vulnerabilities Assessment, and current industry conditions, the CEO, Board and Budget Planning Task Force can discuss whether there should be a change in budget emphasis and decide if funding should be increased or decreased for any of the three big picture goals, e.g. with the growing pork supplies in 2016 should more dollars be put into Grow Consumer Demand, and if so how should the dollars be weighted between international and domestic? And if more dollars are put into marketing, what program areas will they come from? This exercise will not get to the tactical level. That will be the domain of the respective program committees.

Tangential to this process, we would establish teams of staff members to oversee the program work towards each of the seventeen objectives in the Strategic Plan. These teams would be small, perhaps 3-6 staff (sometimes from different departments) who own the tactics assigned to each objective of the Strategic Plan. The Objective Teams would take the funding direction from the Board, and decide how to allocate the funds for any given Goal among the supporting Objectives.

These Objective Teams would also develop a five year plan to meet the objective metric contained in the Strategic Plan and they would meet quarterly to mark progress on the metrics which would feed a scorecard reporting system. The teams would also identify resource needs that must to be met in order to achieve the objectives, and their assessment would also be given to the Board to inform their discussions at Plan of Work.

Once funding allocations for the 17 Objectives is determined, this information would be shared with State Pork Associations to inform their state budgeting processes.

In July, Committees would be given the allocation recommendations from the Objectives Teams and would use those funds to develop their program of work for specific tactics at their meetings in July.

In August, Senior Management would review the assembled work of the committees to ensure compliance with the Plan of Work direction from the Board. Also, in August, the final product would be shared with the Budget Planning Task Force and would subsequently be presented to the Board for final approval and adoption at the September Board meeting followed by submission to USDA/AMS.

John explained prior to the task force meeting, Board Members will have the opportunity to listen to Steve Meyer's economic update and receive a Finance Update. The Board will initiate the budget process and give final approval at the end.

Board Members expressed concern how to adequately quantify our return on investments. John acknowledge this was an ongoing challenge, pointing out that some budget tactics were more easily quantified than others.

A motion was made by Derrick Sleezer to proceed with the proposed new budgeting process. Mike Wyant seconded the motion. Motion Carried.

ADJOURNMENT

The Board Meeting was adjourned at 1:00 p.m. with a motion from Carl Link and seconded by Brad Greenway. Motion Carried.

MINUTES
NATIONAL PORK BOARD
Board of Directors Conference Call
May 15, 2015

OPENING

The Board of Directors Conference Call was called to order on Monday, May 18, 2015 at 6 p.m. CST by President Dale Norton.

ROLL CALL

Pork Board members in attendance via phone: Dale Norton, Brad Greenway, Jan Archer, Karen Richter, Lisa Colby, Brett Kaysen, Wathina Luthi, Craig Mensink, Mike Wyant, Terry O'Neel, Craig Rowles, Glen Walters, Steve Rommereim, Derrick Sleezer and Carl Link. Absent: Henry Moore.

The following National Pork Board (NPB) staff members were in attendance via phone: Chris Hodges, John Johnson, Jamie Byrnes, Jarrod Sutton, Kevin Waetke, Bill Winkelman, Becca Hendricks, Calvin VandeKrol and Craig Shackelford, AMS.

**RACTOPAMINE
DISCUSSION**

John Johnson, COO, began the discussion thanking everyone for taking the time to be on the conference call. As earlier emails indicated, the purpose of the call was to discuss a draft letter to Producers discussing the market for U.S. pork in China and informing producers of their options regarding the use of Ractopamine on their farms. He shared this decision is based on the Strategic Plan goal to increase pork exports by 9% annually and China is our largest opportunity. Becca Hendricks, VP International Marketing, shared recent data obtained from Dermot Hayes of Iowa State University regarding the lost market opportunities just on offal and hoves the U.S. is experiencing due to lack of access to the China market. She explained if we are going to meet the 2020 Strategic Goal, we need access to markets in China.

After discussion, Board Members agreed to approve the draft letter to Producers under both Chris and Dale's names. Members expressed the need to emphasize in our communications that Ractopamine is a safe and legal product but that some producers may elect a production model based on market opportunities.

Kevin Waetke shared the communication plan for the announcement. He explained the need to take advantage of announcing to media during World Pork Expo. The Board agreed that in addition to sending a letter to Producers, information will be shared with media at World Pork Expo and in the Pork Checkoff Report newsletter. Dialogue with individual packers and producers on the subject will also continue.

ADJOURNMENT

The Board Meeting was adjourned at 6:48 p.m.

MINUTES
NATIONAL PORK BOARD
Board of Directors Meeting
Des Moines, IA
June 1-2, 2015

OPENING

The Board of Director Meeting was called to order on June 1, 2015 at 1:00 p.m. by President Dale Norton.

ROLL CALL

The following Pork Board members were in attendance: Karen Richter, Dale Norton, Derrick Sleezer, Jan Archer, Lisa Colby, Brad Greenway, Carl Link, Craig Mensink, Terry O'Neel, Glen Walters, Brett Kaysen, Steve Rommereim, Wathina Luthi, Mike Wyant and Craig Rowles.
Absent: Henry Moore.

NPB staff members in attendance were: Chris Hodges, John Johnson, Jamie Byrnes, Paul Sundberg, Jill Criss, Ceci Snyder, Calvin VandeKrol, Bill Winkelman, Kevin Waetke, Becca Hendricks, Jarrod Sutton, Todd Rodibaugh, Scott Smith, Ashley Lowrey and Dave Pyburn. Also attending: Craig Shackelford, Kevin Studer, AMS; Gary Asay, David Newman, Kris Scheller-Stewart, Bill Tentinger, Pat FitzSimmons, Board Candidates.

