



Minutes of the NREC Council Meeting  
December 13, 2016  
Illinois Corn Growers Association  
10:00 a.m.

DRAFT

Council Members Present: Dale Hadden, Ed Corrigan, Cindy Skrukud, Chuck Cawley, Chris Matlock, Jenny Mennenga, Ted Mottaz, Jessica Dexter (via phone), German Bollero, Amy Walkenbach, Robert Mullen, Andy Knepp and Matt Duncan.

Also present were: Julie Armstrong (NREC Executive Director), Robert Hoeft (NREC Research Coordinator), Jean Payne (IFCA), Tricia Braid (ILCGA), Caroline Wade (ILCGA), Jeff Kirwan, Kate Ward (KEB), Lindsey Ramsey (ILFB), Liz Hobart (Growmark), and Amy Roady (ISA)

Chairman Hadden called the meeting to order at 10:00 a.m. and asked for introduction and reviewed the agenda. He also reviewed the Public Comment Policy from the NREC Bylaws:

**Public Participation at Council Meetings and Committee Meetings**

Citizens may attend these meetings and may provide comments. Comments may be submitted orally or in writing. If comments are submitted in writing, they must be received 10 days prior to the date of the meeting and are limited to five pages. If comments will be provided orally, the citizen must inform the Board Chairman prior to the starting time of the meeting and the oral comments shall be limited to five minutes unless the Chair provides for additional time.

Secretary Chuck Cawley presented the minutes from the August 16, 2016 Council meeting. **Chuck Cawley moved to accept the minutes as presented and Robert Mullen seconded. The motion was approved.**

Executive Director Julie Armstrong provided an update to the Council on her activities and overall activities of the Council. She reviewed that 2016 had been the “Year of Planning” and that 2017 would be the “Year of Outreach”. 2016’s main focus was on updating policies and procedures, establishing priorities, defining the strategy and continuing the focus on accountability, transparency, and leverage.

Highlights of 2016 included:

- ▶ Updated Accounting Procedures
- ▶ Hired new Attorney
- ▶ Held three successful webinars
- ▶ 5 live interviews on RFD, guest column in FarmWeek, press conference at ILFB Annual Meeting, and various other articles, interviews

- ▶ Represented NREC as a speaker at over a dozen industry meetings
- ▶ Participated on the NLRS Ag Water Quality committee
- ▶ Participated in the ILFB Nutrient Issues trip to Iowa
- ▶ Worked with Chairman Hadden to host first NREC Research Forum
- ▶ Completed a Strategic Plan for the Council

Armstrong then reviewed the new website with the Council and also provided an update on the NREC funded survey that was completed by USDA-NASS.

### **FINANCIAL/TREASURER REPORT**

Chuck Cawley provided an update to the Council on the collection of assessments and told the Council that there are only 5 companies with outstanding balances. In addition, he reported that fall application of fertilizer appears to be up by about 20% which will impact the funds that are collected in the Spring.

Kate Ward from KEB provided a report to the Council on both the accounting processes used and also provided some input to the Council on moving to an accrual versus cash accounting system. After her presentation, the Council discussed the cash versus accrual accounting systems and the consensus was that they continue status quo until such a point as any major changes such as multi-year agreements, more employees, addition of buildings, rentals, etc.

The Council then discussed the carryover funds that are currently available in NREC's accounts. Andy Knepp suggested that we should maintain a year's operating expenses and Dale Hadden that perhaps we should add a year of operating expenses to that carryover as well. Ted Mottaz suggested that the goal is to spend the money and need to think about expanding our investments in research.

**Andy Knepp moved and Ted Mottaz seconded that the Governance committee establish a policy around minimum carryover balances.** Matt Duncan commented that we should also look at the other side of that and establish a maximum carryover as well. Dale added that he would rather explain a carryover than explain bad investments. **The Motion carried.**

Julie Armstrong reviewed the budget but will present it for approval once the funding level for research projects is approved.

Dale Hadden introduced the following policy that was presented from the research committee:

*The Council shall exercise extreme diligence in awarding research grant funds to be used for the purchase of Capital equipment and/or paying for tile installation on private farm ground. Ownership, transferability, and liability may be associated with such type purchases and the Council shall seek legal guidance on any such potential expenditures."*

This was presented to clean up some of the policies and procedures from the Council's policy book.

**Andy Knepp moved and Ed Corrigan seconded a motion to add this to the Council's policy book. Motion passed.**

Discussion then moved to the classification of projects as either renewals, Extensions or new as there was some confusion on this at the Research Committee meeting and a clear policy needed to be created.

- ▶ Renewals – projects that are still within the scope/timeframe of their original proposal
- ▶ Renewal/Extension – projects that have reached the end of their original timeline but who have been submitted to continue the original scope of research to either finish (original timeline was not accurate) or to expand the questions that they seek to answer
- ▶ New – projects that have not previously been funded

This definition was accepted by consensus.

