



The education and research bridge connecting growers and customers

Wheat Marketing Center, Inc. Board Meeting - DRAFT
March 26, 2020
Minutes

Wheat Marketing Center Board:

Bill Flory, Chairperson
Darren Padget, Vice Chair
Von Johnson, Secretary
John Akre, Treasurer
Brit Ausman
Steve Beedy
Charlie Bumgarner
Greg Guthrie
Michael Peters
Bud Riedner
Philip Volk
Ron Williams
Tom Zelenka
Warren Banks (Ex-officio)
Alan Sams (Ex-officio)

WMC Laboratory Services Board:

Tom Zelenka, Chairperson
Dave Stone, Food Innovation Center
Brian O'Toole
Steve Wirsching, USW
Mark Hodges (Ex-officio)

WMC Title Holding Company Board:

Tom Zelenka, Chairperson
Warren Banks, Secretary
Darren Padget

Wheat Marketing Center Staff:

Janice Cooper, Managing Director
Jayne Bock, Technical Director
Brent Haugen, Office Manager

Guests

Madison Andersen, Colorado Wheat
Sam Anderson, Montana Wheat & Barley
Committee
Casey Chumrau, Idaho Wheat Commission
Amanda Hoey, Oregon Wheat Commission

Dustin Klinger, Thede Culpepper Moore
Munro & Silliman LLP
Cassidy Marn, Montana Wheat & Barley
Committee
Mike Schulte, Oklahoma Wheat Commission

Call to Order

The meeting was called to order at 8:02 am by Chairperson Bill Flory. He welcomed all members, staff, and guests to this virtual meeting.

Approval of Agenda

Chairperson Flory asked if there were any changes or additions to the agenda. **Darren Padget made a motion to approve the agenda, seconded by Greg Guthrie, and the motion was approved.**

Conflict of Interest Confirmation

Chairperson Flory asked if any board members had any potential conflicts to disclose. These potential conflicts could include business transactions with the Wheat Marketing Center or its affiliates.

Brian O'Toole indicated that one of his companies contracts for testing by WMC Lab Services. Ron Williams also indicated that WMC Lab Services conducts testing for Columbia Grain, but it has been disclosed at a previous board meeting. Chairperson Flory asked the board if there were any questions or concerns. Given none, Dustin Klinger, legal counsel for WMC, directed these disclosures to be noted in the minutes.

Director Reports

Board members reported on growing and planting conditions in each of their states. Many states reported the impact of good moisture and relatively decent weather conditions that might result in a decent crop and early harvest. Some areas are seeing an increase in spring wheat, spring barley, and spring canola.

The COVID-19 crisis has impacted all with potential delays in transporting product from farm to final customer. Safety has also been a big factor in the industry. Domestic demand for wheat and recent Chinese purchases are good news during this challenging time. This was echoed by other attendees of the meeting.

Additional comments by attendees.

- John Akre of Port of Portland reported that all terminals are open and contingency plans are in place in case of a COVID-19 outbreak. He is also excited about the increase in export volume.
- Greg Guthrie of BNSF reported the railroad continues to operate even with volumes being down. Guthrie is pleased at the prospect of exports increasing soon, especially hard red winter wheat. Corn exports are picking up and the forecasts for April & May are better than expected.
- Ron Williams of Columbia Grain indicated that staying operational while keeping people safe has been their top priority. From farmer origination to final customer, Columbia Grain has been fielding questions throughout the chain. Vessels are still able to be loaded while maintaining inspections and quarantine regulations. Their strategy to battle against COVID-19 is to maintain effective and steady communications.
- Dr. Alan Sams, of Oregon State University reported that they are on the search for the head crop and soil quality staff person. Sams stated that after a year and a half in his position, he is ready to get more actively involved in the industry.
- Dave Stone with the Food Innovation Center stated that teams are working remotely, and sensory work is currently postponed, due to COVID-19. Lab services and pilot plant activities are deemed essential and will remain operational.

WHEAT MARKETING CENTER ANNUAL MEETING

Approval of October 2019 Minutes

The minutes from the prior board meeting were reviewed by board members. **Charlie Bumgarner moved to approve the minutes. The motion was seconded by Michael Peters and passed by a voice vote.**

Financial Reports –

Second Quarter Financial Report

Janice Cooper provided a report on FY 2019/20 budget through December 31, 2019, noting areas in the operating budget not in alignment with estimates. For income, State Research Projects are low at 4%, but one project is in the pipeline. Overall income is trending ahead at 61% at the halfway point in the fiscal year.

In operating expenses, Cooper highlighted that Research Projects was higher, due to the pass-through cost of hosting a Researcher in Residence in partnership with the Food Innovation Center.

In the capital expense budget, Bill Flory noted a correction that Equipment Purchase should be 2% versus 0%. Cooper noted and confirmed the correction.