MINUTES APPROVAL

A motion was made by Craig Rowles to approve the minutes of the March 5-6, 2015 board meeting, April 10 and May 18, 2015 conference calls. Motion seconded by Jan Archer. Motion Carried.

APPROVALS

A motion was made by Derrick Sleezer to ratify the email approvals of the following Research Proposals:

- **Animal Science Research Proposal:**
 - *Mitigation of the Impact of Seasonality- Amount: \$106,028*
 - *Capturing genetic potential for greater sow lifetime productivity - Amount: \$285,000*

- **Animal Welfare Research Proposal:**
 - *Development of an interactive training app for timely and humane on-farm euthanasia in pigs – Amount: \$182,694.80*

Motion was seconded by Mike Wyant. Motion Carried.

COMMITTEE APPROVAL

Approval of Producer/Public Health & Workplace Safety new committee member Bob Halkovitch. **A motion was made by Derrick to approve and seconded by Craig Mensink. Motion Carried.**

PEDV UPDATE

Paul Sundberg, VP Science & Technology, shared information from the PEDv Strategic Task Force meeting recently held. He explained the task force met with USDA officials to discuss root cause investigations of PEDv. USDA looked at feed ingredients, pet treats, organic soybeans, feral pigs and totes but didn't find anything concrete. Paul explained the taskforce will continue to provide tools and research for farm/regional elimination. Summer of 2015 into fall will likely see a very low level of incidences.

SUSTAINABILITY COMMITTEE

Paul Sundberg explained at the January 2015 Board Meeting the Board approved disbanding the Environmental Committee and creating the Sustainability Committee. Sundberg announced the members they would like to invite to serve on the committee. Those members include: Karen Richter, Jamie Burr, George Pettus, Don Butler, Drew Derstein, John Kroeger, Roger Nath, Gene Noem, Wayne Peugh, Dan Wetherell and Erin Cortus. Both Carl Link and Glen Walters will represent the Board on the committee.

A motion was made by Derrick Sleezer to approve the names recommended to serve on the committee. Motion seconded by Carl Link. Motion Carried.

ADMINISTRATIVE COMMITTEE

Jill Criss, VP of Operations & Human Resources, presented information pertaining to the Administrative Reviews conducted by Ken Horton.

A motion was made by the Administrative Committee to accept the Administrative Reviews for Illinois, Nebraska, North Carolina and Pennsylvania as addressed. Motion Carried.

FINANCE UPDATE

Calvin VandeKrol, VP Finance, reported on the 2015 Forecast, Budget, 2014 Audit activities, PASLWOCO and Budget Planning Task Force. Calvin also discussed financial irregularities with a State Association. Derrick Sleezer, Treasurer, discussed the option of a Checkoff rate increase. He explained the rate hasn't increased since 2002 and with the cost of product and services continuing to increase its something we need to look at. The Board will continue to discuss as an option.

2015 Budget:

- *Total Revenue* \$90.8m
- *Return to State* \$14.3m
- *National Spending* \$60.0m
- *Deficit/Surplus* \$7.4m
- *Ending Undesignated Reserves* \$27.9m

A motion was made by the Finance Committee to approve the 2014 Audited Financials. Motion Carried.

A motion was made by the Finance Committee to approve the 2014 state audited financials for 38 states with completed year-end reports/audits. Motion Carried.

A motion was made by the Finance Committee to withhold funds, effective July 15, 2015, from a state association if acceptable year end audit forms are not completed. Motion Carried.

A motion was made by the Finance Committee to withhold funds, effective August 15, 2015 from a state association if acceptable year-end audit forms are not completed. Motion Carried.

A motion was made by the Finance Committee to withhold funds from Nevada and Louisiana. Funds will be released upon completion of all Financial Reports and addressing of Administrative Review to the satisfaction of NPB. Motion Carried.

A motion was made by the Finance Committee to approve a decrease in PASLWOCO funding (as part of fixed cost) from \$952K to \$732K for 2016, based on the 14 state applications. Motion Carried.

A motion was made by the Finance Committee to approve the 2016 Budget submitted for Ohio. Motion Carried.

A motion was made by the Finance Committee to approve the 2016 Budgets submitted for Florida and South Carolina, fiscal year beginning July 1. Motion Carried.

A motion was made by the Finance Committee to move \$3.4M for severance from designated to undesignated reserves. Motion Carried.

A motion was made by the Finance Committee to move \$1.3M for retention plan from designated reserves to undesignated reserves. Motion Carried.

A motion was made by the Finance Committee to continue our policy of maintaining an undesignated cash reserve of two months average operating expenses. The reserve target will be established annually by the VP of Finance in conjunction of with the Finance Committee using a four-year average. Motion Carried.

A motion was made by the Finance Committee to approve the Investment policy: maximum long term investment authorization is the lower of \$7M or 20% of the undesignated reserve floor. All other investments must be one year or less. Motion Carried.

A motion was made by the Finance Committee to approve the following: Set the 2016 undesignated reserve floor at \$10.6 M in accordance with Board Policy. NPB will also continue using the low-point market prices estimate to establish the FY2016 revenue at \$71M and establish a preliminary 2016 national spending target of \$60.5M. Motion Carried.

A motion was made by the Finance Committee to approve the release of checkoff funds back to the Utah Pork Producers Association effective the June 15th payment. Motion Carried.

