

SOUTH DAKOTA WHEAT COMMISSION MEETING

Thursday, January 6, 2011

116 N. Euclid, Pierre, SD

Minutes

Present: Laird Larson, Darrell Davis, Steve Halverson, Chet Edinger, and Clint Vanneman.

Also present: Randy Englund, Mary Ellen Wagner and Roxanne Harrison, Commission staff; Ron Giese, SD Crop Improvement Association, and Rick Vallery, SDWI.

10:00 a.m. Chairman Larson called the meeting to order.

Commissioner Edinger moved to approve the agenda. Commissioner Vanneman seconded. Motion carried.

Commissioner Halverson moved to approve the minutes for the November meeting. Commissioner Davis seconded. Motion carried.

Roxanne Harrison reviewed the financials for November and December. She reported that the large refunds in January are due to deferred payments.

Commissioner Davis moved to approve the November and December 2010 financial reports. Commissioner Edinger seconded. Motion carried.

Staff reports

Roxanne Harrison – reported on Ag Horizons Conference bookkeeping completed, preparation of 1099 (about 100) for the Commission and Wheat Inc, working on payroll year-end reports, USW Goods and Services Contribution calculations to be submitted by January 14, and regular monthly accounting functions.

Mary Ellen Wagner – The Commission's annual report will be in the February issue of Dakota Farmer (\$5400 for the four-page spread). Seed tech lab, USW officer Darrell Davis, NCI exploring whole wheat, quality lab, and green house will be highlighted. While in DC, she will participate in visits to various offices that deal with the international food and development aid to discuss keeping wheat in the food aid program. She is working on an exhibit for the Commodity Classic. Wagner participated in a conference call with school food service task force on whole wheat in schools. She plans to attend the WFC meeting in Denver and the USW meeting in Washington, DC.

Randy Englund – Production meetings and variety survey meetings and visiting with the other commissions.

MARKET DEVELOPMENT

Export Market Development – Commissioners Edinger, Larson, and Davis, along with Englund and Wagner, plan to attend the USW winter meeting. Commissioners Larson and Davis are the board members and Edinger will sit at Davis' spot but cannot vote. Edinger will need to take Larson's seat during Wednesday board meeting. Vallery is arranging meetings with Senators Thune and Johnson's

staff, Cynthia and Brendan, but does not have one arranged with Representative Noem at this time. Renee Latrell is Noem's ag aid and he is trying to arrange a meeting with her. Issues to discuss include transportation, farm bill, FMD funding, and exports trade agreements. State issues of concern are EPA regulations and budget cuts. Current thinking is that direct payments are probably not going away.

Committee assignments:

Sanitary-Phytosanitary - Englund

Long Range Planning - Edinger

Hard White Wheat - Larson

Food Aid and Communications - Wagner

All available will attend the Wheat Quality

USW Audit - Davis

Budget - Larson

Joint Biotech - Davis

USW Officer Election - Jay Armstrong, eastern Kansas, and Dan Hughes from Nebraska are candidates for USW secretary/treasurer office. **By consensus, South Dakota's representative will vote for Hughes.**

USW Bylaws – Two by-law changes are proposed. First, to strike-out that a director "must be an actual producer of wheat and who receives a substantial proportion of their income from the production and sale of wheat." Washington has an industry representative on their Board and this would allow someone other than a producer to be on the USW Board. A number of other Commissions are moving toward having an industry representative on their board.

The second change is to add the phrase "at least" before "one qualified person for each office"

By consensus, the Commissioners indicated support of the bylaws changes.

Chairman Larson recessed the meeting at 11:40 am.

Commission meeting reconvened at 1:30 pm.

DOMESTIC MARKET DEVELOPMENT

NCI – Commissioner Larson gave a background on NCI. The bagging portion of the new swing mill will cost approximately \$30,000. The Commission's earlier commitment of \$ 50,000 was intended as matching funds if possible. There is some confusion as to how much the Commission will pay since the cost may be less than expected. The consensus of the Commission is to have Englund call and direct Brian Sorenson, NCI director, to solicit funds to match the Commission.

Funding - for NCI in 2011 will stay at \$25,000 for the time being.

Advisory Board – Commissioner Edinger agreed to be nominated for the NCI advisory board since Larson has served the maximum years allowed by NCI rules. **Commissioner Davis moved to nominate Chet Edinger to the NCI Board for the state of South Dakota. Commissioner Vanneman seconded. Motion passed.**

SDSU CONFERENCE CALL

2:00 pm - Conference call with SDSU about the IGROW project. Emery Tschetter, Cheryl Reese, and Dave Clay participated from SDSU. Greg Carlson, in charge of the project, joined the conference call.

IGROW system is a new research, teaching, extension, and virtual system on-line for production agriculture.

Corn and beef systems will be on-line in January. The system will have a password secure environment for personal producer information

They are currently working on calculator applications for wheat issues and will send them to the commissioners for their review and comment. They have also requested a growing calendar for winter wheat and one for spring wheat.

RESEARCH

Englund discussed with Sue Blodgett, Plant Science Department Head, the request to get wheat RFP's earlier. Research proposals will be reviewed in March. Plant Science will monitor who is listed on the proposals as true participants. The Wheat Commission has emphasized the importance of doing a peer review of projects before they are submitted to the Commission so they are justified projects submitted. This peer review committee will be advisory.

Commissioner Halverson suggested a possible research project with extreme, middle and small management in the same plot analyzed to the point-of-sale. This would be done on one wheat variety. Perhaps this could be in conjunction with the Ducks Unlimited Winter Cereals project.