WMC Income/Expense Report through 2/29/20

The overall income (75%) and expense (69%) figures are within budget estimates for the operating budget. In the capital budget, Cooper noted the \$40,000 partner draw to pay the WMC share to replace the fire safety panel for the Albers Mill Building. Finance & Audit Committee Chair John Akre confirmed that the committee had reviewed everything and that members are pleased with the numbers, including the COVID-19 potential impact.

Chair Bill Flory commended John Akre and the committee for their efforts in reviewing the financial health of WMC.

John Akre moved to accept the financial reports as presented, seconded by Darren Padget, and the motion was passed.

Election of Directors & Officers

Greg Guthrie, Chair of the Governance & Nominating Committee started off by thanking Von Johnson for his service on the board representing the state of Nebraska. He asked if any other states anticipated changes to their board representatives. Hearing none, Guthrie asked for a motion to accept the slate of state members and the Port of Portland as presented. **Charlie Bumgarner moved to accept the slate as presented, seconded by Darren Padget, and the motion was passed.**

Guthrie advised the board that he was not planning to retire off the board at this time, due to the uncertainty of the building and the current COVID-19 crisis.

Guthrie continued the discussion by explaining that the bylaws grant the state members plus the Port of Portland representative the responsibility to approve the other board members. He also proposed that Steve Beedy replace Von Johnson as Secretary on the board and presented the other officers as follows:

- Bill Flory – Chairperson
- Darren Padget – Vice Chairperson
- John Akre - Treasurer

Darren Padget moved to accept the slate of directors and officers, Brit Ausman seconded, and the motion was approved.

WMC Lab Services Annual Meeting

Tom Zelenka, Chair of the WMC Lab Services board, noted there was a good summary provided in the board book and encouraged members to read Dr. Jayne Bock's report that discussed current and future projects. He commended the lab and research staff for their continued good work.

Janice Cooper added that she and Jayne have had several discussions over the past few months about adding proprietary projects to balance the postponed or cancelled USW courses. There will be more discussion during the COVID-19 conversation.

Greg Guthrie concluded this annual meeting by making a motion to re-elect all existing directors on the WMC Lab Services Board. Philip Volk seconded the motion and the motion was approved.

WMC Title Holding Company Annual Meeting

Tom Zelenka, Chair of WMC Title Holding Company board, reported that the board continued to engage frequently on Albers Mill Building-related matters. Zelenka gave a bit of history: the Bill Naito Company (BNC), WMC's partners in owning the building, have been winding down their business and assets over the past year. BNC actively sought a buyer for their share of the building but were unsuccessful in finding an acceptable new partner. They have been exploring other options such as a ground lease or selling the building. There is no resolution at this time.

Zelenka reported on capital improvement projects such as the new fire safety panel and the riverfront walkway, but also wanted to highlight the renovation of the pier. A document explaining the scope of the project and the estimated cost was emailed prior to the board meeting.

Janice Cooper reported there is still a positive cash flow and that how to respond to possible requests for rent relief was discussed at the last WMC Title Holding Company meeting. The board will continue to work with the building partners on the response and future management of the building. Cooper also noted that Diane McMahon, former CEO of BNC, is working on leasing, with a focus on trying to keep existing tenants in the building.

Greg Guthrie concluded this annual meeting by thanking this board for all their efforts and asking for a motion to re-elect existing directors on the WMC Title Holding Company Board. **Ron Williams made a motion, seconded by Brit Ausman, and the motion was passed.**

Retiring Board Member Recognition

Nebraska has provided long standing financial, programmatic, and policy support for the Wheat Marketing Center since the founding of the organization. Bill Flory commended Von Johnson for his service on the WMC board since 2015, including serving as Secretary for the past two years. Janice Cooper echoed that sentiment and added the contributions of equipment from Nebraska (and other state commissions) are highlighted when visitors, growers, and international and domestic teams visit the facility. This demonstrates the strength of the partnership between the states and WMC. Flory continued by commending the state of Nebraska for sending a diverse group to WMC each year. The mix of growers, elevator operators, members of the press, and government agencies sets a high bar and a good example for other states.

Von Johnson responded by stating that WMC is always a main topic at industry meetings in Nebraska. They are proud of their contributions, projects, equipment, and involvement with the growth of WMC. He also recognized the WMC team and commended them on their work and professionalism.

Impacts of COVID-19

US Wheat Associates

Steve Wirsching of US Wheat Associates discussed the impact of this crisis on their organization and the U.S. wheat industry. He reported the cancellation and/or postponement of 25 programs in the first quarter. Wirsching predicted that the June technical courses at WMC, including the two Chinese programs, are tentative, and may be cancelled, depending on developments in the next couple of months. Brian O'Toole asked if any funding would be able to carry over into next year. Wirsching explained the ATP activities can be carried over, but the MAP and FMD funding cannot be carried over unless USDA modifies their rules.

Wirsching also highlighted some of the positives to the current situation -- the increase in demand for wheat both domestic and internationally. He believes the need for wheat internationally will remain, while domestic demand will wane as the crisis dissipates.