COMMON INDUSTRY AUDIT UPDATE

Dave Pyburn, Assistant Vice President, provided an update regarding the Common Industry Audit. He shared next steps for the audit explaining they continue to provide PAACO Certified auditor training and investigating data management and aggregation. The benefits of aggregated data and data sharing will show continuous improvement in the industry, targeting educational efforts and benchmarking of sites, systems and packer supply chains. The Task Force is working on the data management and continue to investigate various options.

TRICHINAE UPDATE

Dave Pyburn discussed the importance of negligible risk standard for trichinella. He explained 16 countries impose Trichinae restrictions against US pork. Overcoming existing restrictions could result in additional exports valued at more than \$300M annual to the US pork industry. Dave explained they will work with USDA to establish a national surveillance program and meet with packers known to export to countries to determine best structure for the program to establish negligible risk standard.

PQA TRAINING

Todd Rodibaugh, Manager Regional Relationship, explained as part of his Master's Program he completed a research project in the form of a survey regarding the efficacy and value for PQA Plus. He received data for 189 pre-certification and 93 post certification completed. Both results were anonymous to encourage honest participation. Todd reported the survey results showing PQA Plus had a 94% self-reported positive effect on some behavior and little to no impact in other areas.

POLLING, CANDIDATE REMARKS & ELECTIONS

Karen Richter, Past President, and Jill Criss, VP Operations & Human Resources, explained the election process as stated in the Board Policy manual. Jill reported the Polling Committee contacted Board Members to determine interest in Officer Positions. The following expressed interest: Derrick Sleezer, President; Jan Archer, Vice President; and Terry O'Neel, Treasurer. Each candidate made remarks about each office.

A motion was made by Brad Greenway to accept the nominations as presented for Officers. Motion was seconded by Craig Rowles. Motion Carried.

President Dale Norton recessed the Board meeting at 5:12 p.m. on June 1, 2015. The meeting reconvened at 7:32 a.m. on June 2, 2015.

ECONOMIC UPDATE

Steve Meyer, Paragon Economics, provided an economic update. He shared the key factors for 2015 discussing the U.S. Dollar, PEDV and industry expansion. Domestic demand remains strong thru March but Steve suggested major trends are favorable for pork. Steve discussed the effect of the avian influenza on chicken layers and broilers. Pork and beef will see very little impact from the situation. Steve expects to see modest profits this year drive more expansion in 2016.

GLOBAL AGRITRENDS

Brett Stuart, Global AgriTrends, provided a global economic update. He discussed the dilemma in China with ractopamine. He explained China's zero-tolerance for ractopamine residues poses a barrier for sales of U.S. pork. Brett shared there is impending pork supply gap building in China as many as nine million sows have been liquidated over the past 19 months. He expects prices to rise and import demand will surge. U.S. pork production is up +7% YTD; forecast +6% for 2015.

DOMESTIC MARKETING UPDATE

Ceci Snyder, VP Domestic Marketing, and John Green, Director Marketing, provided the domestic marketing update and provided the results of the recent Segmentation Study conducted. Ceci shared information on this year's summer retail promotions. She explained they are focusing on bringing their brand position to a higher, emotional level building on the target's enthusiasm for pork and cooking. They will execute one campaign where all marketing disciplines work seamlessly with common idea, language and look. John Green discussed the segmentation study explaining the objective was to refresh the 2010 target segmentation, strengthen understanding of target's key attitudinal measures, strengthen the linkage to MRI and examine opinion elites. He commented they now see a significant group of consumers who consume fresh pork 3+ times every two weeks. This group did not exist in 2010. Pork Be Inspired brand is very much still on target with consumers.

ANTIBIOTIC UPDATE

Jarrod Sutton, VP Social Responsibility; Bill Winkelman, VP Producer Services; Dave Pyburn, AVP Science & Technology; and Kevin Waetke, VP Strategic Communications provided an update of their work with the Antibiotics project. Details were shared of their efforts with research priorities, education and outreach and communications as well as a new

draft policy and position statement. Kevin explained with the recent 209/213 guidance from the FDA, we have aligned our key messages with those of the federal government. He explained we need to share our messages more broadly in order to build trust with consumers.

Motion was made by Brad Greenway to approve and adopt the new position and policy statement as presented. Seconded by Derrick Sleezer. Motion Carried.

Motion was made by Craig Mensink to allocate up to \$1.4M in funding of scientific research and antibiotic risk assessment studies, producer education and consumer awareness programs. Seconded by Steve Rommereim. Motion Carried.

PORK QUALITY INITIATIVE UPDATE

Steve Larsen, Director Pork Safety, discussed the Pork Quality Initiative. He explained the objective is to reduce the percentage of pork loin chops scoring below the National Pork Board color score 3 by 10 percentage points as compared to the 2012 retail baseline study by 2020. He explained the Pork Safety, Quality & Human Nutrition (PSQHN) Committee is taking the lead with the project but also has representatives from Domestic Marketing, International Trade and Animal Science involved in the Pork Quality Taskforce. The taskforce will gather information and bring it back to the PSQHN Committee for recommendation on tactics.

CEO REPORT

Chris Hodges, CEO, provided a status report for the three Strategic Planning goals and shared the projects recently being developed. He explained we are “putting legs” under the five-year strategic plan, moving towards a positive, proactive approach to issues management and are working to build a culture of empowerment and initiative. Budgetary challenges were also discussed, including reducing 2015 program spending by \$3.2M in light of declining revenues.

BOARD CANDIDATES

Craig Shackelford, AMS, swore in Bill Tentinger, Gary Asay, Pat FitzSimmons, Kris Scheller-Stewart, David Newman and Carl Link as Board Members for the National Pork Board.

ADJOURN

A motion was made by Brad Greenway to adjourn the meeting. Motion was seconded by Terry O’Neel. Motion Carried. The meeting was adjourned at 4:27 p.m.