The Council then considered the motion from the Research Committee around the funding of 2017 research projects. The recommendation was: Terry Pope moved and Jenny Mennenga seconded to [recommend all renewal projects and all projects ranked 3 and above for funding](#) for a total cost of \$2,978,256.00.

**Andy Knepp moved and Chris Matlock seconded to accept the funding recommendation from the research committee.**

Dale Hadden reviewed the scoring criteria that was used and Matt Duncan reinforced the thought behind using a 3 as a break between the yes and the no.

#### **The Motion Carried.**

Continued discussion was held on other topics as raised by the Research Committee. The council discussed the need for a summary sheet that could be used as a snapshot of status and budget and also to capture outreach opportunities. Julie will put this together as part of the reporting process.

The Council also discussed feedback to be given to those projects who were not funded. Bob said that it's important to keep the feedback high level and provide opportunity for follow up conversations if needed. Amy Walkenbach reviewed the letters of regret that IEPA uses and it was suggested that we could use a similar format.

Jessica Dexter suggested that we issue a separate RFP for gypsum research and the Council suggested that perhaps a sub-committee be identified to reach out to those doing the gypsum research.

#### **Governance**

The Council considered a recommendation from the Executive Committee to establish a tenure for Research Committee appointees. The tenure will be for five years and will follow this order:

Curt Zehr  
Dean Campbell  
Paul Jeschke  
Dale Hadden  
Appointee from ISA

Ed Corrigan spoke to the reasons behind this structure and allowing for both a geographic spread and turnover to keep the interest level and engagement.

**Chuck Cawley moved and Ed Corrigan seconded that the Council adopt this tenure policy. The Motion was approved.**

Chuck Cawley introduced the concept of a Contracts Committee that would be focused on clarifying roles and reviewing all contracts that the Council is engaged in. This would include research contracts, employment contracts and independent contractors.

**Chuck Cawley moved and Ed Corrigan seconded to create this committee. Motion passed.**

**At 2:25 p.m. Ed Corrigan moved and Jenny Mennenga seconded that the Council move into Executive session to perform contractor and employee reviews.**

Julie Armstrong updated the budget with the approved research contract amounts and presented it for approval. **Ed Corrigan moved and Robert Mullen seconded to approve the budget as presented. Motion carried. (attached)**

Dale Hadden notified the Council that this would be his last meeting as his time on the ILFB board expired at the beginning of December. He thanked the Council for the opportunity and the Council showed their appreciation for his work.

As Vice-Chairman, Ed Corrigan will assume the role of Chair until elections are held next August.

Chairman Corrigan appointed Ted Mottaz as the Chair of the Research Committee.

The meeting was adjourned at 3:55 by a motion from Ed Corrigan and a second from Ted Mottaz.

2017 Budget

INCOME			
	1400 Tonnage Assessment		
1400-01	Fall Payments	\$	1,530,267.65
1400-02	Spring Payments	\$	2,070,443.54
	Total Tonnage Assessment	\$	3,600,711.19
	<b>Total Income</b>	<b>\$</b>	<b>3,600,711.19</b>
EXPENSES			
	4000 Professional Fees		
4001	Accounting	\$	20,000.00
4003	Legal Fees	\$	6,000.00
4005	Insurance	\$	5,000.00
4004	Web Site	\$	1,000.00
4006	Consulting*	\$	73,000.00
	<b>Total Professional Fees</b>	<b>\$</b>	<b>105,000.00</b>
	4050 Payroll		
4051	Salary	\$	100,000.00
4052	Payroll Taxes	\$	8,000.00
4053	Retirement Fund	\$	3,000.00
4054	Insurance	\$	4,000.00
	<b>Total Payroll Expense</b>	<b>\$</b>	<b>115,000.00</b>
	4100 Programs		
4101	Research Contracts	\$	2,978,256.00
	<b>Total Program Expenses</b>		
	Additional Expenses		
4400	Communication	\$	100,000.00
4500	Office Supplies/Phone	\$	3,500.00
4550	Printing	\$	1,000.00
4575	Postage	\$	800.00
4700	Meeting Expense (Council expenses)	\$	7,000.00
	<b>Total Additional Expenses</b>	<b>\$</b>	<b>112,300.00</b>
	<b>Total Expense</b>	<b>\$</b>	<b>3,310,556.00</b>
		<b>\$</b>	<b>290,155.19</b>

\*Consulting - Research Coordinator contract, travel expenses, and peer review honorariums

	Bob		Expense	Peer	
		62,000	3000	8000	73,000
<b>\$ 232,300.00</b>					

8%  
3% \$ 3,000.00

\$ 3,078,256.00

**0.899624111 Research**  
0.030206406 Outreach  
**0.929830518 Programs**  
0.070169482 Administration/Overhead