The Commission discussed continuing development of Hard White Wheat Spring variety. Idaho is all HW with most of them being contractual acres. The North Dakota Mill is doing contracts for "Alpine," an AgriPro variety. Bob Sombke, ND Mill, encourages continued research and feels that demand is growing because of HWW's higher extraction rate, gluten strength, and increased whole wheat consumption.

A lengthy discussion was held on developing a line, whether they wanted to let research drop completely or maintain a small amount. The Commissioners determined they would like to continue at a modified commitment of about 10 percent.

2011 SD Wheat Variety Survey – the NASS wheat variety survey is presently done every three years. Commissioner Larson and Englund attended a committee meeting to form additional questions. The survey is to be kept simple and easy to complete. The survey will go out in May. One of the new questions is "besides yield what determines your selection of a variety?" A cover letter from the Commission, SD Crop Improvement and SDSU will accompany the survey. The cost will be \$16,000, shared among the three entities. A discussion was held about doing the survey every 2 years and will consider that change in the future.

Material Transfer Agreements (MTA) - A meeting will be held in Wichita, with all hard red winter wheat states attending, to discuss agreements for the transfer of germplasm among the public university

breeding programs. Kansas and Nebraska already have agreements with private companies and cannot openly discuss the details. Denny Otsuga (SDSU technology transfer) will attend to represent SD and make sure that the meeting stays on the public to public issues. Other technology transfer people are attending the meeting. It is anticipated that this will lead to a template agreement to be used. NAWG will also be represented.

SD WHEAT INC

Legislative Issues - The Farm Bureau is pushing a bill that would clarify provisions dealing with the initiative process. HSUS is pushing to make it a felony if you abuse animals. They also want dogs and cats considered the same as farm animals and want the state vet to be in charge of dogs and cats.

NCI- There will be a new budget presented by Governor Daugaard with a 10 percent cut in education and 10 percent or more cut in Medicaid. The federal bank reform act that passed last year caused a \$20 million decrease in the amount of the Bank Franchise Tax. The State is also realizing a significant decrease in the revenue from video lottery because of the smoking ban. The budget short fall is now estimated at \$140 million. NCI funding bill will be difficult with the House being the most difficult side. Rep. Tidemann will help with sponsoring the bill.

Walt Bones is the new Secretary of Agriculture. Vallery and members of Ag Unity had a productive lunch with him.

Vallery is planning a March Ag Conference in Aberdeen with speaker Sarah Wyatt speaking on sustainability in agriculture and other multiple speakers on the Keystone project, environmental footprint, etc.

NAWG will be working with the National Wheat Foundation on 3 objectives: First, establishing a \$20 million endowment to fund national wheat activities. Second, building a new headquarters, and third, establishing an education and research outreach program (wheat library)

NAWG Wheat (501c3) is proposing a by-law change to establish a seven person board of governance with members serving a maximum of five years. Executive Director of NAWG will serve as the Executive Director of the Foundation. Carl Schwab has been appointed to the building committee.

WHEAT FOODS COUNCIL

Wagner reported that the WFC will be meeting in Denver. The Board will review budget, the Urban Wheat Field and the progress made on the partnership with the Grain Foods Foundation.

WHEAT QUALITY COUNCIL

The WQC meeting will be February 15-17 in Kansas City. The meeting will feature biotech. SDSU winter wheat breeder Bill Berzonsky has a high yield winter wheat potential release for this fall. SDSU spring wheat breeder Karl Glover will have one spring wheat variety in the quality review but it will not be released because of bacterial leaf streak problems.

Larson, Halverson and Englund will attend the meeting.

Earlier Ben Handcock, executive vice-president of the WQC, sent notice of intent to change the WQC by-laws changing the number of members on the Board of Trustees.

Commissioner Halverson moved to support the by-law change. Commissioner Edinger seconded. Motion carried.

OTHER

Convergence issue for the Kansas Board of Trade was discussed. The protein minimum guideline in the KBT guidelines was discussed. NAWG has no policy on convergence and basis.

ADMINISTRATIVE MATTERS

Commissioner Davis moved to contract with SDWI the position for accounting after consideration between the SDWC Executive Director and the SDWI Executive Director. Commissioner Edinger seconded. Motion carried.

Commissioner Edinger moved to create a new accountant position for the Commission. Commissioner Davis seconded. Motion carried

TRAVEL

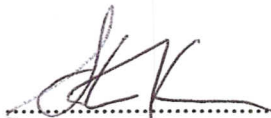
Travel requests included:

- U.S. Wheat Associates Meeting – Washington, DC January 16 - 19: Larson, Davis, Edinger, Englund and Wagner will be attending.
- Wheat Quality Council Meeting - Kansas City, February 15-17: Larson, Halverson and Englund will be attending.
- Commodity Classic - Tampa Bay, March 3-5: Wagner will attend.
- Wheat Foods Council - Denver January 11-13: Wagner will attend.
- Wheat and Barley Scab Initiative, Milwaukee, WI: Larson will attend. Larson explained that the meeting will discuss research and other issues. Miller bins are empty and there is concern about supplies. They want to improve the alert system on the internet. Presently there are only five producers, out of the 200 people, that attend the meeting.

Commissioner Edinger moved to approve travel as requested. Commissioner Vanneman seconded. Motion carried.

NEXT COMMISSION MEETING TENTATIVELY SET FOR FEBRUARY 10TH.

CHAIRMAN LARSON ADJOURNED THE MEETING AT 6:10 PM.



Steve Halverson, Commissioner

Date

2/24/11



Randy L. Englund, Executive Director

Date