MINUTES
NATIONAL PORK BOARD
Board of Directors Meeting
Des Moines, IA
September 2-3, 2015

OPENING

The Board of Director Meeting was called to order on September 2, 2015 at 1:05 p.m. by President Derrick Sleezer.

ROLL CALL

The following Pork Board members were in attendance: Dale Norton, Derrick Sleezer, Jan Archer, Carl Link, Terry O’Neel, Glen Walters, Brett Kaysen, Steve Rommereim, Wathina Luthi, Gary Asay, David Newman, Pat FitzSimmons, Kris Scheller-Stewart. Absent: Henry Moore, Mike Wyant and Bill Tentinger.

NPB staff members in attendance were: Chris Hodges, John Johnson, Jamie Byrnes, Jill Criss, Ceci Snyder, Calvin VandeKrol, Bill Winkelman, Kevin Waetke, Becca Nepple, Jarrod Sutton, and Dave Pyburn. Also attending: Craig Shackelford, AMS; Paul Sundberg, Swine Health Information Center; Eric Pehle and Mike Koenigs, Weber Shandwick.

MINUTES APPROVAL

A motion was made by Jan Archer to approve the minutes of the June 2-3, 2015 board meeting. Motion seconded by Carl Link. Motion Carried.

APPROVALS

A motion was made by Pat FitzSimmons to ratify the email approvals of the following Research Proposals:

- **Pork Safety, Quality & Human Nutrition Research Proposal:**
 - *Prediction of pork sensory quality using Raman spectroscopy- Amount: \$115,146*
 - *Determination of seroprevalence to toxoplasma gondii in the US national swine herd - Amount: \$149,500*
- **Swine Health Research Proposal:**
 - *Role of viral ovarian domain protease in PRRSV pathogenesis – Amount: \$201,367*
- **Common Industry Audit Proposal:**
 - *AgConnect CSIA Data Management project – Amount: \$192,852*

Motion was seconded by David Newman. Motion Carried.

COMMITTEE APPROVAL

Approval of Consumer Marketing Vice Chair, Terry Wolters. **A motion was made by Carl Link to approve and seconded by Terry O’Neel. Motion Carried.**

ECONOMIC UPDATE

Steve Meyer, Paragon Economics, provided an economic update. He shared key factors for 2015 and 2016. Beef herd expansion is underway and likely accelerating but will have limited impact on supplies into 2016. Steve commented capacity for chickens will be a restraining issue next year with the breeder flock growing along with egg placements. One of the big risks is the possibility of migratory birds bringing avian flu into other areas in the U.S. One key development with pork is improved litter size. Litter growth is back on the 2% year growth trend but domestic demand for pork has slowed. Exports are slowly improving.

CEO REPORT

Chris Hodges, CEO, discussed the efforts needed to alter NPB's culture and processes to follow the Strategic Plan. He explained for our strategic plan to be successful, the removal of silos is needed. In order to cultivate collaboration, NPB is conducting offsite Management Team Retreats seeking to work better across departments. Chris reminded we have big decisions ahead of us, Board and Staff need to be open and creative to focus on the decisions ahead.

FINANCE UPDATE

Calvin VandeKrol, VP Finance, reported on the 2016 Budgets, 2016 National Spending, goal allocation and capitol expenditures. The Budget Task Force was discussed noting next year the Task Force needs more time and more information to review before the meetings. Calvin noted we will have metrics with progress information from 2015 to provide to Task Force Members. A webinar will also be hosted before the June meeting to frame up issues and provide more information to Task Force Members.

2016 Budget:

- *Total Revenue* \$72.1m
- *Return to State* \$13.7m
- *National Spending* \$60.5m
- *Deficit/Surplus* \$8.9m
- *Ending Undesignated Reserves* \$19m

State National Accountability Program (SNAP) – Calvin explained SNAP protects brand and reputation, ensure competency, consistency and timeliness. NPB applies to all states but will focus on states with the highest risks while providing general oversight or all states. The revised travel policy was discussed with the Board explaining the meal limits revised to Breakfast \$25, Lunch \$35 and dinner at \$75. He also stressed the need for use of car rentals in place of personal vehicles for lengthy trips, and reminded that employees must have pre-approval for travel. There new travel policy also provides latitude for the CEO on entertainment, meals and alcohol expenses and provides him with upgrades to economy plus on airline travel.

A motion was made by Steve Rommereim to move \$500K from USFRA, within National Ag Trust & Image, to Antibiotic Public relations effort for 2016. Motion was seconded by Pat FitzSimmons. Motion Carried.

A motion was made by the Finance Committee to increase program spending by \$20K from \$41,452,000 to \$41,473,000. Also, decrease support/overhead by \$430K from \$19,047,000 to \$18,617,000. Motion carried.

A motion was made by the Finance Committee to reduce the National Spending by \$410K from \$60,500,000 to \$60,090,000 in 2016. Motion Carried.

A motion was made by the Finance Committee to approve the 2016 budgets effective October 1, 2015 for Iowa and Minnesota. Motion Carried.

A motion was made by the Finance Committee to approve the revised travel policy effective 10/1/15. Motion Carried.

PR AGENCY INTRODUCTIONS

Kevin Waetke, VP Communications, provided an update on the recent PR Agency selection process. He introduced Eric Pehle and Mike Koenig, Weber Shandwick, as our single PR agency beginning in 2016. Kevin explained at the April management retreat, the decision was made to conduct a review of the Pork Checkoff's existing national PR agency relationships. Request for Proposals (RFP) were sent out to NPB's three national agencies – Bader Rutter, Fleishman Hillard and Weber Shandwick. Following submission of formal written presentations and an in-person presentation, the National Pork Board management team (comprised of 15 staff members) selected Weber Shandwick to serve as our single agency. Eric Pehle, managing director of Weber Shandwick, presented highlights of their formal presentation and discussed the issues facing the National Pork Board.