Steve Wirsching continued by informing the board that USW will continue to operate. The organization will work with USDA and FGIS on contingency plans to enable these entities to continue export operations while keeping their staff safe.

Wheat Marketing Center

Janice Cooper added that the WMC staff is already working on how to provide information and guidance on using hard red winter wheat for China. In addition, Cooper explained that although the Wheat Marketing Center is closed and the staff is working remotely, essential testing services for customers will continue by arrangement with Bon Lee, Operations Manager.

Cooper also mentioned that Yu-Ching Huang, WMC's visiting scholar, took a personal trip back to Taiwan, due to a parental health issue. Jayne Bock has been in contact with Ms. Huang regarding her return date to WMC to finish her research project on whole wheat particle size in Chinese steamed bread. If she is not able to return due to COVID-19, they have a contingency plan for finishing the project.

Additional projects for the team include responding to emails, updating the website, reviewing customer lists for potential projects, updating the Policies & Procedures Manual, developing new research projects, and creating a database for historical data.

Cooper added that all fulltime staff will remain on payroll. The crop quality process begins in July. It is critical that WMC staff are prepared to return to the center when the stay at home ban is lifted.

Financial Impact of COVID-19

Janice Cooper addressed the issue of the likely financial impact of COVID-19 on the Wheat Marketing Center. Before the crisis, USW Technical Training income was expected to exceed budgeted income by \$50,000. Now due to this crisis, WMC will not realize this additional income. Instead, staff are creating a plan to conduct more public and proprietary research projects. Expense items highlighted in green, including Board Meeting and Business Development, will be lower this year. In the area of Marketing, Cooper reported the tablets in the hallway were stolen earlier this year and some new display concepts are being explored. In the interim, Brent Haugen has loaded videos onto USB drives; existing monitors are playing custom PowerPoints and video from industry partners. On the capital side, Cooper explained there will be a contribution needed for the pier project and other upgrades, although expenditures may not all be in the current fiscal year.

In response to a question from Steve Wirsching on the Albers Mill Building, Cooper informed the board that building's doors are being kept locked. Tenants may enter the building with their key card, but others cannot gain access to the building or the elevators. Janitorial service and the HVAC system will remain constant during the lock down.

Albers Mill Building Update

Tom Zelenka wanted to reiterate that the update for the building was covered in the WMC Title Holding Company Annual Meeting. He added that a new management company is taking over from Unico. This should be a seamless transition.

Dustin Klinger added that the Albers Mill Building is not retail focused. It was also pointed out that the building will only have a 6.4% vacancy at the end of April. Klinger recommends keeping communications clear, document communications, and try to understand tenant needs during this time.

Business Development

Chairperson Bill Flory began the discussion by encouraging members to think about public/private entities for future business for WMC. Flory then opened the floor to discuss business development ideas. There was much discussion in the area of virtual delivery of education and information.

Greg Guthrie encouraged WMC to explore ways to deliver education, information and guidance virtually. This was echoed by Warren Banks through his professional experience in working with businesses, Ron Williams in the realm of consultation and online courses, and Tom Zelenka in the area of research. Dr. Alan Sams of OSU added that their university is 5th in the nation for online educational programs. He offered to be a resource to WMC for further exploration. Dave Stone of FIC also offered to assist WMC to access other OSU resources. Jayne Bock felt our recent live stream experience with BAKERpedia will be a good reference for WMC to explore online delivery platforms.

Other Business

Chair Bill Flory opened the floor for other business.

Philip Volk announced the 74th birthday of David Clough (former board member). He added a thanks to all who made this virtual meeting possible.

Dustin Klinger informed the board that evictions are halted for 60 days, which can have an impact on the Albers Mill Building. He also added there are regional and local bank short term loans that can be used for payroll and immediate shortfalls. He indicated that small business loans for payroll may be forgiven. Brian O'Toole suggested that both WMC and Title Holding Company check their insurance for business loss coverage. Janice Cooper said that she would explore the insurance options for WMC and the building.

Bill Flory indicated that Kansas wheat commissioners had intended to attend this meeting but changed their plans when the meeting went virtual. An invitation will go out to Kansas for the October board meeting. Flory encouraged the board to review the Manager and Staff Reports in the board book. He also took this opportunity to thank all who attended today's meeting.

Warren Banks asked Janice Cooper if there was an update on the proposed National Checkoff for Millers and Bakers from the October meeting. Cooper indicated it was still under consideration and she would check with the Grain Foods Foundation on any updates and report back to the board.

The next board meeting date was discussed and a tentative hold on October 22, 2020 was made (and later confirmed.)

Adjournment

Bill Flory asked for a motion to adjourn the meeting. **Greg Guthrie made the motion, seconded by Brit Ausman, and the motion was passed.**

The meeting adjourned at 10:14 am.

Respectfully submitted,

Steve Beedy, Secretary

Date