ANTIBIOTIC INITIATIVE

John Johnson, COO, discussed the 2015 Antibiotics Communication's Plan. He commented Weber will be engaged in detailed planning of the education and communication strategy. He also explained the methodology behind the Blue Ribbon panel and upcoming October 13 animal health company and Food Service & Retail meeting scheduled on October 27.

BOARD ADVISORS

Chris Hodges proposed adding 3 outside advisors to the Board as non-voting members. He explained the members would provide a different perspectives on a variety of issues and these perspectives could help inform Board decision making. The non-voting members could represent financial, consumer marketing and allied industry (possibly animal health). These advisors could be active in the industry or recently

retired. President Sleezer asked for management to provide a more detailed proposal for the process. It was agreed to discuss further at the November Board meeting.

President Derrick Sleezer recessed the Board meeting at 5:42 p.m. on September 2, 2015. The meeting reconvened at 8:01 a.m. on September 3, 2015.

CONSUMER MARKETING UPDATE

Ceci Snyder, VP Consumer Marketing, provided an update for Season Two and Season Three consumer marketing plans. She explained with season two they concentrated on African American and Latino consumers emphasizing fun and social engagement. Season Three will connect pork and the weather together with a PorkCast ad campaign. The campaign will include print, national network radio, online video and digital ads capturing the idea of a recipe PorkCast, tied to weather.

INTERNATIONAL MARKETING UPDATE

Becca Nepple, VP International Marketing, provided an international trade update. She discussed U.S. Pork Exports for January – June 2015. She explained value is down 16% along with volume down 5% from 2014. Becca discussed the Meat Industry International Stewardship Advisory Council (MSIAC) explaining this informal group discusses the implications of new production technologies for red meat exports. The MSIAC Board was created to fill the need for improved communication, coordination, and collaboration along the red meat production and marketing chain on issues related to technology and trade. MSIAC is requesting a swine producer. NPPC and NPB have agreed to share the seat and jointly fund the \$6,280 membership fee. The results from the USMEF survey was also discussed. Final results will be distributed in the near future.

A motion was made by Jan Archer to fund \$3,140 membership amount. Terry O’Neel seconded the motion. Motion carried.

INNOVATION TASKFORCE

Jarrold Sutton, VP Channel Marketing/Innovation/Social Responsibility, and Stephen Gerike, Director Food Service Marketing & Innovation, provided an innovation taskforce update. Using pulled pork as an example, he explained the Innovation group will be identifying products and trends that are at various stages of development with the goal of helping to drive them to ubiquity. Jarrod also shared the recent organizational changes within Domestic Marketing and Channel Marketing Department.

A motion was made by David Newman to have the Innovation Task Force to collaborate to facilitate the development and commercialization of new or modified pork products that will

increase demand and add value to the carcass. Motion was seconded by Kris Scheller-Stewart. Motion Carried.

FOODBORNE PATHOGENS

Dr. Dave Pyburn, VP Science & Technology, provided a report on foodborne pathogens. Recently, both the World Organization for Animal Health (OIE) and Codex have developed global guidelines to assure the safety of pork with respect to *Trichinella*. The OIE established a set of requirements for veterinary oversight of animals in a compartment of negligible risk. One of those requirements is that *Trichinella* infection in pigs is notifiable in the whole country or territory. Dave also provided an update on the Salmonella outbreak in the Pacific Northwest. The outbreak is associated with whole hog roaster carcasses out of one particular plant resulting in a recall of over 500K pounds. Currently, 134 victims have been reported with salmonella poisoning reported between 1 to 90 years old. The Washington Department of Health and CDC are both investigating.

A motion was made by Steve Rommereim to support moving *Trichinella* as a monitored disease to notifiable disease. Motion was seconded by Gary Asay. Motion Carried.

SWINE HEALTH INFORMATION CENTER

Dr. Paul Sundberg, Executive Director, shared information related to the Swine Health Information Center. The mission, Board of Directors and scope of work for the Center were reviewed. He explained the Center is a one-time Checkoff investment of supplemental funds with a 5-year lifetime. Paul shared the work the Center is conducting for the recent discovery of Seneca Valley Virus. He explained the virus looks like Foot and Mouth and extremely painful to the hogs. Investigations will continue to take place to determine course of action needed.

ADJOURN

A motion was made by Jan Archer to adjourn the meeting. Motion was seconded by Steve Rommereim. Motion Carried. The meeting was adjourned at 12:02 p.m.

MINUTES
NATIONAL PORK BOARD
Board of Directors Meeting
Des Moines, IA
November 16-17, 2015

- OPENING** The Board of Directors Meeting was called to order on November 16, 2015 at 1:15 p.m. by President Derrick Sleezer.
- ROLL CALL** The following Pork Board members were in attendance: Dale Norton, Derrick Sleezer, Carl Link, Glen Walters, Brett Kaysen, Steve Rommereim, Gary Asay, David Newman, Pat FitzSimmons, Kris Scheller-Stewart. Available via phone: Henry Moore, Mike Wyant, Jan Archer, Wathina Luthi, Terry O’Neel.
- NPB staff members in attendance were: Chris Hodges, John Johnson, Jamie Byrnes, Jill Criss, Ceci Snyder, Calvin VandeKrol, Bill Winkelman, Kevin Waetke, Becca Nepple, Jarrod Sutton, and Dave Pyburn. Also attending: Craig Shackelford, AMS; Paul Sundberg, Swine Health Information Center; Eric Pehle and Mike Koenigs, Weber Shandwick.
- MINUTES APPROVAL** A motion was made by Carl Link to approve the minutes of the September 2-3, 2015 board meeting. Motion seconded by Pat FitzSimmons. Motion Carried.
- APPROVALS** A motion was made by Carl Link to ratify the email approvals of the following Research Proposals:
- **Pork Safety, Quality & Human Nutrition Research Proposal:**
 - *Consumer Valuation of Pork Chop Quality & Quality Information- Amount: \$180,000*
- Motion was seconded by Steve Rommereim. Motion Carried.
- PROGRAM COMMITTEE APPROVAL** A motion was made by Carl Link to approve the Program Committee Members as presented. Motion seconded by Terry O’Neel. Motion Carried.
- CEO REPORT** Chris Hodges, CEO, discussed how we are currently doing with the goals & objectives under the Strategic Plan. He explained the number one priority for Building Consumer Trust is to shape the dialogue and continue to provide food chain outreach and communication to producers, consumers and media. The need to continue to lead the discussion on antibiotics as consumers, influencers groups and our channel partners are looking to NPB for leadership was also discussed.

**ANTIBIOTIC
STEWARDSHIP UPDATE**

John Johnson, COO, shared information related to antibiotics. He discussed meetings held October 13 with animal health pharma and the October 27 seminar with retail, packers, processors and producers sharing both meetings provided excellent dialogue. Looking forward, he discussed the 2016 tactics explaining we will identify and engage key influencers by hosting and participating in policy events with media partners, engage nutritionists & dieticians, proactive media activities and media familiarization tours.

PQA DISCUSSION

Bill Winkelman, VP Producer & State Services, discussed a recent request from a Packer regarding PQA assessment numbers and the need for increased emphasis with packers by NPB. He shared as of November 1, NPB has 61,583 individuals certified as PQA Plus and 16,801 sites assessed. NPB will conduct a packer survey in December to determine extent of packers requiring PQA Plus. Board Members agreed that with packer commitment and support we should be at 85% by 2020 but realize 100% certification will not likely be realistic.

**EXPORT UPDATE &
CHINA OPPORTUNITES**

Becca Nepple, VP International Marketing, provided an Export Update and shared details from a recent China visit. She shared Past President's Conley Nelson and Karen Richter will both move into a USMEF officer positions for 2016. Becca discussed the recent USMEF meetings in China she attended with Chris Hodges and Bill Luckey. She explained China is dealing with food safety concerns, environmental regulations, reduction in sows and need a long term strategy. Meat consumption has doubled from 1971 and 50% of meat products are still sold in wet markets. China Pork Imports YTD +6% all sources and EU imports +7% YTD. She explained they continue to have challenges with cold storage logistics, transportation and customer base to handle imports.

President Derrick Sleezer recessed the Board meeting at 5:42 p.m. on November 16, 2015. The meeting reconvened at 8:05 a.m. on November 17, 2015.

FINANCE UPDATE

Calvin VandeKrol, VP Finance, reported on the 2016 Budgets, 2016 National Spending and capital expenditures.

2016 Budget:

- *Total Revenue* *\$73.7m*
- *Return to State* *\$14.1m*
- *National Spending* *\$64.2m*
- *Supplemental Spending* *\$3.2m*
- *Deficit/Surplus* *\$7.3m*

- *Ending Undesignated Reserves* \$17.0m

A motion was made by the Finance Committee to increase the 2016 National Spending from \$60,090,000 to \$64,176,000. Motion Carried.

A motion was made by the Finance Committee to approve 39 of 42 2016 state budgets and continue to withhold Checkoff funding from Nevada, Louisiana and Virginia. Funding will be released upon completion of all financial reports, budgets and provide plans to correct the administrative reviews. Motion Carried.

A motion was made by the Finance Committee to approve the State National Accountability Program (SNAP) concept to provide adequate oversight with states and ensure competency, consistency and timeliness. Motion Carried.

A motion was made by the Finance Committee to approve the 2014 Utah audited financials. Motion Carried.

A motion was made by the Finance Committee to approve the 2016 budget of \$78.3 M including \$64.2M in national spending plus \$14.1M in return to state and 2016 Capex of \$381,500 as presented. Motion Carried.

A motion was made by the Finance Committee to approve CBIZ auditors for the 2015 National Pork Board GAGAS audit. Motion Carried.

A motion was made by the Finance Committee to approve CBIZ as auditors for the 2015 North Dakota, Hawaii and New York audit. Motion Carried.

A motion was made by Carl Link to ratify the email approval of an advertisement in the Wall Street Journal for \$150,000. Motion was seconded by Pat Fitzsimmons. Motion Carried.

CONSUMER MARKETING STRATEGIES

Ceci Snyder, VP Consumer Marketing, provided a 2015 supplemental update reporting they spent \$1.5M for six weeks of network and \$40K for additional digital. She also updated on the Season 4 November/December campaign and discussed the 2016 Supplemental request of \$2M. As they go into a new season, Ceci shared details regarding the new campaign. This year's season will look at utilizing a comedian to be the voice of the grill for both social and digital advertisement.

IARC UPDATE

Ceci Snyder, provided an update on the recent International Agency for Research on Cancer (IARC) report released from the World Health Organization (WHO). She explained a panel of 22 researchers from 10 countries met to evaluate red meat and processed meat as a possible human carcinogen in early October. From that report, IARC placed processed meat in the highest carcinogenic category along with red meat at group number two. NPB has been collaborating with NPPC, NCBA, NAMI and IMS on the report viewing both negative and positive media. They will continue to monitor and provide positive factual information for consumers.

ADMINISTRATIVE COMMITTEE UPDATE

Jill Criss, VP HR & Operations, provided an administrative committee update discussing states who need administrative review, Board Policy changes and a CEO Inspiration Award. She explained the CEO Inspiration Award would be provided to a NPB staff member, veterinarian, public relations firm and channel partner. After discussion, Board Members agreed to present the award during the CEO presentation.

A motion was made by Steve Rommereim to approve the CEO Inspiration Award as presented. Motion seconded by David Newman. Motion Carried.

NOMINATING UPDATE

Jill Criss and Dale Norton, Past President, provided a report from the recent Nominating meeting. Jill explained at least 12 states must be represented on Pork Board. The Secretary must be able to satisfy this requirement by appointing nominees ranked by delegates in the top 5 of the eight nominees submitted to the Secretary of Agriculture. Currently, we have four candidates for the Nominating Committee and eight candidates for the Board of Directors. Jill commented the eight candidates include incumbents Jan Archer and Terry O'Neel. The Nominating Committee will hold interviews December 10-11 to determine the ranking for the applicants.

DISTINGUISHED SERVICE AWARD

John Johnson, COO, provided an update regarding the Distinguished Service Award. He commented the Past Presidents selected Darrell Anderson as this year's recipient. Darrell will be presented the award at the Distinguished Service luncheon during Pork Forum in March.

A motion was made by Bill Tentinger to approve Darrell Anderson as the recipient of the 2016 Distinguished Service Award. Motion seconded by Brett Kaysen. Motion Carried.

ADOPT A STATE ASSIGNMENTS

John Johnson explained Board Members are assigned as a mentor to State Associations as a way to gather feedback, comments regarding checkoff and maintain a relationship with State Associations. Board Member Terry O'Neel commented Pork Forum is the best time to visit with State Executives and Producers regarding issues.

COMMITTEE ASSIGNMENTS

John Johnson explained Board Members are asked to serve on Program Committee's during their service on the Board. He presented the committee assignments for 2016. Rotations on committees are recommended especially if a Board Member would like to serve as an Officer. No one had further comments on the assignments presented.

JANUARY BOARD MEETING

John Johnson shared details regarding the upcoming January Board Meeting. He commented the meeting will be held in Raleigh, North Carolina January 4-6, 2016. John explained NPB is working with Deborah Johnson, State Executive for the North Carolina Pork Council, on details related to the meetings. Board Members will have dinner with members from the North Carolina Pork Council and tour Bob Ivy's farm in Goldsboro. More information will be shared closer to date.

ADJOURN

A motion was made by Dave Newman to adjourn the meeting. Motion was seconded by Carl Link. Motion Carried. The meeting was adjourned at 11:42 a.m.

MINUTES
NATIONAL PORK BOARD
Board of Directors
Raleigh, NC
January 4-6, 2016

OPENING

The Board of Directors Meeting was called to order on January 4, 2016 at 1:05 p.m. by President Derrick Sleezer.

ROLL CALL

The following Pork Board members were in attendance: Derrick Sleezer, Jan Archer, Terry O'Neel, Gary Asay, Pat FitzSimmons, Carl Link, Wathina Luthi, Henry Moore, David Newman, Steve Rommereim, Kris Scheller-Stewart, Glen Walters and Mike Wyant. Available via phone: Brett Kaysen, Dale Norton, Bill Tentinger.

NPB staff members in attendance were: John Johnson, Jamie Byrnes, Jill Criss, Ceci Snyder, Calvin VandeKrol, Bill Winkelman, Kevin Waetke, Becca Nepple, Jarrod Sutton, Chuck Cozad and Dave Pyburn. Also attending: Craig Shackelford, AMS; Paul Sundberg, Swine Health Information Center; Peter Davies, University of MN.

MINUTES APPROVAL

A motion was made by Carl Link to approve the minutes of the November 16-17, 2015 board meeting. Motion seconded by Steve Rommereim. Motion Carried.

APPROVALS

A motion was made by David Newman to ratify the email approvals of the following Research Proposals:

- **Animal Science Research Proposal:**
 - *Development & Validation of Standardized Scientific Protocol evaluating Antibiotic Alternatives in Growing Pigs- Amount: \$100,000*

Motion was seconded by Terry O'Neel. Motion Carried.

PROGRAM

COMMITTEE APPROVAL

A motion was made by Wathina Luthi to approve Dan Hamilton replacing Matt Culbertson as PIC representative on the Animal Science Committee. Motion seconded by Mike Wyant. Motion Carried.

FINANCE UPDATE

Calvin VandeKrol, VP Finance, provided updates regarding 2015 Financials and the 2016 Budget. New revenue estimates require a \$4.75 million reduction in the 2016 budget. The Board recommended staff engage with the Budget Planning Task Force and the Finance Committee to review proposed budget reductions for 2016. The Management Team will review the budget and provide recommended reductions to the Budget Planning Task Force and the Finance Committee to discuss on a February conference call.

2016 Budget:

• Total Revenue	\$69.5m
• Return to State	\$13.2m
• National Spending	\$61.1m
• Pending TOWM	\$3.0m
• Supplemental Spending	\$3.6m
• Deficit/Surplus	\$11.4m
• Ending Undesignated Reserves	\$11.4m

A motion was made by Jan Archer to approve additional personnel cost of \$250,000. Motion was seconded by Pat Fitzsimmons. Motion Carried.

A motion was made by Terry O’Neel to approve additional legal costs of \$100,000. Motion seconded by Gary Asay. Motion Carried.

A motion was made by Steve Rommereim to approve the Swine Health Information Center supplemental request of \$2,500,000. Motion was seconded by Carl Link. Motion Carried.

A motion was made by Jan Archer to approve Pork Board staff to sign and execute contracts on behalf of the Board, providing the contracts are in accordance to their job responsibilities. Motion was seconded by David Newman. Motion Carried.

**VULNERABILITIES
UPDATE**

Kevin Waetke, VP Communications, provided a review of the 2015 vulnerabilities. He shared details from an electronic survey that was sent out to program staff and industry leaders. From the survey results, the top five 2016 vulnerabilities include antibiotics, foreign animal disease, animal welfare, pork safety and producer economic viability. Next steps include a GAP assessment of each vulnerability and to build a risk management and communications strategy. Kevin also shared highlights of news media interactions for 2015. Pork Board has 509 total interactions with media in 2015, a 10.9% increase from 2014.

INNOVATION UPDATE

Jarrod Sutton, VP Social Responsibility, provided an update regarding the progress to date with the Innovation Task Force. The task force has developed a mission statement and vision statement and set a goal of increasing in ham prices during the months of May, June and July by \$0.10/lb. compared to the previous year. As they evolve, the group will continue to identify new pork products for development and promotion.

**CEO AWARDS
RECOGNITION PROGRAM**

Board Members discussed the CEO Awards program approved at the November Board Meeting. After further discussion, Members agreed to discontinue the CEO Awards program.

A motion was made by Pat FitzSimmons to table the CEO Awards program to a later date. Motion seconded by Jan Archer.

A substitute motion was made by Henry Moore to eliminate the CEO Awards program. Motion seconded by Terry O'Neel. Motion Carried.

Executive Session

The Board discussed the search for a new CEO in Executive session.

President Derrick Sleezer recessed the Board meeting at 4:40 p.m. on January 4, 2016. The meeting reconvened at 7:35 a.m. on January 5, 2016.

ANTIBIOTIC RESISTANCE

Dr. Peter Davies, University of Minnesota, presented information regarding antibiotic resistance. He discussed the National Action Plan explaining their goal is to slow the development of resistant bacteria and prevent the spread of resistant infections. He also discussed the challenges of developing models and metrics to track progress on antibiotic use.

ANTIBIOTIC COMMUNICATIONS UPDATE

John Johnson, COO, provided a communications update regarding various antibiotic projects. He discussed the upcoming Blue Ribbon Panel meeting in Texas along with the March Thought Leader dinner and forum scheduled for March 15 and 16 in Washington, DC. John also shared information for the National Press Foundation Farm event confirmed for summer of 2016. This 4-day farm to table educational event will have 30-40 journalists, selected via application process, in attendance.

SWINE HEALTH INFORMATION CENTER UPDATE

Dr. Paul Sundberg, Executive Director, provided a report from the Swine Health Information Center (SHIC). He commented SHIC has two working groups in progress including the Monitoring & Analysis Group and the Preparedness Group. SHIC has held 28 separate meetings with producers, veterinarians, USDA and other stakeholders while also rolling out their website and other communication outreach material. Paul also shared information related to the draft response plan they are developing for Seneca Valley Virus.

A motion was made by Henry Moore to approve the Swine Health Information Center report as presented along with the \$2.5M contract payment. Motion seconded by Carl Link. Motion Carried.

SWINE HEALTH BOARD

Dave Pyburn, VP Science & Technology, explained with the increased risk of emerging diseases in the industry and lessons learned a Swine Health Response Board (with no regulatory power) is needed. The mission of the Board would be to share in the analysis of emerging disease outbreak and to develop recommendations for response actions by industry and government. Proposed membership would include representatives from State/Federal Animal Health, AASV, pork producers from NPPC and NPB, and Vet Diagnostic Laboratory.

A motion was made by Terry O’Neel to approve the formation of a Swine Health Response Board in cooperation with NPPC, AASV and other relevant stakeholders. Motion seconded by Mike Wyant. Motion Carried.

PORK QUALITY UPDATE

Dave Pyburn explained Pork Quality Standards have been developed after discussions with the Pork Safety, Quality & Human Nutrition Committee (PSQHN), the Pork Quality Task Force. These standards will help achieve NPB’s Quality Objective in the Strategic Plan. He explained the quality standards will serve food service and retailers desire for consistent quality; will require nomenclature to convey quality measures to consumers; and with consumers’ willingness to pay for consistent quality will ultimately deliver greater value to pork producers on the farm. In December, the PSQHN committee passed a motion to adopt the proposed voluntary quality grading standard from the Pork Quality Task Force. Next steps include discussing with multiple Sci-Tech committees at the February Unified Meetings, Board approval of final standards in March, 2016, petition of AMS to rewrite their outdated pork quality standards, and working with RAC/PPIC to execute a communications strategy.

INTERNATIONAL MARKETING UPDATE

Becca Nepple, VP International Marketing, provided an international marketing update. She discussed U.S. Pork Exports for January – October 2015. She explained value is down 17%, volume down 4% from 2014 with muscle cut exports down 8% and variety meats also down 31%. Becca reported of lingering issues from port slowdown, weak global demand for variety meats and weak Chinese economy with no “pork gap”. She concluded by discussing members of the 2016 NPB and Industry Leadership for Trade, USMEF Checkoff positions and USMEF non-Checkoff positions.

ADJOURN

A motion was made by Jan Archer to adjourn the meeting. Motion was seconded by Henry Moore. Motion Carried. The meeting was adjourned at 4:40 p.m.